



IOI GROUP

IOI Sustainability Advisory Panel (SAP) – 05/2017 Meeting held in Bali on 27th November 2017

External Attendees	Karimah Hudda, Mondelez International M.R. Chandran, Independent Expert Johan Verburg, Oxfam (Observer) Adrian Suharto, Neste Corporation (Observer)
IOI Attendees *by phone	Dato' Lee Yeow Chor (Group CEO, IOI Corporation)* Dr Surina Ismail (Group Head of Sustainability, IOI Corporation) Ben Vreeburg (Director of Sustainability, IOI Lodders Croklaan)
Facilitator	Rob Bailes (Associate Director, Robertsbridge)

SUMMARY OF MEETING NOTES

1. Foreword by IOI CEO, Dato' Lee

- IOI's CEO, Dato' Lee, provided a foreword to the Panel session where he reflected on IOI's progress against commitments in 2017 as well as learnings for the business.
- Responding to a discussion with the members, Dato' Lee indicated that the RSPO suspension in 2017 had come as a shock to the business as well as many others outside the business. IOI's reaction has been to increase resources across the whole business, particularly operations, to change mindsets and to enhance internal and external cooperation.
- Panel members questioned whether IOI's good progress in areas such as labour rights had impacted on peers and competitors. Dato' Lee indicated that the first priority was for the business to do the right thing according to IOI's Core Values. If there is a positive sector knock-on effect, then this is a good side consequence.

2. Year in review

IOI provided a summary update of progress made against specific commitments set out by the company in 2017. Updates included:

- **Ketapang:** the final RSPO verification visit has been delayed by RSPO until 24 January, 2018. IOI was keen for this verification assessment to take place sooner, however, RSPO was unavailable to undertake the assessment until then.
- **Labour Rights:** IOI will be publishing an update on its work to capacity build and implement its new labour rights policies in January 2018. In addition:
 - Finnwatch is expected to visit IOI's Sabah plantations on 4 December, 2018
 - IOI confirms it is committed to paying the living wage in P. Malaysia.
 - Members asked how IOI is determining the living wage to which IOI confirmed it has been addressing this challenge with support from external consultants. IOI recognizes that different workers have different personal status (e.g. single vs married) and that this needs to be taken into account.

- Members highlighted the work that Oxfam have done on living wage and suggested there may be learnings from this.
- Members are pleased with IOI's progress on this issue and keen that this should serve as an example to other palm oil producers.
- **IOI Pelita:** the draft Grassroots/IOI action plan has now been submitted to the RSPO Complaints Panel (CP) and IOI has met with RAN/FPP/Greenpeace and Grassroots to provide an update. IOI acknowledges that, given the complexities, it will be necessary to manage external expectations around a resolution and therefore to keep external stakeholders informed on progress regularly.
- **Peatland management/Ketapang landscape approach:** progress is ongoing. LiDAR data is currently being analyzed and is expected in Jan 2018. IOI keen to progress the landscape approach work as quickly as possible, but pace is contingent upon the multiple stakeholders that have to be involved.
- **Supplier compliance:** IOI published third party supplier annex in early 2017 and implementation has been focused on positive solutions and supplier engagement:
 - IOI continues to conduct supplier workshops as well as pre-competitively collaborate with other traders. IOI is also in discussions with Greenpeace and Mighty Earth on pro-active supplier monitoring challenges and solutions.
 - One of the biggest challenges is moving from a deforestation 'alert' in a mill landscape to identifying who owns the land.
 - IOI reminded PM that 80% of the IOI's oil comes from Malaysia and thus its influence in Indonesia – with the exception of Ketapang – is best applied indirectly through the other traders who have more influence in that market.

3. Independent evaluation of policy implementation

- IOI has received two costed proposals from two service providers responding to the evaluation ToR. A third service provider has declined to submit a proposal.
- IOI discussed the variances of each proposal with the PMs and said there would be a further round of feedback and revisions before a decision is made. PM made a number of recommendations pertaining to the overall process, the selection of service provider and the approach to be taken.
- IOI agreed to circulate the ToR to Panel members for review/input although it was agreed this should be done in parallel to the next round of service provider submissions to avoid delaying the process.
- Upon the recommendation of members, IOI also agreed to consult a number of NGOs on the potential choices of service provider to gauge whether there is NGO/stakeholder confidence in those potential candidates.

4. Panel Membership

- It was noted that David McLaughlin, WWF U.S, is moving to Conservation International in early January. David has voiced his desire to rejoin the IOI Panel as a representative for

CI and IOI confirmed it will be officially re-inviting him once he has moved to his new role.

- It was confirmed by facilitators, Robertsbridge, that Greenpeace will not be seeking to join the IOI Panel and thus there is potentially a sixth seat on the Panel open for filling. IOI proposed filling the position with a local NGO candidate, possibly WWF in Malaysia or Singapore. Suggestions were made on potential WWF candidates. IOI will follow these up.

5. Bunge / IOI Loders Croklaan

- Members questioned IOI on the sustainability implications of the 70% stake acquisition in IOI Loders Croklaan by Bunge. IOI indicated that Bunge has agreed to adopt IOI's sustainable palm oil policy given that IOI's commercial position in palm is more advanced than Bunge's.

6. Next meeting

- Agreed for Monday, March 5th 2018 (POC week).

ENDS