 <b>IOI GROUP</b>	<b>IOI Corporation Berhad</b>	Doc. Ref. : IOI/G/EV/006
	<b>Environmental Management Guidelines</b>	Rev. No. : 0 Issue Date : 28 <sup>th</sup> August 2020

## 1. INTRODUCTION

IOI Corporation, an active member of both the Roundtable on Sustainable Palm Oil and High Carbon Stock Approach, strongly believe in our balanced commitments towards the protection and conservation of the environment and the company’s development and prosperity. These beliefs are based on our three pillars of sustainability of People, Planet, Prosperity (3Ps) plus Partnership and our adoption of the specific United Nation’s Sustainable Development Goals (UN SDG)s. Aside from IOI’s compliance with internationally recognized sustainability certifications, IOI’s **Sustainable Palm Oil Policy (SPOP)** also subscribes to the environmental-related commitments aspects of **NDPE** (No Deforestation, No Development on Peat and No Social Exploitation), specifically:

### 1. No Deforestation which include

- (i) No development of High Carbon Stock (HCS) Forests
- (ii) No development of High Conservation Value (HCV) Areas
- (iii) Implement zero burning practices

### 2. No Development on Peat which include

- (i) No new development on peat regardless of depth
- (ii) Implement Best Management Practices for existing plantations on peat
- (iii) Where feasible, explore options for peat rehabilitation by working with experts and communities

### 3. Adherence to all environment related laws and conventions (national and international)

This guideline should be referred together with the relevant environmental-related policies and guidelines as per Figure 1 for holistic implementation. This guideline is not exhaustive and would be updated once there is any new or change of activity within the plantation operations.

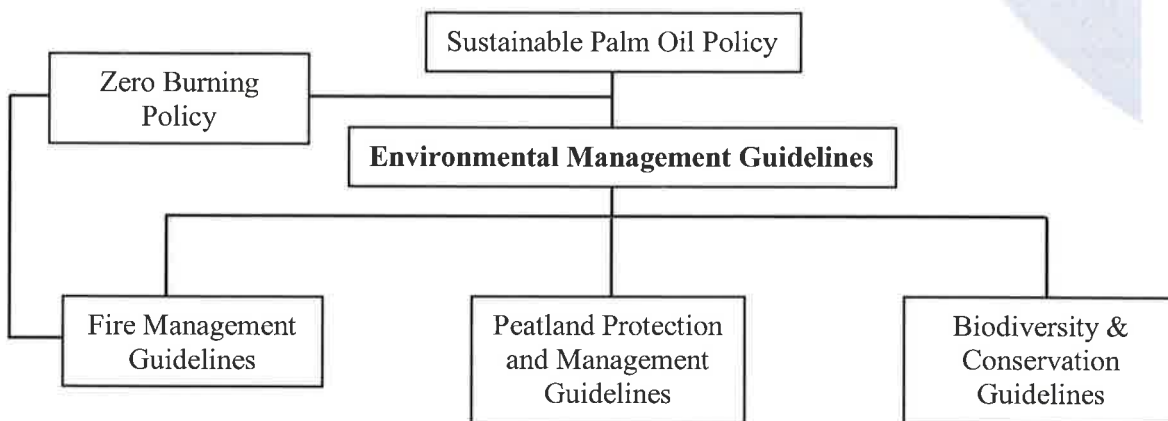



Figure 1. Relevant Environmental-Related Policies and Guidelines

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## 2. SCOPE

This guideline is applicable to all IOI's plantation operations.

## 3. OBJECTIVES

This guideline is to provide general requirements relevant to environmental management and best management practices to minimize any potential environmental impact from various plantation activities.

## 4. ENVIRONMENTAL MANAGEMENT

### 4.1 New oil palm plantation development

All new oil palm plantings are required to comply with the Roundtable on Sustainable Palm Oil (RSPO) New Planting Procedure (NPP). The NPP requires oil palm growers to commission High Conservation Value (HCV) assessments prior to any new planting. In addition, any new oil palm development is also required to undergo High Carbon Stock (HCS) Assessment to ensure viable forest areas are well preserved.


No new planting of oil palm on any individual, contiguous area of steep terrain (greater than 25 degrees) larger than 25 Ha.

### 4.2 Replanting of oil palm

Zero burning to be adopted for replanting. Trunk chips to be stacked at inter-row for natural decomposition as well as to provide a level of prevention from soil erosion. Chemical spraying and fertilizer application are avoided especially along stream banks to avoid chemical run-off into watercourse. Leguminous cover plants to be planted as ground cover and beneficial plants to be planted immediately after oil palm planting.

### 4.3 Management of oil palm planted on peat

As per the **Peatland Protection and Management Guidelines**, IOI is committed to not develop any peat area for new oil palm planting. Estate management is to manage any existing oil palm planted on peat areas in accordance with RSPO's Best Management Practices (BMPs) for Existing Oil Palm Cultivation on Peat which details measures to minimize peat subsidence and to conduct drainability studies.

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#### 4.4 Effluent management

Effluent generated from the production and refining of palm oil has to be treated in accordance with the local environmental regulation. Aside from pollution prevention measures, operating units have to minimize or eliminate any greenhouse gas emission (GHG) generated from the effluent.

#### 4.5 Scheduled wastes management

Operating units should have their own pollution prevention plans especially on securing the scheduled wastes such as solid and liquid wastes, spent hydraulic and lubricant oil, used chemical containers etc. in an appropriate store and disposing through a licensed agent approved by the local environmental authority at regular interval as required by regulation. The store has to be well roofed (preventing water entry) and banded in case of accidental spillage of liquid wastes.

#### 4.6 Zero burning and fire management

Operating units have to strictly adhere to IOI's **Zero Burning Policy**. Burning is only allowed with special license from environmental authority for certain circumstances. Operating units have to also ensure no burning of domestic waste is allowed and good practices such as reduce, reuse and recycling are practised whenever practical.

Furthermore, to manage the risk of potential fire incidents and to be effective in fire prevention and preparedness, operating units have to adhere to the **Fire Management Guidelines**.

#### 4.7 Maintenance of buffer zone

Buffer zone along natural streams shall be maintained in accordance with the local drainage and irrigation requirements. Buffer zone areas should be clearly demarcated and no activities such as spraying of pesticide, fertilizer application and fronds stacking are allowed. Training should be conducted by the respective operating units to educate employees on the importance of maintaining the buffer zones.

Further guidelines on minimizing the impact of fertilizers and pesticides application to the buffer zone are available in the **Agrochemical Management Guidelines**.

#### 4.8 Biodiversity and conservation

In accordance with the **Biodiversity and Conservation Guidelines**, all operating units have to identify and protect High Conservation Value (“HCV”) areas, working with relevant authorities in biodiversity conservation and protection of rare, endangered and threatened (“RTE”) species. Hunting, capturing, collecting, trafficking, possessing, trading and killing of wild animals are prohibited.



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#### 4.9 Legal Compliance

IOP's plantation operations will have to comply with the relevant laws and regulations related to environment management as follows:

i) Operations in Malaysia

- a. Environmental Quality Act 1974
- b. Land Acquisition Act 1960
- c. Land Conversion Act 1960
- d. Drainage Works Act 1954
- e. Water Act 1920
- f. Protection of Wildlife Act 1972
- g. Pesticide Act 1974
- h. International Convention on Biodiversity 2003
- i. United Nations Framework Convention on Climate Change
- j. Wildlife Conservation Act 2010
- k. Convention on International Trade on Endangered Species

ii) Operations in Indonesia

- a. Izin Lingkungan, Peraturan Pemerintah No 27 Tahun 2012
- b. AMDAL, Peraturan Menteri No 5 Tahun 2012
- c. Hak Guna Usaha, Peraturan Presiden No 40 Tahun 1996
- d. Pencemaran lingkungan dan kebakaran, Peraturan Presiden No 4 Tahun 2001
- e. Pengelolaan Limbah, Peraturan Presiden No 101 Tahun 2014
- f. Perlindungan dan Pengelolaan Lingkungan Hidup, Undang-undang No 32 Tahun 2009
- g. Pengelolaan Kualitas Air, Peraturan Presiden No 82 Tahun 2001
- h. Pengelolaan Kawasan Lindung, Keputusan Presiden No 32 Tahun 1990
- i. Konservasi Sumber Daya Alam Hayati dan Ekosistemnya, Undang-undang 5 Tahun 1990
- j. Kawasan Suaka Alam dan Kawasan Pelestarian Alam, Peraturan Presiden No 68 Tahun 1998
- k. Ratifikasi *Convention on International Trade in Endangered Species*, Keputusan Presiden No 43 Tahun 1978

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August 2020