

Grievance List Update October 2021

Preamble:

As stated in IOI Group’s Sustainable Palm Oil Policy, transparency is one of the important elements embedded within our sustainability commitment. Hence, IOI has established Grievance Lists that it publishes and updates regularly on the IOI Group webpage as part of IOI’s commitments in enhancing transparency.

All the gathered and investigated allegations are captured in 3 specific grievances list:

- 1) Grievances related to Suppliers (Direct and Indirect Suppliers)
- 2) Grievances related to Environmental.
- 3) Grievances related to Social and Governance

Grievances related to Environmental

| Date logged | Subject | Issue | Actions taken by IOI |
|-------------|--|--|--|
| Apr 2019 | Complaint from Sabah Environment Action Group (SEAG) | Alleged illegal dumping of deoiled bleaching earth (DOBE) in Lahad Datu, Sabah | Sep 2021: Another formal response letter has been sent to SEAG to further clarify our previous response (March 2021), i.e., the contractors “conducting” Environmental Impact Assessment (EIA) as recommended by the EPD rather than they have “received” their EIA approval. Additionally, 2 forums were conducted for the industry on Spent Bleaching Earth Recycling Activity in Sabah in August 2021 to highlight commitment towards clean environment and specifically to address concerns towards the Deoiled Bleaching Earth (DOBE) and Eco-Processed Pozzolan (EPP) landfilling. The forum was attended by IOIEO and other industry players well as regulatory bodies. |



| | | | |
|--|--|--|---|
| | | | <p>March 2021: A formal response letter has been sent to SEAG informing that the contractor has obtained the required approvals from the State Environmental Protection Department (EPD) for their operations and has conducted Environmental Impact Assessment (EIA) as recommended by the EPD.</p> <p>February 2021: IOI received a letter from SEAG requesting clarification on environmental compliance of our DOBE recycling contractor for IOIEO.</p> <p>August 2020: IOI continues to engage with SEAG and is in further communication with both buyers on the concerns raised by SEAG.</p> <p>July 2020: IOI had a discussion with SEAG on 17 July and we both mutually agreed that we should try to address any issues related to this grievance. As such, IOI has been assisting in this matter in accordance to the laws and regulations, our commitments and our boundary of influence.</p> <p>June 2020: IOIEO received another letter from SEAG on allegation that one of the contractors violated the law by not conducting Environmental Impact Assessment (EIA) at their particular disposal site.</p> <p>IOIEO promptly conducted investigation on the allegation and found that only disposal of DSBE with volume of 40,000 m³ or more is required to conduct an EIA. The contractor has not exceeded this capacity at their particular site and therefore is not required to conduct any EIA.</p> <p>A formal response letter has been sent to SEAG in July</p> |
|--|--|--|---|



| | | | |
|--|--|--|--|
| | | | <p>2020.</p> <p>Feb 2020: IOIEO has conducted a detailed investigation on the allegation by SEAG. Evidences provided by Gamalux Oils Sdn Bhd indicated that valid approvals were given by Jabatan Pertanian Sabah, Majlis Daerah Lahad Datu and Jabatan Alam Sekitar Sabah for the company to perform disposal of DSBE at the alleged site.</p> <p>IOIEO did not find any evidence that Gamalux Oils Sdn Bhd breached any of our group’s sustainability policy or legal incompliance related to their service on DSBE disposal.</p> <p>May 2019: IOI Edible Oils Sdn Bhd (IOIEO) responded formally to SEAG and will continue to engage with Gamalux and other stakeholders, and will monitor the progress and outcome closely.</p> <p>Apr 2019: Gamalux arranged meetings with SEAG & Department of Environment (DOE).</p> <p>Mar 2019: IOIEO requested an update from Gamalux. Gamalux reached out to SEAG again to seek for further clarification.</p> <p>Feb 2019: EcoOils received a response from SEAG and stating that they are aware EcoOils is not responsible for the illegal dumping of DOBE.</p> <p>(NOTE: In 2018/2019, IOIEO team conducted an audit on EcoOils and Gamalux. IOIEO only renewed their contracts when the audit result is satisfactory and in compliance with the legal requirements as well as other good practices. The contract agreement also stated that all parties must adhere to all relevant legal requirements.)</p> |
|--|--|--|--|



| | | | |
|----------|--|---|--|
| | | | <p>Feb 2019: IOI received a complaint from SEAG, stating that the DOBE was illegally disposed at various location.</p> <p>IOIEO had immediately contacted the waste buyers (Gamalux and EcoOils), to verify the complaint.</p> <p>Both EcoOils and Gamalux have provided their legal permits from DOE and clarified that all disposal is at designated locations pre-approved by the Ministry. EcoOils and Gamalux have both written a response letter to SEAG on 28 January 2019 and 4 February 2019 respectively.</p> |
| Apr 2019 | PT. KPAM, IOI's subsidiary in West Kalimantan, Indonesia | In its February – March 2019 Monitoring Report, Aidenvironment alerted IOI that there could be some peat clearing activity occurring on the IOP's PT. KPAM concession in South Ketapang, Indonesia, between 2016 and 2018 and more recently from January to March 2019. | IOI would like to clarify that the land development activities at PT. KPAM started only in June 2018 after RSPO's approval of New Planting Procedures (NPP) documentation, including HCV, HCS and peat maps. Coinciding with the start of the land development activities, PT. KPAM invited Global Environment Centre-GEC (an organization specializing in peatland management and conservation) and Dr Paramanathan (a renowned peat soil expert), to do further studies and ground-truthing between August and November 2018 to verify the exact status and location of any possible additional HCV, HCS or peat areas. This work resulted in the identification of an additional 324ha of HCV, HCS and peat conservation areas, which was reported to RSPO as well as a further area of 210 ha of potential peat soil. These areas were mapped and marked as off limit for clearing. The surveys also confirmed that no peatland areas were impacted by the development of KPAM after its start in June 2018, other than an area of less than 1 ha impacted by road construction and subsequently rehabilitated – as reported to RSPO in December 2018. |



| | | | |
|------|---|--|--|
| | | | <p>Having received Aidenvironment’s alert, IOI asked GEC to conduct an analysis of satellite images from March 2019 which confirmed that no area earlier identified as peat, HCV or HCS or potential peat soil had been impacted by land clearing up to March 2019 (see attached image). At the same time, PT. KPAM have conducted a field verification and concluded that no peat areas have been cleared and that the areas cleared were sandy soils.</p> <p>It is understood that the discrepancy is probably related to the fact that Aidenvironment has based its analysis on the publication Maps of Peatland Distribution and Carbon Content in Kalimantan 2000-2002, developed by the Bogor Soil Research Centre and Wetlands International. They were mainly prepared from analysis of relatively low resolution Landsat Satellite Images from years 2000-2002 supported by results of earlier surveys in parts of Kalimantan. These maps erroneously mapped much of the KPAM concession area as peat. This contrasts with maps published in 2017 by the Ministry of Environment and Forestry and the Peatland Restoration Agency of the Government of Indonesia which show little or no peat in KPAM. In addition, the peat configuration in South Ketapang is unique in the sense that it is not in the usual form of peat domes but rather peat valleys, which makes accurate satellite identification more difficult.</p> <p>Going forward, IOI will continue to use the maps recently produced by GEC and Dr. Paramanathan, as well as our own HCV, HCS and peat maps to guide our planting on PT KPAM land.</p> |
| 2015 | IOI concessions in Ketapang, West Kalimantan, | RSPO complaint related to land clearing and illegal planting | Oct 2018: IOI is pleased to announce that the RSPO Complaints Panel (CP) has officially closed the complaint case on its plantation subsidiary companies in Ketapang, |



| | | | |
|--|---|--|---|
| | <p>Indonesia (SNA group: PT BNS, BSS & SKS)</p> | <p>RSPO case tracker: here</p> | <p>Indonesia on 12 October 2018. The company would like to further reiterate that it stands by its Sustainable Palm Oil Policy (SPOP) including its NDPE commitments and to continue to be totally committed towards building a traceable, transparent and sustainable palm oil supply chain.</p> <p>Details of this case can be found in the RSPO tracker: https://www.rspo.org/members/complaints/status-of-complaints/view/80</p> <p>Aug 2018: For latest update please see IOI Sustainability Implementation Plan.</p> <p>July 2018: IOI received Map from Badan Pertanahan Nasional (BPN), and the management of PT BNS has identified the official overplanted area. The size of the area is 50 Ha and the management has abandoned the area from any harvesting activities.</p> <p>May 2018: IOI received a query from Eric Wakker, Aidenvironment on the overplanting allegation against PT BNS. Aidenvironment and IOI have issued a joint statement earlier on 1 December 2016 that confirmed the PT BNS has abandoned the 434 ha of land, cleared and planted between 2010 and 2014, in line with the instruction issued by the Indonesian Ministry of Environment and Forestry (KLHK) until such a time as there are new Ministerial instructions regarding the said land.</p> <p>Feb 2018: According to the agreed “Term of reference” (ToR) with RSPO, a draft report from RSPO verification visit which ended on 29/1/2018, was to be shared with IOI by 7/2/2018. However, as of 26/2/2018, IOI has yet to receive such draft report from RSPO.</p> <p>Dec 2017: Quarterly report on the progress action plan as recommended by RSPO CP has been sent to RSPO in October 2017. Final verification by RSPO CP is expected to</p> |
|--|---|--|---|



| | | | |
|--|--|--|---|
| | | | <p>be conducted January 2018.</p> <p>November 2017: PT BNS have received a letter from KLHK stating the validity of the Ministerial Decree dated 15 August 1992 that the “the land is considered Areal Penggunaan Lain (APL) and not “Hutan Produksi (HP)”.</p> <p>Oct 2017: IOI continues to implement its action plan (see also the Sustainability Implementation Plan or SIP update) and is ready for another field verification by RSPO. RSPO has yet to confirm the dates.</p> <p>Aug 2017: IOI’s action plan following the field verification report of the second RSPO field visit in February, was submitted to the RSPO CP on June 20th. See case tracker RSPO.</p> <p>Feb 2017: RSPO conducted field verification PT BNS and PT SKS, IOI is waiting for the report (including the report on BSS). IOI will continue to implement actions listed in the Sustainable Implementation Plan (SIP) and provide quarterly updates via its website.</p> <p>For information before 2017, please see here.</p> |
|--|--|--|---|