



IOI GROUP

IOI Group Sustainability Implementation Plan

INTRODUCTION

This **Sustainability Implementation Plan** (SIP) serves as a practical working document that puts into practice the aspiration and commitments stated in our IOI Group Sustainable Palm Oil Policy (SPOP). The SIP contains **clear activities, milestones and timelines** for each subject area outlined in the SPOP.

The SIP will be regularly updated over time to reflect stakeholder input and implementation on the ground. We will report on our progress every quarter, beginning in Q4 2016. Additionally, **from 2018 onwards**, we will begin to review all our implementation plans annually to better represent the current progress of our activities as well as to add new activities related to any new commitments in our on-going sustainability journey.

Dato' Lee Yeow Chor
Group Chief Executive Officer

Dr. Surina Ismail
Group Head of Sustainability

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EXISTING PLANTATIONS

ACTIVITY/MILESTONE	STATUS PER MARCH 2018	2018				2019				2020			
		Q1 JAN FEB	Q2 MAC APR	Q3 MAY JUN JUL	Q4 AUG SEP OCT NOV DEC	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

RSPO NEXT

POLICY COMMITMENT:

- **Committing to implement RSPO NEXT in our Malaysian plantations, commencing end of 2016.**

Ladang Sabah Mill	RSPO NEXT's Stage 1 audit conducted in January 2018. Main assessment audit to be conducted in May 2018.	[Blue bar]				[Grey bar]				[Grey bar]			
Pukin Mill	Main assessment audit expected in August 2018	[Blue bar]				[Grey bar]				[Grey bar]			
Syarimo Mill	Main assessment audit expected in July 2018	[Blue bar]				[Grey bar]				[Grey bar]			
Leepang Mill	Main assessment audit expected in August 2018	[Blue bar]				[Grey bar]				[Grey bar]			

RSPO Certification

POLICY COMMITMENT:

- **Certifying the outstanding management units, in Sarawak and Indonesia, in accordance with the published time-bound plan**
- **To comply with all applicable legislation and codes of practice.**

Unico Desa Mill	RSPO certification to be issued, pending finalisation of the required reports	<i>In progress</i>				[Grey bar]				[Grey bar]			
Unico Mill	Main assessment audit expected on 9-13 April 2018.	[Blue bar]				[Grey bar]				[Grey bar]			
SKS Mill	To be certified by 2020, based on time-bound plan submitted in RSPO ACOP report	[Grey bar]				[Grey bar]				[Blue bar]			



ACTIVITY/MILESTONE	STATUS PER MARCH 2018	2018				2019				2020			
		Q1 JAN FEB MAC	Q2 APR MAY JUN	Q3 JUL AUG SEP	Q4 OCT NOV DEC	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Labour Rights Monitoring System													
POLICY COMMITMENT:													
<ul style="list-style-type: none"> Implementing a labour rights monitoring system, with the involvement of an external partner to verify labour conditions, compliance with labour policy requirements and improve welfare and working conditions. We will take necessary corrective action to address any identified non-compliances. Eliminate all forms of illegal, forced, bonded, compulsory or child labour and in particular, follow responsible recruitment practice. 													
Develop internal monitoring system and commence internal audits	Internal audits conducted. Internal monitoring system enhancement in progress	<i>Ongoing</i>											
Strengthening the commitment towards responsible recruitment practices.	The Foreign Workers' Recruitment Guideline and Procedure published on IOI website in October 2017.	<i>Completed</i>											
Circulation and socialisation session	Alert all recruitment agencies used by IOI Group of their obligations to comply with IOI Group's requirements for responsible recruitment practice. Set out corrective actions where necessary.	<i>Completed</i>											
Moving forward, the estates are given a timeline for full implementation of new guidelines and policies introduced in October 2017. The monitoring is measured by milestone achievement for each region of IOI Plantation; i. Peninsular - July 2018 ii. Sandakan - August 2018 iii. Lahad Datu - September 2018	Peninsular Full implementation to take place as scheduled												
	Sandakan Full implementation to take place as scheduled												
	Lahad Datu Full implementation to take place as scheduled												
Visit to IOI's Sabah Plantation by NGO	Awaiting report from previous Finnwatch visit to Sandakan and Lahad Datu in December 2017	<i>In progress</i>											

Human Rights and Workplace

POLICY COMMITMENT:

- Uphold the right to freedom of association and recognize the right to collective bargaining and allow trade unions to have access to our workers.
- No retention of workers' passports/identity documents or withholding of workers' wages other than that prescribed by law.
- Pay all workers the statutory monthly minimum wage and overtime compensation, in accordance with the current labour regulations.
- Provide fair and equal employment opportunities for all employees, regardless of race, nationality, religion or gender.



ACTIVITY/MILESTONE	STATUS PER MARCH 2018	2018												2019				2020			
		Q1			Q2			Q3			Q4			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC								
<ul style="list-style-type: none"> Promote a safe and healthy working environment that is free of sexual harassment. Provide adequate equipment and training on the implementation of health and safety policies. Provide training and development to employees to ensure achievement of their full potential. 		[Blue bar]												[Grey bar]				[Grey bar]			
Translations of policies in various languages of the workers	Policies in Bahasa Malaysia, English & Bahasa Indonesia are available. Policies in Bengali for Bangladeshi and Tagalog for Philippine workers are in the process of being translated.	[Blue bar]												[Grey bar]				[Grey bar]			
Training and development of employees in Malaysia for year 2018	1. "Train the Trainer (TTT)" program To ensure all translators are competent, IOI plantation plans to conduct internal "Train the Trainer (TTT)" program. The training will target the SPO Supervisor and Estate's Assistant Manager in respective estates. 2. Training on labour policies Training on labour policies and the implementation of minimum wage was conducted progressively at all operating units in Lahad Datu throughout 2017. The same training programme for year 2018 has started in March 2018. 3. Development of workers induction videos to be shown to the new workers on the first day of work and upon employment confirmation	Ongoing												[Grey bar]				[Grey bar]			

GHG Emissions

POLICY COMMITMENT:

- Implementation of programmes to progressively reduce GHG emissions, recycle/reuse palm biomass and generate renewable energy by methane capturing.

Identify baseline target for GHG emission reduction	Data collection from regional level in progress.	[Blue bar]												[Grey bar]				[Grey bar]			
Develop a transparent GHG reduction strategy for IOI Group; including clear saving targets.	GHG reduction plan drafted and being reviewed internally to be implemented before end of Q2 2018.	[Blue bar]												[Grey bar]				[Grey bar]			
Monitor and report GHG emissions of IOI Group.	Format for GHG emissions data collection at individual operating units is currently being standardised.	[Blue bar]												[Grey bar]				[Grey bar]			
Study and analysis of methane reduction.	The data will also be used for carbon accounting. Ongoing research by IOI Research personnel with various analysis on methane reduction procedure which was tested in various IOP's POMs in Peninsular	Ongoing												[Grey bar]				[Grey bar]			



ACTIVITY/MILESTONE	STATUS PER MARCH 2018	2018												2019				2020				
		Q1			Q2			Q3			Q4			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC									
Reduce GHG at all IOI mills through the installation of Biogas capturing systems by 2020 (subject to new technologies).	<p>Malaysia.</p> <p>1. Two biogas plants (for Pukin and Ladang Sabah) commissioned in 2014 and 2015.</p> <p>2. Started construction on three biogas plants and operation is expected to start in Q3 2018.</p> <p>3. Two additional biogas plants will be constructed in April and July 2018 respectively, and are expected to be commissioned by 2019.</p> <p>4. Another two plants are in planning stage and construction expected to start in 2019.</p>	<i>Completed</i>																				

Peatland

POLICY COMMITMENT:

- For existing plantations on peat, appropriate management using Best Management Practices, as defined in the RSPO P&C and the RSPO manual on Best Management Practices for existing oil palm cultivation on peat. Where areas are identified as unsuitable for oil palm replanting, based on drainability assessments or other reasons, plans will be developed for the appropriate management of such areas, which could include rehabilitation.

Assessments of peatland prior to any proposed replanting and modified management of peatland if not replanted (one year prior to scheduled replanting).	Soil distribution re-mapped, and soil drainability assessed	<i>Completed</i>																				
Enhancing capacity building in Best Management Practices for existing oil palm cultivation on peat for 2018	Training on SOP for water management and water regulation in peat conducted																					

Fire

POLICY COMMITMENT:

- Enforcement of IOI Group's no-burning policy.

Review of fire prevention and control capacity in IOI Group.	Fire Alert Information System and Rapid Response Plan for Malaysia Currently under internal review by each region.																					
	Fire Alert Information System and Rapid Response Plan for Indonesia concession Being implemented.	<i>Ongoing</i>																				
	Fire Prevention Plan for Sabah Region Yet to be finalized. In liaison with the Sabah Forestry Department team to assist in the revision of the initial fire prevention plan. Expected to be completed before the RSPO NEXT's Stage 2 audit.																					



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Upgrading internal capacity and training (annually) for 2018	Conducted training on Fire Emergency Response & Field Simulation SOPs in Indonesia concession in March.																				

Conservation

POLICY COMMITMENT:

- **Identification and protection of High Conservation Value (HCV) areas, no deforestation and protection of HCS areas.**

Integration and remapping of HCV, HCS and peat areas where possible; followed by review and enhancement of management and monitoring plans for all HCV and HCS areas under IOI Group (ensuring active rather than passive management).	Sabah Region Consultation with government agencies to discuss the management, planning and monitoring of the HCV area within and adjacent to IOI estates in Sandakan region.	<i>Ongoing</i>		
	Indonesia All HCV areas in PT SKS, PT BNS and PT BSS demarcated on the ground, and their coordinates updated in the GIS map	<i>Ongoing</i>		
Rehabilitation of degraded HCV areas.	Planting of plant species indigenous to the area for rehabilitation in progress	<i>Ongoing</i>		
Capacity building programme for year 2018: to improve protection of High Conservation Value (HCV) areas, no deforestation and protection of HCS areas. Focus on the estates that are located in the two key landscapes (i) Ketapang and (ii) Kinabatangan.	HCV Awareness Training programme for 2017 completed. The same training programme to be carried out in 2018 for capacity building.	<i>Completed</i>		
	Training on SOP for Forest Plant Seeds held at PT BNS for staff to understand forest plant seedling treatments process and planting.			
Capacity building programmes in year 2018 include (i) Orang-utan survey and monitoring, (ii) HCS patches analyses for connectivity, (iii) modelling water table and zonation (peat swamp), (iv) Forest Classification for planning tree planting programme (peat and natural forest), (v) Tree mortality monitoring programme.				

Agrochemicals (IMPLEMENTATION COMPLETED - end 2011)

POLICY COMMITMENT:

- **No use of Paraquat and pesticides that are categorised as World Health Organisation Class 1A or 1B.**



ACTIVITY/MILESTONE	STATUS PER MARCH 2018	2018				2019				2020							
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
		JAN	FEB	MAC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				

ADDITIONAL COMMITMENT FOR NEW PLANTINGS

Peatland

POLICY COMMITMENT:

- **No development of peatlands regardless of depth, and protection of peat lands through water management and fire prevention.**

Prepare new Peatland Protection Policy for IOI Group to include peatlands in existing concessions, new concessions, landscapes around concessions and supplier practices.	The Policy is being finalized internally.																
Implementation of Peatland Protection Policy across IOI Group.	To commence implementation once the Policy is finalised.																

Ketapang Peatland Landscape

POLICY COMMITMENT:

- **We will develop a plan for peatland management and protection for the landscape in and around our four Ketapang concessions in West Kalimantan, in partnership with the affected stakeholders, in order to ensure optimum outcomes. This will involve mapping all peat lands in our Ketapang concessions and developing and implementing a plan for peatland protection, and the restoration of peatland degraded by clearance or drainage or, where not possible, compensating an area of land equivalent to what has been degraded.**

IOI will engage stakeholders in the immediate vicinity of the SNA Group subsidiaries to jointly develop and implement landscape approaches that contribute to effective fire prevention and mitigation as well as peat and biodiversity conservation.	Rare, threatened, and endangered (RTE) species, including Orangutan, identified through joint effort with BKSDA at PT BSS around Gelinggang Lake. Collaborate with BKSDA, Police, and TNI squad for joint patrol and awareness to community	<i>Completed</i>															
Mapping of peatlands in concession and adjacent areas, including LiDAR mapping in collaboration with APP and Deltares.	The LiDAR imagery with 5 km interval coverage received in February. The supplementary data called Digital Elevation Model (DEM) to be made available by end of Q2 2018.																
Mapping the current peat distribution, peat types and peat properties in PT BSS, PT SKS and PT BNS to ensure compliance with recent laws and regulations.	Peat re-mapping for PT BSS and PT BNS conducted.	<i>Completed</i>															
Develop framework for Ketapang Landscape Project with internal and	1. IOI Sustainability team and Aidenvironment team conducted conference call to discuss																



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		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC								
external stakeholders.	Aidenvironment's proposal.	[Green]																			
	2. SNA Group conducted several meetings with other companies in the area and with Ketapang Regency Government to get their feedback	[Green]																			
Adoption and implementation of Ketapang Landscape project.	Project partners working on project design																				
Sustainability initiatives through community empowerment by ecotourism activities	Arboretum park in progress to be developed on HCV#2 PT BSS	<i>In progress</i>																			

KPAM

POLICY COMMITMENT:				
<ul style="list-style-type: none"> We commit to using the HCS Approach for our last wholly unplanted concession, KPAM. 				
Undertake HCS assessment, utilising the latest HCSA converged methodology, by approved HCSA practitioner. This will contribute to the programme of field trials for HCSA.	Received first review of the HCS assessment report from the HCS Secretariat on 27 March 2018. Finalized report to be submitted before 16 April 2018.	[Green]		
Peatland Rehabilitation				

POLICY COMMITMENT:

- We confirm our commitment to developing and implementing best practice on peatland remediation, restoration and where necessary, compensation measures, in our Ketapang development in West Kalimantan.**

Revised 3-year plan (2016-18) for rehabilitation of peatland in North East portion of BSS. Specific rehabilitation measures at BSS will be integrated within the overall Ketapang peatland management plan.	Continuous implementation	<i>Ongoing</i>		
Monitoring water management	Report on water level monitoring in peatland, and rehabilitation programme in PT BSS submitted every 3 months.	<i>Ongoing</i>		
Continuous monitoring of progress in Ketapang Peatland rehabilitation	Ongoing monitoring	<i>Ongoing</i>		
Management Plan preparation for the rehabilitation of peatlands in adjacent landscape (part of landscape plan).	Integrated Management Plan (IMP) completed. Ongoing activities based on the IMP specifically under the "Action 3 Implementation of Rehabilitation, Protection and Monitoring Plan" will be continuously carried out.	<i>Ongoing</i>		



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		JAN	FEB	MAC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC									
Fire prevention																						
POLICY COMMITMENT:																						
<ul style="list-style-type: none"> We will develop and implement a fire prevention and rapid response programme, consisting of active measures to prevent fires in IOI's new developments and adjacent lands, and to respond rapidly to any fires if necessary. The peatland management plan will be an important factor in mitigating fire risk. 																						
Develop enhanced fire prevention and mitigation programmes within (including conservation areas) and around concessions.	Fire Alert Information System and Rapid Response Plan for Indonesia concession (and surrounding areas) being implemented.	<i>Completed</i>																				
TRACEABLE SUPPLY CHAINS																						
Traceability (IMPLEMENTATION COMPLETED – Q4 2017 with ongoing data reported in Palm Oil Dashboard)																						
POLICY COMMITMENT:																						
<ul style="list-style-type: none"> Our goal is to ensure that all volumes of palm oil and palm oil fractions will be 100% traceable to mills by the end of 2016 while palm kernel oil volumes will be traceable to crushers by end 2016 and to the mills by end 2018; this will be extended towards 100% traceable to plantation by the end of 2020. 																						
Supplier Engagement																						
POLICY COMMITMENT:																						
<ul style="list-style-type: none"> We will actively promote and support the transformation of the palm oil supply chain through a process of supplier engagement. We will continue to engage with key suppliers to promote our policy commitments and build capacity of mills and supplier companies to ensure compliance. 																						
Webinar/training on new policy requirements to all direct suppliers.	Capacity building workshops are ongoing in partnership with NGOs	<i>Ongoing</i>																				
Review of all direct suppliers' sustainability commitments against IOI policy requirements.	Ongoing	<i>Ongoing</i>																				
Group level risk review of upstream companies in IOI supply base.	Internal and external capacity being added to execute group level risk assessments. Collaboration with external service providers started. Intelligence reports on several high-risk suppliers (group level) available and required action taken/to be taken.	<i>Ongoing</i>																				



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		JAN	FEB	MAC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC													
Continuous Supplier Engagement in order to collaborate on prioritisation of interventions such as verification.	Agenda for supplier engagement activities published via the IOI Palm Oil Dashboard. Assessments and workshops ongoing.	<i>Ongoing</i>																								
Review and engage with large suppliers on their practices with respect to peatlands on their plantations.	IOI has prioritised peatland landscapes in the supply base including third party suppliers. The supplier engagement and training on best practices for existing planting on peat training initiative has started. More workshops to follow (also reported via IOI Palm Oil Dashboard). The summary on the supplier engagement workshop can be found at: http://www.ioigroup.com/Content/S/PDF/Supplier%20Technical%20Workshop.pdf Peat rehabilitation and conservation projects being prepared within two landscapes in Peninsular Malaysia.	<i>Ongoing</i>																								
Develop guidelines for suppliers on requirements for HCV and HCS areas.	Guidelines developed and shared during workshop. IOI is co-funding a HCV assessment for a supplier. Full assessment conducted in January 2018.																									

Risk Assessment (IMPLEMENTATION COMPLETED – Q4 2017 with Ongoing data reported in Palm Oil Dashboard)

POLICY COMMITMENT:																										
	<ul style="list-style-type: none"> We will risk assess all palm oil supplier mills using tools such as the spatial data and remote sensing information made available by the World Resource Institute’s (WRI) Global Forest Watch (GFW) platform, together with stakeholder alerts, in order to facilitate monitoring of the palm oil supply chain to establish priorities for conducting mill-level verification assessments. 																									
Mill Verification & Monitoring																										
POLICY COMMITMENT:																										
	<ul style="list-style-type: none"> We are implementing a programme of mill-level verification assessments within our supplier base, in order to verify compliance with our Sustainable Palm Oil Policy. We expect all our third-party suppliers of palm oil products to adhere to commitments in this Sustainability Policy. 																									
Minimum 10 new mill assessments a year with implementation partner.	Reported via the IOI Palm Oil Dashboard at http://www.ioigroup.com/Content/S/S_Dashboard . Suppliers workshops addressing key findings of earlier supplier assessments becoming more important in ensuring their compliance with our policy	<i>Ongoing</i>																								



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TRANSPARENCY AND WIDER ENGAGEMENT													
Plantation and Concession Maps (IMPLEMENTATION COMPLETED – Q1 2017)													
POLICY COMMITMENT:													
<ul style="list-style-type: none"> Making maps of all IOI plantations publicly available, subject to any legal restrictions. 													
Grievance mechanism (IMPLEMENTATION COMPLETED – Q4 2016)													
POLICY COMMITMENT:													
<ul style="list-style-type: none"> Improving IOI Group’s complaints handling capacity and procedures and implementing a comprehensive grievance procedure covering our palm oil production and sourcing. 													
IOI - Pelita Sarawak													
POLICY COMMITMENT:													
<ul style="list-style-type: none"> An open and transparent approach to resolving outstanding grievances with the involvement of affected stakeholders, including successfully concluding the mediation process with the affected longhouse communities in Sarawak, to the satisfaction of all parties. 													
Conduct meetings with affected communities in the presence of <i>Residen of Miri</i> (Governor) to discuss land /land use offers to settle dispute.	IOI Sustainability team and Grassroots visited Tinjar and all 7 communities met on March 12-16. <i>Residen of Miri</i> was not available for the visit.												
Setting stage for engagement and negotiation of dispute resolution	<ol style="list-style-type: none"> Grassroots updated IOI on the results of the March 12-16 visit to Sarawak. On March 27, IOI responded to RSPO Complaints Panel letter dated January 16. IOI met with RSPO to provide an update and received guidance on March 30. 												
Conduct CSR activities -for the -local communities in the IOI-Pelita landscapes.	<ol style="list-style-type: none"> Road repaired and road condition monitoring system put in place. School materials to Sekolah Kebangsaan (SK) Long Jegan and SK Long Teran to be supplied. 												

In progress



ACTIVITY/MILESTONE	STATUS PER MARCH 2018	2018												2019				2020			
		Q1			Q2			Q3			Q4			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		JAN	FEB	MAC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC								

Sustainability Public Reporting

POLICY COMMITMENT:

- **Launching a public reporting system (company dashboard) to communicate traceability information, progress on resolution of outstanding complaints and updates on supplier engagement and verification.**

Palm oil dashboard update	Latest Dashboard updated for Q1 2018.	[Orange shaded area]															
Website revamp IOI Group official website will be totally revamped to provide better accessibility and ease of navigation to the mass public.	<ol style="list-style-type: none"> 1. Finalising design and website structure 2. Draft website being reviewed before going online 	[Orange shaded area]															
Preparation and publication of Annual Sustainability Reporting 2018 based on GRI standard	<ol style="list-style-type: none"> 1. Engagement with consultant in progress. 2. Preparation of materiality topics in progress. 	[Orange shaded area]															