



IOI GROUP

IOI Sustainability Advisory Panel (SAP) – 03/2017 16th June 2017

External Attendees * via Conference call	David McLaughlin, WWF-U.S Karimah Hudda, Mondelez International M.R. Chandran, Independent Expert Johan Verburg, Oxfam (Observer) Simo Honkanen, Neste Corporation (Observer)*
IOI Attendees * via Conference call	Dato' Lee Yeow Chor (Group CEO, IOI Corporation)* N.B. Sudhakaran (Head of Plantation, IOI Plantation) * Dr Surina Ismail (Group Head of Sustainability, IOI Corporation) Dickens Mambu (Sustainability Coordinator, IOI Plantation) * Ben Vreeburg (Director of Sustainability, IOI Loders Croklaan) Monique Hartog, (Marketing Manager, IOI Loders Croklaan)
Facilitator	Rob Bailes (Associate Director, Robertsbridge) Christopher Broadbent (Deputy Chairman, Robertsbridge)

SUMMARY OF MEETING NOTES

1. IOI Policy and Implementation Milestones – Progress Update by IOI

- Panel members (PM) are pleased with the recent revisions to IOI's Sustainable Palm Oil Policy (SPOP), achieved in consultation with RAN and Finnwatch, as well as the positive reactions from our stakeholders.
- IOI is currently revising its no-recruitment fee guidelines in collaboration with both RAN & Finnwatch and is committed to ensure that by the end of 2017, all passports are back in the possession of workers. Panel members provided recommendations on how this could be achieved most effectively.
- PM also discussed Malaysian law around Freedom of Association and worker's access to Trade Unions. The differences in the legal system in Sarawak, Sabah and Peninsula Malaysia were explained as was the applicability of the law to contract workers. IOI explained that only 5% of its workforce were contract workers.
- IOI is committed to publicly report its progress against the milestones and said an update on the BSR labour assessment work could be expected in July.

2. RSPO Complaints – Update by IOI

- IOI-Pelita case:
 - Following a positive collaboration between Grassroots and IOI Group, a joint letter setting out enhancements to the mediation process as well as next steps, was sent at the end of April to RSPO.
 - Grassroots together with IOI Group and RSPO (acting as an observer), will conduct a ground verification visit to the LTK communities in Sarawak on July 3-7, 2017.

- At the time of this meeting, RSPO is not able to send a Complaints Panel member to join the visit, but IOI confirmed Grassroots would be joining.
- IOI will communicate a joint plan for the resolution of the case (if any) by end July.
- Ketapang case:
 - A chronology of the Ketapang complaint case was presented, with reference to the RSPO field verification report and the subsequent IOI action plan
 - PM were asked to comment on their perceptions of the process and the way in which IOI has managed the issue.
 - Organisational issues around staff quality and turnover were discussed. PM urged IOI to ensure rapid implementation of corrective actions identified as well as demonstrate urgency in its public communications around Ketapang.

3. Independent progress evaluation

- IOI has committed to an independent progress evaluation of its Policy implementation by Q2, 2018 and IOI will seek advice from the SAP members on this.
- Panel members provided their thoughts on the process for the verification and types of service providers/assessors best placed to undertake this evaluation. There was a discussion around the relationship between an external verification and IOI's internal compliance/audit functions.
- IOI to prepare a proposal for the verification and share this with the PM for comment/input by August followed by a conference call discussion in September.

4. 12-month Panel Action Plan and Approach

- Panel members discussed the best approach for delivering on their role as defined in the draft Terms of Reference (ToR). Discussion was made on how to deliver the *Organisational Resources and Capabilities* component of the ToR, which covered assessment of whether IOI's systems, processes and resources are adequate to deliver on IOI's sustainability commitments.
- PM agreed that a field visit to IOI's plantations would be necessary to deliver on this. A field trip to IOI's plantations in Sabah was proposed for December 2/3/4 2017.
- IOI confirmed that its third-party trading process would be considered within scope for this type of organizational review.

5. Finalise Terms of Reference

- At the suggestion of the PM, IOI agreed to make a revision to the ToR and recirculate this to members for their sign off.

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