



IOI GROUP

GRIEVANCE PROCEDURE

Date: 30 September 2016

Introduction:

In its [Sustainable Palm Oil Policy](#) (“SPOP”) IOI Group committed to the implementation of a comprehensive Grievance Procedure covering its palm oil production and sourcing. IOI Group is committed to an open and transparent approach to resolve outstanding grievances with the involvement of affected stakeholders. IOI will deal with all grievances logged under the Grievance procedure in a fair and timely manner. IOI will publically disclose the results of this process.

To ensure effective implementation of the Grievance Procedure and as part of IOI Group’s stakeholder engagement program, IOI will annually review the procedure and consult with stakeholders. If necessary, the procedure may be adapted to ensure its continued effectiveness.

IOI has developed the Grievance Procedure in collaboration with both internal and external stakeholders who provided feedback on various aspects of the procedure. The Grievance Procedure deals with many different types of grievances including – but by no means limited to – those that reflect environmental/human and/or labor rights concerns. IOI has aligned the Grievance Procedure with the [UN Guiding principles](#) on business and human rights for effective non-judicial grievance mechanisms.

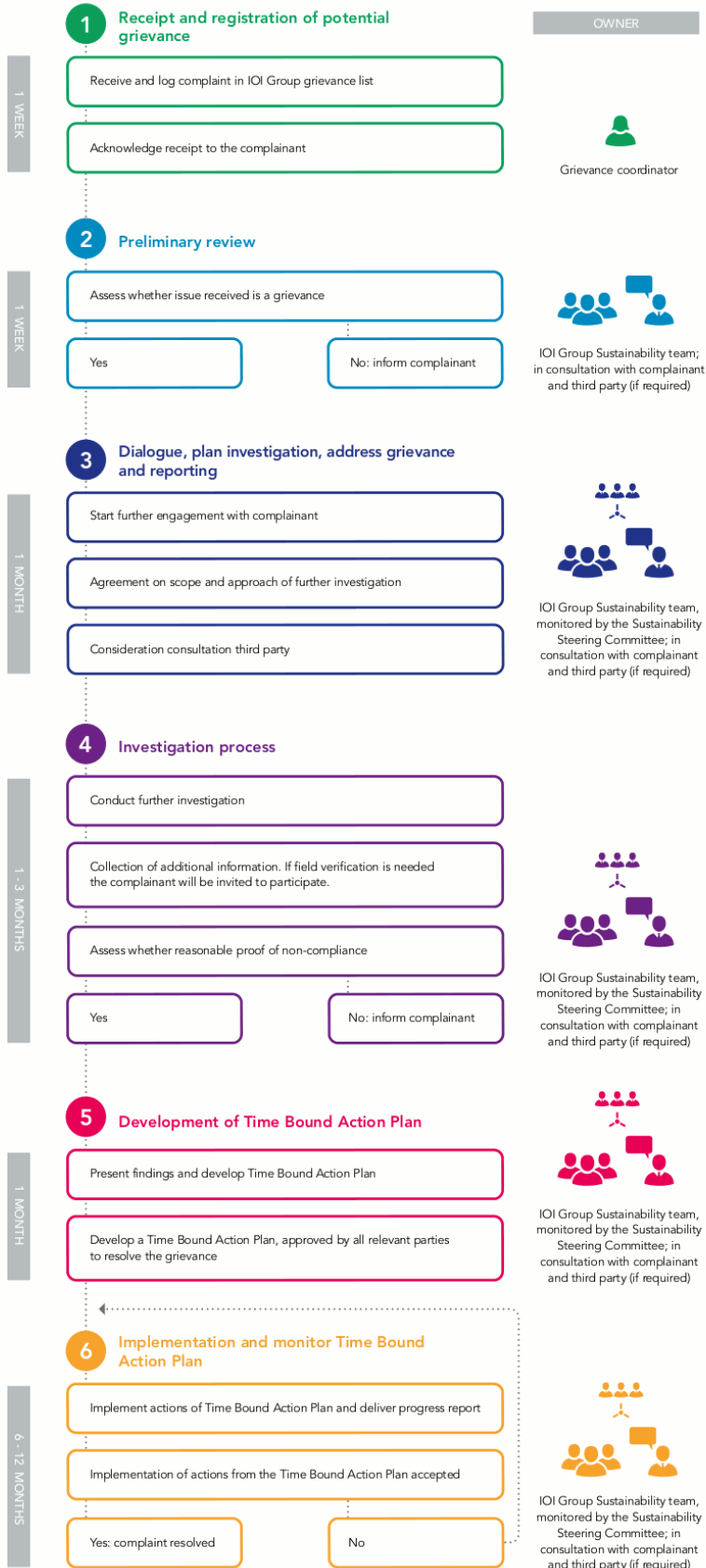
This Grievance Procedure applies to all IOI Group’s plantations, processing and trading operations and all third party suppliers. IOI encourages all internal and external stakeholders who identify issues or incidents in the IOI Group supply chain that are not in line with the principles stated in the IOI Group Sustainable Palm Oil Policy, to submit a grievance. When a grievance against a supplier of IOI Group is submitted, IOI will pro-actively engage with both the respective supplier and the grievance raiser, in order to resolve the issues in accordance with this procedure. Grievances related to IOI Group’s plantations may be addressed through a local, culturally appropriate grievance procedure at estate level, derived from this IOI Group grievance procedure, unless a community or their representative has opted to follow this overall IOI Group Grievance procedure.

Suppliers are encouraged to design their own grievance procedure in accordance with the requirements as listed in Annex 1.

IOI monitors media reported claims and/or grievances as well as NGO reports with regard to potential suppliers of IOI Group via IOI’s “Sustainability alert system”. On a weekly basis, these alerts are communicated to the Grievance coordinator and the members of the relevant Sustainability Committees for their review and decision on further action.

IOI Group acknowledges that the Roundtable on Sustainable Palm Oil (RSPO) maintains a grievance process to which IOI Group has an existing commitment. If a grievance is raised within the RSPO grievance framework, IOI Group will follow the RSPO process. Yet, the ambitious scope of IOI Group’s SPOP requires a more dynamic approach to stakeholder engagement and transparency.

Process Flow



Grievances process:

1. Receipt and registration of potential grievance

Anyone can submit a grievance verbally or via a letter or e-mail to the Grievance Coordinator:

E-mail: grievance@ioigroup.com

By telephone to: +603 8947 8661 or +31 (0)75 629 24 82

In writing to: IOI Corporation Berhad, Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia

Attention: Sustainability Department (Grievance Coordinator)

The complainant will receive an acknowledgement of the receipt. In cases where more information is required to start the investigation, the Grievance Coordinator shall contact the complainant for additional information.

2. Preliminary review

Review whether there is reasonable evidence of non-compliance with the commitments in the IOI Group Policy through a comparison of the claimed grievance against the requirements of IOI Group's Sustainable Palm Oil Policy. The Grievance Coordinator will document relevant information about policy breaches, as well as evidence provided by the complainant and other stakeholders, in a publically available online Grievance list.

3. Dialogue, plan investigation, address grievance and reporting

The engagements will include interviews and dialogues. The Sustainability Department will lead the engagement. The Sustainability Steering Committee of IOI Group will monitor the investigation process, and provide support when needed. In complex cases, it might be necessary to involve third-party expert resources.

- a) In case the grievance concerns one of IOI Group's own operations: the Sustainability Team will instruct the relevant operations to take the necessary actions to address the identified grievances.
- b) In case the grievance concerns individual third party mills, sourced directly by IOI Group, the Sustainability Team of IOI Group will engage directly with the respective management of that third party mill.
- c) In case the grievance concerns one of IOI Group's indirectly sourced third party mills, IOI Group will engage directly with the respective third party supplier.

4. Investigation process

After the initial engagement process with the supplier it can be decided that further field-investigation is necessary. If required, a verification team will conduct additional meetings and / or a field visit. The Grievance Coordinator will invite the complainant, and a potential third party, if required.

5. Development of Time Bound Action Plan

The Grievance Coordinator will present the findings of the investigation to the parties involved. The parties involved will jointly develop a Time Bound Action Plan to resolve the issue. Through dialogue, the parties involved will reach agreement on the actions and timings in the Time Bound Action. If agreed between the parties, the Grievance Coordinator will publish the Time Bound Action Plan on the online Grievance list.

6. Implementation and Monitoring of the Time Bound Action Plan

The supplier will implement the actions listed in the Time Bound Action Plan to resolve the grievance.

The supplier in question will report progress on the Time Bound Action Plan. The Grievance Coordinator, together with the complainant, will monitor and discuss the reported progress. For complex cases it might be necessary to involve a third party to assess the outcome.

In cases where suppliers fail to solve egregious cases or refuse to cooperate, IOI Group will warn the supplier that IOI group will terminate their supplier status. If after the first warning suppliers are still unwilling to cooperate or do not improve their practices the supply agreement will be terminated.

Once the parties involved have accepted the implementation of the time bound action plan, the case is closed.

IOI Group will continuously assess the effectiveness of the grievance mechanism in consultation with third parties. Once IOI has identified any necessary changes in company practices and the working of the grievance mechanism, IOI will implement these changes.

Transparency and Confidentiality

IOI Group is committed to the transparent handling of grievances. The Grievance Coordinator will regularly update the status of the complaints, in particular when the complaint is registered, when any action is taken and when an outcome is agreed upon. Grievance raisers can also contact IOI Group staff for inquiries regarding the status of the case (by email / in writing).

The system allows for dialogue to remain confidential and for the confidentiality of the complainant's identity where requested.

General terms & definitions

IOI Group Sustainable Palm Oil Policy (SPOP): You find the document [here](#).

Grievance: a grievance is defined as a problem, complaint or concern of an individual or group associated with the implementation of IOI Group's SPOP across IOI Group's supply chain. Anyone can raise a grievance, verbally, or via an email or letter and should include:

- The name and contact point of the grievance raiser
- An explanation of the grievance along with available supportive evidence.

Preferably, the language of the complaint is in English. If the complainant is not proficient in English, the complainant can also write in the complainants' native language and IOI Group will ensure translation.

Grievance raiser: "complainant" all internal and external stakeholders who identify issues or incidents in the IOI Group's supply chain that are not in line with the principles of the IOI Group Sustainable Palm Oil Policy. The complainant can choose a representative to file the complaint and engage in dialogue.

Grievance coordinator: the grievance coordinator of IOI Group is responsible for managing the entire grievance process. The coordinator is in charge of receiving, recording and continuous updating of the grievance status in the online grievance list.

Suppliers: suppliers to IOI Group include, but are not limited to, IOI Loders Croklaan refineries, IOI Group, individual 3rd party palm oil mills and palm oil crushers and/or their parent companies, 3rd party suppliers.

Sustainability department: the sustainability department of IOI Group is responsible for the investigation process and the development of action plans. The department comprises senior sustainability managers from IOI Group plantations and from the operating divisions.

Sustainability Steering Committee: this committee is responsible for monitoring the grievance procedure and provide support where needed. The membership of the Committee shall comprise the Group Chief Executive Officer, Group Chief Financial Officer, and Heads of the Operating Divisions, Group Head of Sustainability, and Senior Management from Group Support Functions as determined by the Chairman of the Committee.

Verification team: if required during the investigation process, a verification team will conduct a field visit. The verification team comprises of IOI Group Sustainability team managers, the complainant, and a third party, if required.

Third party: if required during the process, IOI and the complainant can agree to involve a neutral third party facilitator, mediator or specific social, environmental expert, particularly where issues are complex or multiple groups are involved.

Annex I Requirements for third party suppliers' grievance mechanisms

The IOI Group Sustainable Palm Oil Policy includes an element that requires suppliers to “resolve complaints and conflicts effectively and responsibly through an open, transparent, consultative process that is agreed upon by all the stakeholders involved.” IOI Group compiled, in addition to the grievance mechanism, a list of standard requirements for the grievance mechanisms of suppliers. These requirements will serve as a benchmark for suppliers' grievance procedures and will assist IOI Group in determining their effectiveness. The UN has developed a set of requirements based on the UN Guiding principles on business and human rights for effective non-judicial grievance mechanisms. A grievance mechanism should ensure:

- *Legitimacy*: The grievance raiser and other stakeholders should be involved in the grievance process to increase trust.
- *Accessibility*: The grievance mechanism should be known to all stakeholder groups for who they are intended. In particular, affected communities and workers should be informed about the process. Assistance should be provided to illiterate workers to enable them to access the procedure.
- *Predictability*: the procedure should be clear for all stakeholders and an indicative time-frame for the grievance process should be designed.
- *Equitability*: Aggrieved parties should have access to information, advice and expertise.
- *Transparency*: complainants should be informed about the status of their grievance as often as possible and information about the performance of the mechanism should be made public.
- *Rights compatibility*: outcomes and actions should accord with internationally recognized human rights.
- *Grievances are resolved through dialogue*: throughout the grievance process dialogue should be the means to resolve grievances.
- *The mechanism is a process of continuous learning*: lessons should be drawn from the functioning of the grievance mechanism to prevent future grievances and improve the mechanism.

In collaboration with its policy implementation partner, Proforest, IOI will ensure that suppliers are compliant with these requirements. IOI will inform its suppliers about the requirements and request its suppliers take steps to develop a grievance mechanism in line with the requirements. IOI Group will monitor suppliers' compliance with the requirements through field verifications of the Sustainable Palm Oil Policy.