



IOI GROUP

IOI Sustainability Advisory Panel (SAP) – 07/2018

Meeting held in Paris, France on 24th June, 2018

External attendees:	Karimah Huddah - Mondelez International M.R. Chandran - Independent Expert Ben Vreeburg - Bunge Loders Croklaan Adrian Suharto -Neste Corporation (Observer) Neil Judd -Proforest (guest presenter; second half of meeting only) <i>[Apologies from David McLaughlin, Conservation International, & Johan Verburg (Oxfam Novib)]</i>
IOI attendees:	Dr Surina Ismail (Group Head of Sustainability) Carl Dagenhart (Head of Stakeholder Engagement)
Facilitator	Brendan May - Robertsbridge

SUMMARY OF MEETING NOTES

1. Progress Update on IOI Pelita

- IOI stakeholder engagement team visited TinJar (22 – 25 May), Sarawak, meeting with all 7 communities and 3 break-away groups, the new Resident of Miri, District Officer as well as Pelita representatives.
- It was noted that the communities are fragmented and their demands include compensation, IOI not expanding beyond the 4,000 ha already planted, IOI not touching their gardens, and for IOI to provide 3ha/family (to approximately 100-150 families). The challenge is where to find that land, as the available land is also disputed. Furthermore, IOI, as a leaseholder, does not own the land and has no rights to give any lands away.
- The issue of Grassroots as the complainant in this case as well as a paid advisor had been raised as a potential conflict of interest by RSPO. So, Grassroots have agreed to withdraw as a complainant on June 22, 2018 as they are also not representing the majority of the community. RSPO remains the custodian¹ of the grievance, and Grassroots withdrawal as the official complainant will have no bearing on this.
- IOI has submitted a newly revised draft resolution plan, developed together with Grassroots, to RSPO Complaints Panel (CP) and this plan was shared with the SAP members. The CP met on 18th June to review the new resolution plan. Some suggested amendments by the CP include to avoid the phrase ‘mediation panel’ and to replace it with ‘External Stakeholders Panel’, to ensure no duplication of CP’s role as mediators and that local authorities and NGOs should be on the panel.

¹ RSPO’s role as custodian means that the case is not dropped after withdrawal of Grassroots as complainant.

- Participatory mapping will initially be done through traditional means on the community's land for compensation (if they have not been compensated) and later verified by GIS capability.
- Challenges remain as local communities want fast action, whilst both CP's procedures and stakeholder's expectations are complex and local authorities' support remain critical. Distinction also needs to be drawn between disputes between IOI-Pelita and communities, vs. disputes between communities and other actors.
- Next steps are the following:
 - 1) RSPO, IOI and Grassroots will visit the communities to socialize the draft Revised Resolution Plan from 28 June – 5 July, 2018
 - 2) Once the communities have been informed and the Plan accepted, the next step is for the CP to approve.
 - 3) After CP's approval, the grievance will transition into an implementation stage and will be monitored by the RSPO's Investigation Monitoring Unit.
- SAP noted IOI's progress towards resolution of this case and the complexities involved could continue to hinder progress. Meanwhile, IOI remains committed to inform stakeholders regularly on the progress of this case.

2. **Progress update on RSPO final field verification in Ketapang**

- IOI submitted comments on the draft Ketapang visit report to RSPO on 5 April, 2018. RSPO CP was to discuss this in late April but could not make a full decision following IOI's edits to the draft report. CP's decision, planned for 29 May, was deferred to 18 June because RSPO had not shared the draft report with Aidenvironment. As of the 24th June SAP meeting, the outcome of this CP meeting was unknown.
- There was frustration regarding RSPO's slow responses. However, IOI could have been more proactive in ensuring Aidenvironment had access to the draft reports as required, which IOI acknowledged.
- IOI was urged to send the RSPO Board and Management a formal letter documenting the history of the communications issues & challenging the pace of the RSPO CP's communications.
- Beyond the RSPO case, IOI was asked to communicate more proactively on the progress and challenges involved in the broader Ketapang Landscape Level Approach. Currently IOI is still discussing on the scope of work with delivery partners and will provide an update in due course.
- IOI is awaiting approval for a pilot project from Wetlands International in the SKS concession for peatland rehabilitation.

3. **Addressing supplier compliance**

- IOI reported that proactive monitoring of direct and indirect suppliers is ongoing as per its public commitments. Furthermore, the company is looking at a number of

options for support in supply chain verification and compliance one of which includes TFT's 'Tools 4 Transformation'. The chosen option will need to be agreed upon by both Commodities/Marketing and the Sustainability team. Any breach of IOI's policy will be handled by IOI Group's Sustainability department.

- The SAP asked for an overview of IOI's sustainability organization, governance and organogram of the roles in the various teams. This request was raised to identify if the sustainability department is in the overall driving seat of major initiatives and decisions such as this new partnership for ensuring supplier compliance.
- The SAP urged the IOI Management present to ensure that sustainability remains in the driving seat of this and all similar initiatives.

4. IOI Progress Verification – presentation from Proforest

- Neil Judd from Proforest presented initial verification findings to the SAP.
- The presentation focused on objectives and process followed with some initial findings. The completed findings should be available towards end July 2018 and a call with the SAP will be convened when they are available. A summary report of phase 1 will then be shared with the SAP members.
- Phase 1 involved a document review and initial stakeholder consultation including additional stakeholders for consultation suggested by SAP members. Field-work will be part of phase 2 of the project and will be commissioned based on input from SAP members and recommendations from Proforest, anticipated to be by end July 2018. The SAP felt extensive field verification in phase 2 would be critical to the ultimate credibility and usefulness of the review.
- SAP also questioned whether there was a risk management committee at the estate level and recommended that Proforest includes evaluation and recommendations on resourcing of sustainability initiatives within IOI Group.

5. Next meeting

- There will be a conference call of the SAP in late July to review the full Proforest initial findings.
- The next physical meeting is planned for Sunday, 11th November 2018 during the RSPO RT in Sabah, Malaysia. There will be conference calls in the interim period. The SAP requested that both Dato' Lee Yeow Chor and Mr. Sudhakaren join the November 11th meeting.

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