



INTERCONTINENTAL SPECIALTY FATS SDN. BHD.



THE ROLE WE PLAY

SUSTAINABILITY REPORT 2019

About this report



The Role We Play

Despite being a medium-sized corporation in the palm oil industry, the work we do and decisions we make have a ripple effect both on our customers and our supply chain. Embracing this responsibility, we strive to conduct our business in a manner which is economically, environmentally and socially meaningful. Themed 'The Role We Play', this report outlines how we contribute to the wider transformation of business practices towards sustainability.

This is the first sustainability report for Intercontinental Specialty Fats Sdn. Bhd. ('ISF'). Since 2017, we have made explicit commitments to sustainability via our Sustainable Palm Oil Policy and practices. We have chosen to start publishing our sustainability progress annually to keep stakeholders updated on our commitments and practices.

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About this report

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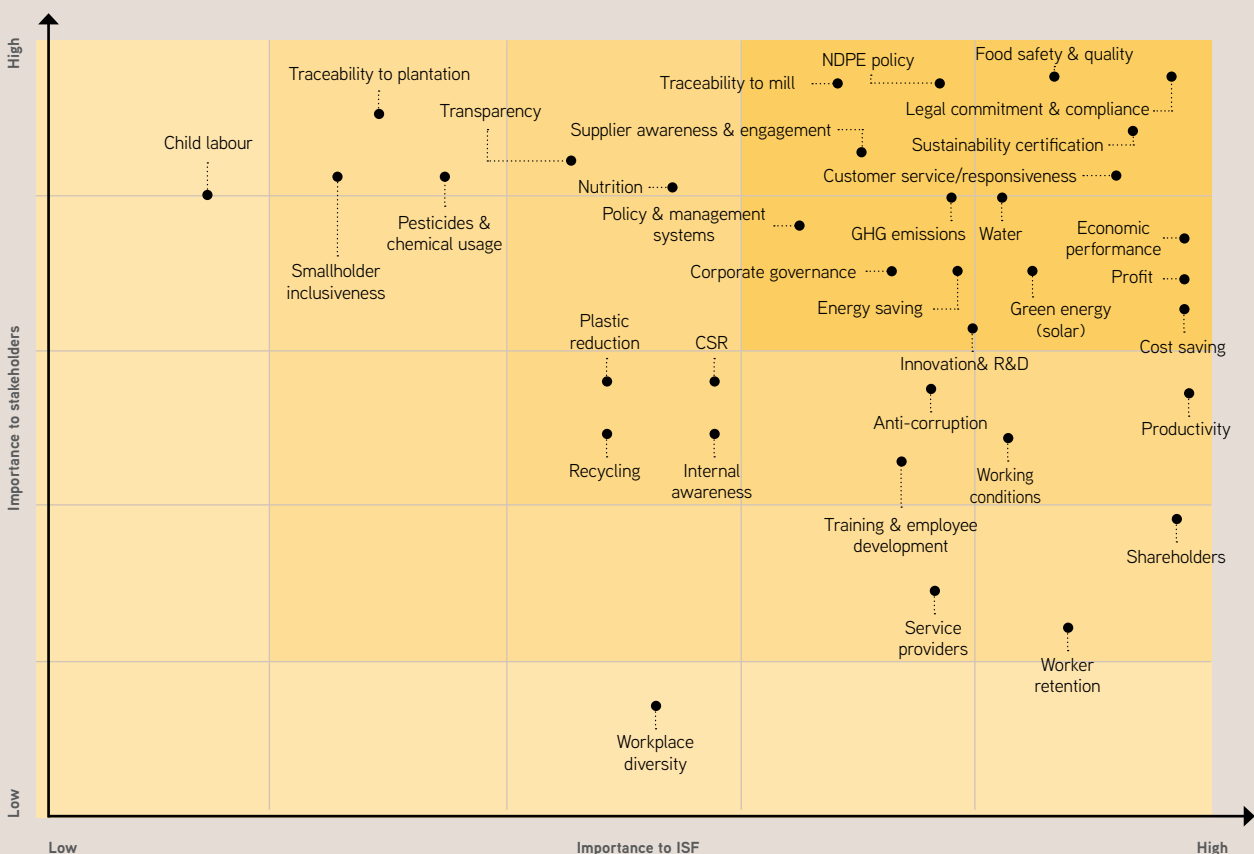
Scope and boundaries

This report covers material topics related to ISF-owned facilities, specifically our refinery operations in Port Klang and Dengkil in Malaysia. While we have a sales office in China and recently established a refinery in Italy which sources their material from ISF Malaysia only, the data reported is limited to our operations in Malaysia. We have also provided some data relating to suppliers.

The purpose of this report is to provide a baseline using the 2019 calendar year, augmented with historical data where available. While ISF is owned by the Japan-based The Nisshin OilliO Group, Ltd., the scope of this report only covers ISF's operations and is not representative of our parent company's sustainability measures.

Materiality, stakeholder inclusiveness and sustainability context

This report was developed through engagement at site level, as well as with local and commercial external stakeholders. In April 2019, ISF carried out a materiality workshop with top management, senior executives and other key personnel to identify material topics which are relevant to the company's business and also important to our stakeholders. We have included relevant findings from this workshop, as well as further stakeholder feedback from our customer enquiries and sustainability implementation partner. Below is an overview of material topics important to ISF.



Assurance

We seek external assurance wherever possible as part of our commitment to our sustainability initiatives to enhance our credibility and instill trust among our customers and end-users. Our participation in sector specific standards such as RSPO, MSPO and ISCC allows us to continuously improve through the implementation of recognised systems and adherence to relevant legal requirements and industry practices which are periodically verified by accredited third parties.

CEO welcome

Dear valued partners,

We are proud to introduce our first Sustainability Report, which covers our efforts over the past few years.

When I first visited Malaysia many years ago, the production of palm oil in the country was less than three million tonnes a year. Today, that figure has increased to almost 20 million tonnes, which is an astounding success story for the nation's economy. This tremendous growth has helped bring a stable supply of affordable palm oil to millions of people, and income opportunities to communities across the country. However, this rapid rise has also had some adverse effects on the landscapes and biodiversity of the country. ISF is committed to ensuring that sustainable palm oil is one of the solutions that leads to better environmental and social outcomes.

For ISF, the best way to start working towards sustainability for a relatively small player is to develop robust engagement with our supply chain and stakeholders in the palm oil landscape. We embarked on our structured engagement efforts in 2004 as one of the earliest members of the Roundtable on Sustainable Palm Oil (RSPO), and we achieved our first certification against the RSPO Supply Chain Certification Standard (SCCS) in 2011. Through the RSPO, we have worked closely with various partners, and commercial and civil society stakeholders to promote best practices with suppliers and to bring sustainable palm oil to our customers.

Our main markets in Europe and Japan have always demanded the highest quality palm oil products. However, in the last two decades, these markets have also begun to embrace sustainability, and the credentials of our products are critical to business success.

In some of these markets, campaigns calling for palm oil boycotts have become increasingly vocal in recent years due to the perceived negative environmental and social impact of oil palm cultivation. While we believe that such campaigns are misguided and fail to recognise the great strides made by RSPO-certified companies, we also want to ensure that our company is at the forefront of the debate and can meet the increasing expectations of our customers. In 2017, we initiated further structured engagements with customers to understand the challenges and needs of the market, and to determine how we could best support their ambition to achieve a deforestation-free supply chain. These consultations resulted in the launch of our first sustainability policy. Since then, we have worked closely with experts in the field, our suppliers, customers, and civil society in developing a comprehensive roadmap to meet our No Deforestation, No Peat and No Exploitation (NDPE) commitments.

We believe in full transparency and accountability. For this reason, we have created and published a Sustainability Dashboard that outlines the actions we have taken, and the outcomes we have achieved.

We are strengthening our internal programmes to ensure that our teams are empowered to work towards better outcomes, for both people and the environment, throughout our supply chain.

Our work has only just begun. We look forward to continued partnerships with key stakeholders, and to expanding engagement deeper into our supply chain. In 2020, we plan to start engaging with smallholders whose efforts are critical to ensuring that we can achieve our ambition to de-link deforestation and exploitation from oil palm cultivation. We are also committed to forging more partnerships with our customers, particularly those in Europe who are on the front line of anti-palm oil campaigns, and to raising the bar by demonstrating that responsible palm oil is both possible and available to consumers.

This inaugural sustainability report is the first comprehensive summary of our work to date. We hope that it is a robust starting point for further discussion and input from our internal and external stakeholders. We would like to thank you all for your support so far and look forward to working with all of you over the coming years.

Our work has only just begun. We look forward to continued partnerships with key stakeholders, and to expanding engagement deeper into our supply chain.

Takashi Ishigami
CEO, ISF



Highlights and targets

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Highlights

2011



Both facilities in Malaysia RSPO SCCS-certified

2017



Published comprehensive Sustainable Palm Oil Policy



Launched Supplier Code of Conduct

2018



Achieved 100% traceability to mill



Traceability to plantation status:
• 81.04% for CPO
• 21.14% for CPKO



Launched Supplier Assessment Programme on food safety and quality



Published Sustainability Dashboard



Carried out verification of suppliers at mill-level



Established Grievance Procedure

2019



Both facilities in Malaysia MSPO SCCS-certified



Published Supplier Mill List in June



Received eco-loan from Sumitomo Mitsui Banking Corporation (SMBC) Malaysia



Repurposed 100% of spent bleaching earth



Became first refinery producer in South East Asia to be certified organic

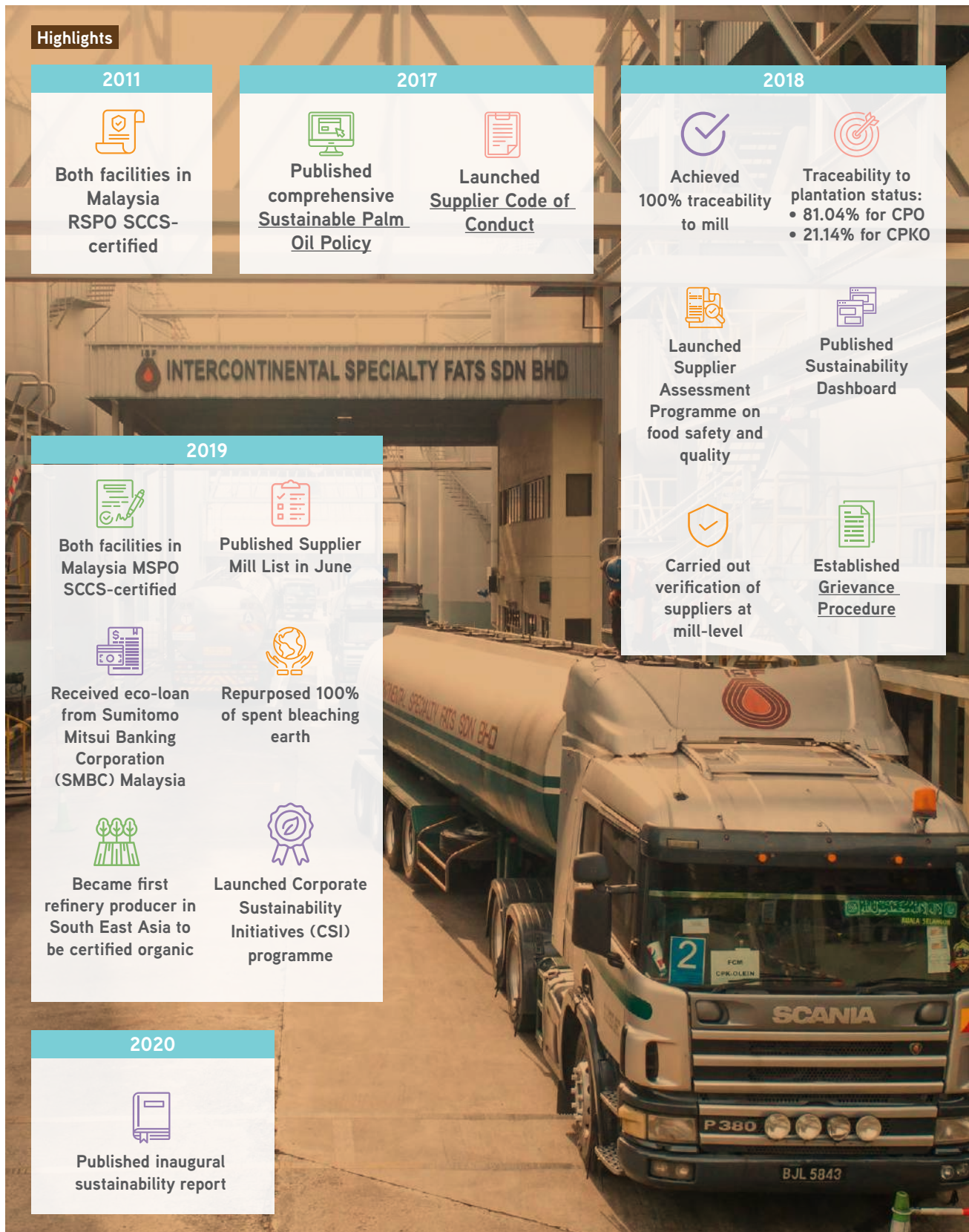


Launched Corporate Sustainability Initiatives (CSI) programme

2020



Published inaugural sustainability report



Highlights and targets

Targets

Year	Target	Status as at 31 December 2019, unless stated otherwise
Overall		
2020	Assess and align business operations with the United Nations' Sustainable Development Goals (SDGs)	To begin in 2020
Certification and supply chain		
2020	Certify all ISF sites against RSPO SCCS	Achieved Malaysia operations certified in 2011; China operations certified in 2017; Italy operations certified in 2018 ¹
2020	Certify both ISF facilities in Malaysia against MSPO	Achieved in 2019
2020	100% traceability to mill for CPO and CPKO	Achieved In January 2018
2020	100% traceability to plantation for CPO	In progress 81.04% achieved
2020	All direct suppliers to be either RSPO or MSPO certified	In progress All direct suppliers are MSPO certified. 15 out of 35 direct suppliers are RSPO certified (43%)
Environment		
Ongoing	Zero environmental legal non-compliances	Achieved
2020	Launch solar energy project at Dengkil operations	In progress Project scheduled to launch in mid-2020
2025	Reduce GHG emission intensity by 5% (2019 baseline)	In progress Baseline of 326.3 kgCO ₂ e/MT processed
2025	Reduce energy usage intensity by 5% (2019 baseline)	In progress Baseline of 3.18 GJ/MT processed
2025	Reduce water consumption intensity by 5% (2019 baseline)	In progress Baseline of 0.86 m ³ /MT processed
2025	Reduce waste generated intensity by 5% (2019 baseline)	In progress Baseline of 30.43 kg/MT processed
Health and safety		
Ongoing	Zero fatalities	Achieved
Ongoing	Zero accidents	Needs improvement 14 accidents were recorded in 2019
Social		
2020	Establish a programme to be inclusive of smallholders and uptake of their physical oil into ISF supply chain	In progress

¹ China and Italy operations are out of scope of this report

About ISF

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Headquartered in Port Klang, Malaysia, Intercontinental Specialty Fats Sdn. Bhd. ('ISF') is a privately-owned company established in 1980. Our parent company, The Nisshin OilliO Group, Ltd., is the largest vegetable oil company in Japan.

A leading palm speciality oils and fats manufacturer, ISF owns and operates refining and downstream processing facilities, with factories located in Peninsular Malaysia, and has a workforce of 546 employees. When established, our manufacturing facilities were the first of their kind. Our expertise lies in sourcing raw materials locally and producing a wide range of quality-grade palm speciality oils and fats which cater to the needs of customers in over 50 countries worldwide today. We also have a sales and distribution office in Shanghai, China which is strategically located to support and empower local businesses in China. In 2018, we established a refinery in Italy that further refines ISF products received from our Malaysia facilities before distributing to Europe. We are also committed to an extensive research and development programme.

ISF has adopted four core pillars of values to create lasting impact:



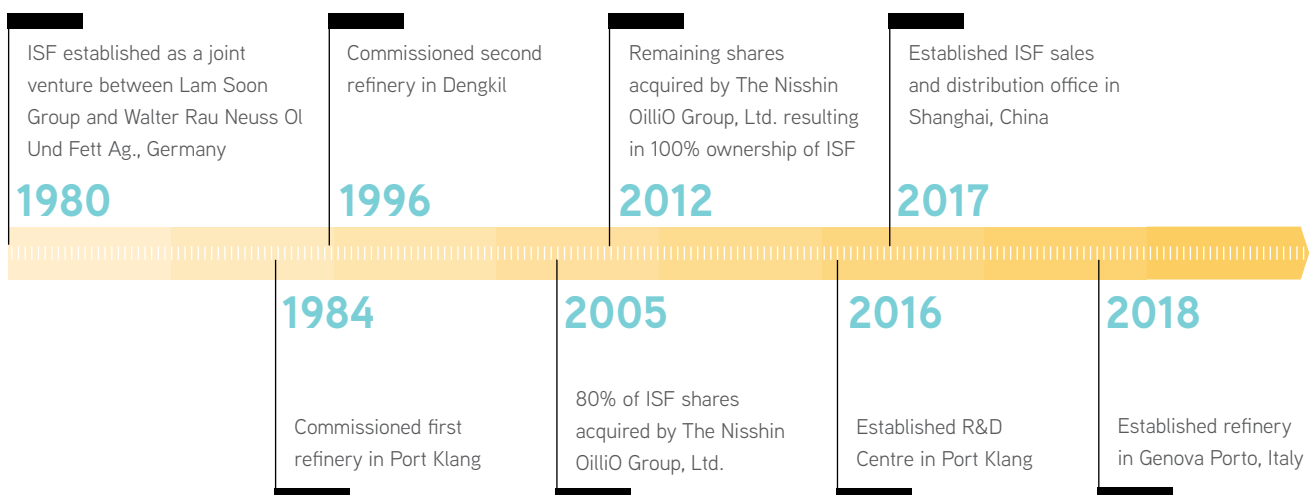
Reliability for our customers and consumers by upholding consistent, high standards of product quality, food safety and delivery;

Sustainability in production and responsible sourcing;

Innovation by employing the latest methods and technology;

Collaboration with all stakeholders who have a tangible and intangible proximity to what we do, both inside and outside the supply chain.

Corporate milestones

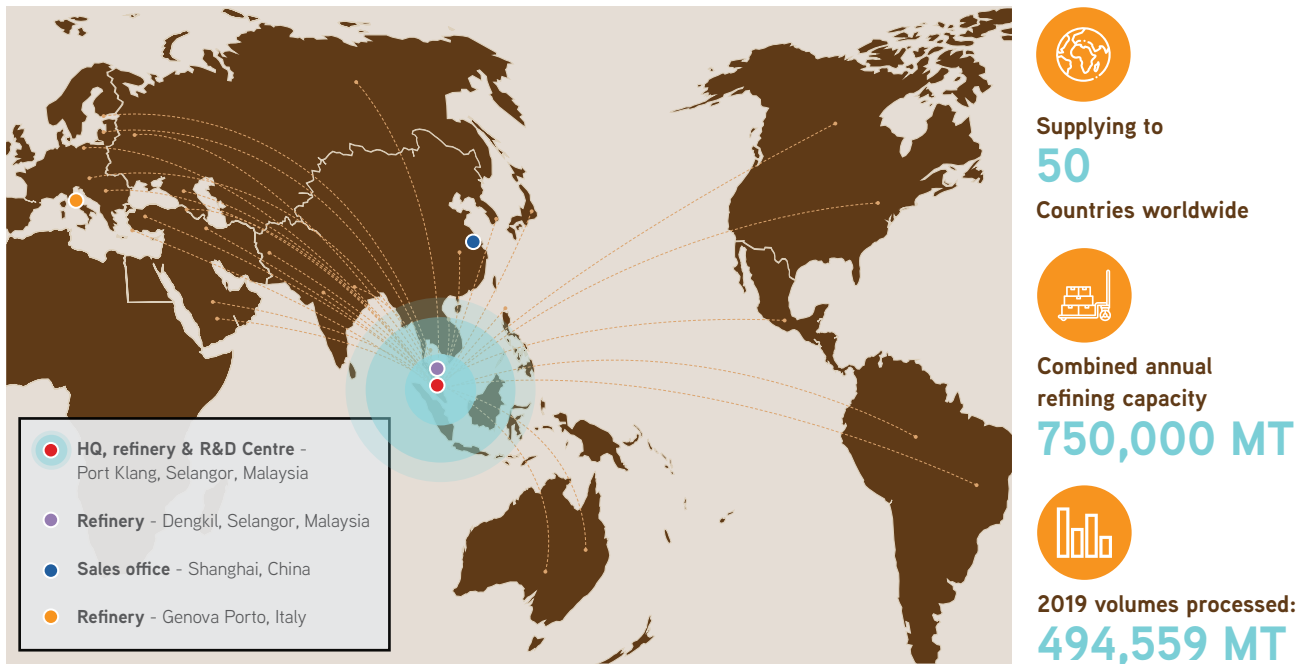


Note: Our operations in China and Italy are outside the scope of this report

About ISF

Our operations

Global and operational presence



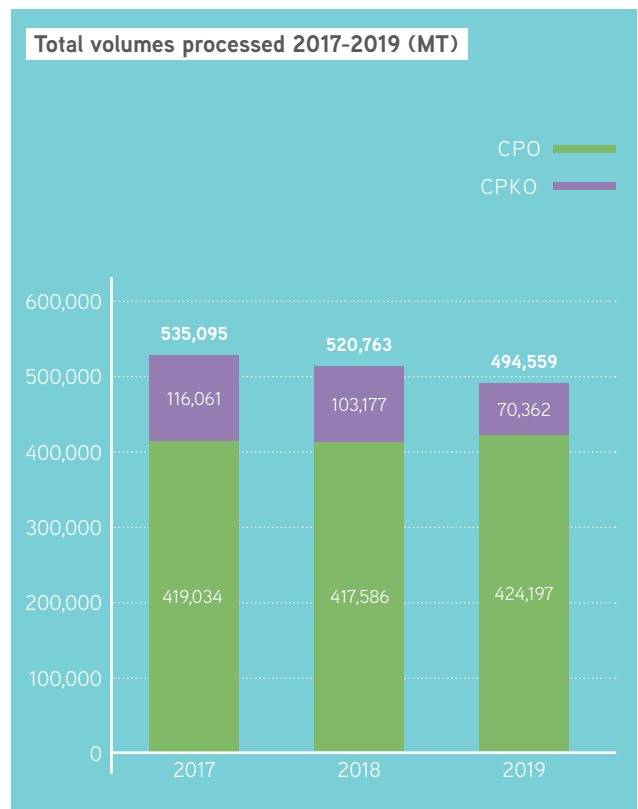
Note: Our China and Italy operations are out of the scope of this report

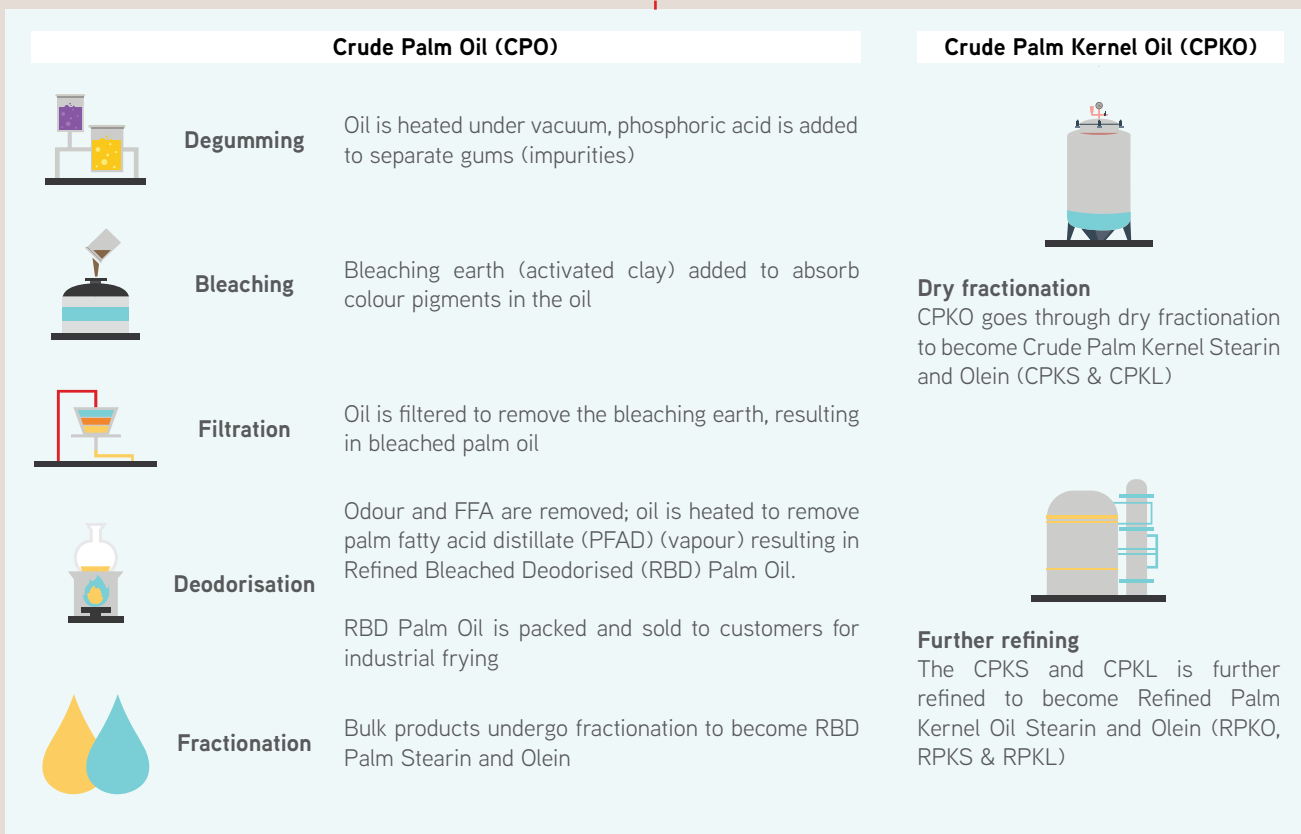


Refining and manufacturing

Our two refineries in Peninsular Malaysia are located in Port Klang and at Dengkil. These state-of-the-art facilities employ the latest technologies to physically and chemically refine, fractionate, hydrogenate, interesterify, texturise, and pack our products as per customer specifications.

In September 2019, the combined annual refining capacity at the factories has increased from 650,000 tonnes to 750,000 tonnes due to internal expansion at our Port Klang site. We processed 5% less combined crude palm oil (CPO) and crude palm kernel oil (CPKO) than 2018. Despite this, the quality of oil processed is of higher standards in line with European Union (EU) food safety and quality requirements.



The refining process**Modification**

Oil and fats undergo modification processes to change the features and solid fat content profile to serve specific applications:

Interesterification process rearranges fatty acid among the triglycerides in order to achieve solid fats profile and desired quality.

Hydrogenation or Interesterification changes the oil characteristics and enhances the application/functionality of the oil.

About ISF



Research and development

To meet the growing demand for speciality fats in the global market, we are proactively engaged in advanced R&D programmes that encompass raw material research and selection, process reengineering and quality improvement, as well as new product development. In 2016 we established an R&D centre at our Port Klang facility. Using advanced analytical equipment and the pilot plant facilities, we strive to find innovative, effective and efficient solutions to our customers' requests while staying ahead emerging market developments and trends.

Products and applications

We produce a wide range of consistent, high quality, packed and bulk speciality fats and oils with unique functional characteristics that cater to specific market needs. In bulk, we produce palm, olein and stearin oils that have been refined, bleached and deodorised (RBD). Some of these goes through fractionation, interesterification and hydrogenation. As for our packed products, we supply cocoa butter equivalents and replacers, margarine, substitutes for butter oil and cocoa butter, milk fat replacements and other fats. Our products are used in various applications, especially in the food industry.

Chocolate and confectionary fats

Bakery fats

Dairy fat replacers

Frying fats and oils

Other uses



More information on how our products are used can be found on our website at:
isfsb.com/our-product/product-applications/product-applications-details

Our approach to sustainability



Given the nature of our business and our proximity to raw materials, we understand the potential long-term environmental and social impacts of the palm oil production process. While our operations may be small compared to others in the business, we must ensure that the oil we source does not have adverse effects on the landscapes and biodiversity of the country, or is linked to exploitative practices for workers and communities. Sustainability is therefore one of ISF's four core pillars of values for healthier palm products, and we continuously strive to pave a sustainable path forward.

Over the past few years, we have engaged internally with our management teams and externally with our customers and suppliers to strengthen our sustainability policies, measures, and structures with assistance from our sustainability implementation partner, Proforest.



Launched SUSTAINABLE PALM OIL POLICY IN 2017

In December 2017 ISF launched a **Sustainable Palm Oil Policy** outlining our No Deforestation, No Peat and No Exploitation (NDPE) commitments. The Policy applies to all ISF-owned facilities and operations and also extends to our third-party suppliers to ensure we source responsibly. This Policy is complemented with other sustainability practices and initiatives to carry out our commitments.

Overview of NDPE Policy and additional, supporting commitments from existing policies

- Sustainable Palm Oil Policy
- Environmental Policy
- Occupational Health & Safety Policy
- Quality Policy
- Supplier Code of Conduct
- Ethical Policy
- Food Safety Management Policy
- Corporate sustainability initiatives (CSI)

Environment • No clearing of HCS/HCV areas for new plantings • No new development on peatland • No use of fire in land preparation and no burning of waste • Mitigate GHG emissions in existing operations • Prevent pollution, reduce waste and optimise consumption of resources	Human rights • No exploitation of indigenous peoples' and local communities' rights and uphold FPIC principles • Fair and equal treatment without discrimination • Freedom of association/ collective bargaining • No illegal, forced, bonded or child labour • No harassment, threats, abuse or intimidation	Labour and health & safety • Adhere to responsible recruitment practices for all labour • Prohibit use of WHO Class 1A and 1B chemicals • Provide safe and hygienic working conditions • Educate, train and invest in employees • Continuously improve to prevent injuries and minimise accidents • Implement an OSH management programme
Social • Support smallholder inclusion in sustainable supply chains	Governance • No corruption/uphold ethical standards • Comply with all applicable and relevant national laws • Engage and verify suppliers against sustainability commitments • Implementation of principles of the Ethical Trading Initiative Base Code	Food safety & quality • Safe and hygienic, high quality products • Maintain and continually improve quality management
Cross-cutting commitments • Build traceable and sustainable palm oil supply chain • Support sustainability certification schemes • Ensure transparency and open communication with stakeholders • Provide an effective grievance mechanism accessible to stakeholders • Comply with all applicable international, national and local laws and regulations • Carry out corporate sustainability initiatives		

Our approach to sustainability



Responsible financing



SUMITOMO MITSUI
BANKING CORPORATION
MALAYSIA BERHAD

In October 2019, ISF received an Environment Assessment Loan (or 'eco-loan') from Sumitomo Mitsui Banking Corporation (SMBC) Malaysia, amounting to MYR 34.5 million (JPY 900 million). Eligibility for this type of loan is assessed based on the company's environmental measures and awarded to companies that incorporate sustainability into their business and environmental management practices. ISF obtained a Gold+ rating in our assessment, indicating that we proactively implement environmental and sustainability initiatives and have a basic understanding of environmental and sustainability issues related to our business.

Aligning with the SDGs

In 2015, nations worldwide adopted the 2030 Agenda for Sustainable Development and the 17 United Nations Sustainable Development Goals (SDGs). Recognising our role within the private sector and the responsibility we have to build on these commitments, we have identified five goals our business can impact upon and contribute to, namely:



In 2020, we plan to assess the relevance of these goals to our business and review their impact upon our business strategy and financial performance. By focusing on these goals and aligning our strategy and targets, we aim to create sustainable value and contribute to shared outcomes with other stakeholders.

Sustainability certification

We believe that complying with sustainability certification schemes is imperative for responsible palm oil production, and so we work closely with our customers to support and increase demand for certified products. We are certified against:



Roundtable on Sustainable Palm Oil (RSPO)

The globally-recognised certification scheme for sustainable palm oil. Since 2011, our Malaysia-based operations have been certified against the RSPO Supply Chain Certification System (SCCS), which means that the products we process, trade, and sell are certifiably sustainable under the scheme. We actively encourage our customers to source our fully-segregated RSPO-certified palm oil, which means that certified oil is processed and stored physically separate from conventional oil and that we are in a position to trace our products to origin.



Malaysian Sustainable Palm Oil (MSPO)

The nationally mandated certification system for oil palm plantations, independent and organised smallholders, and palm oil processing facilities. Both of our Malaysian-owned facilities achieved MSPO SCCS certification in 2019.



International Sustainability & Carbon Certification (ISCC)

A globally recognised standard for sustainable biomass and bioenergy production that applies to companies selling products in European markets. Our Dengkil facility in Malaysia has been ISCC certified since 2012.

Our approach to sustainability

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Responsible sourcing



494,559

processed



100%

sourced from
Malaysia



53%

RSPO-certified
CPO sourced



5%

RSPO-certified
PKO sourced



35

Direct suppliers



317

Indirect suppliers

In order to build a traceable and sustainable palm oil supply chain, we actively engage our suppliers to ensure that all palm products are sourced responsibly, and we are proactively working with suppliers who support certification schemes. Our suppliers are required to demonstrate compliance with the NDPE commitments in our Sustainable Palm Oil Policy above and beyond national and international certification requirements.

In 2019, we sourced a total of 494,559 tonnes (MT) of crude palm oil (CPO) and crude palm kernel oil (CPKO). All the oil we source comes from Malaysia, and of this only 1.86% of CPO and 8.99% of CPKO comes from East Malaysia. Out of the total 352 palm oil mills and kernel crushing plants we purchased from in 2019, 35 were direct mill suppliers, while the remaining 317 were indirect suppliers. Both CPO and CPKO come from direct suppliers, while only CPKO come from indirect suppliers.

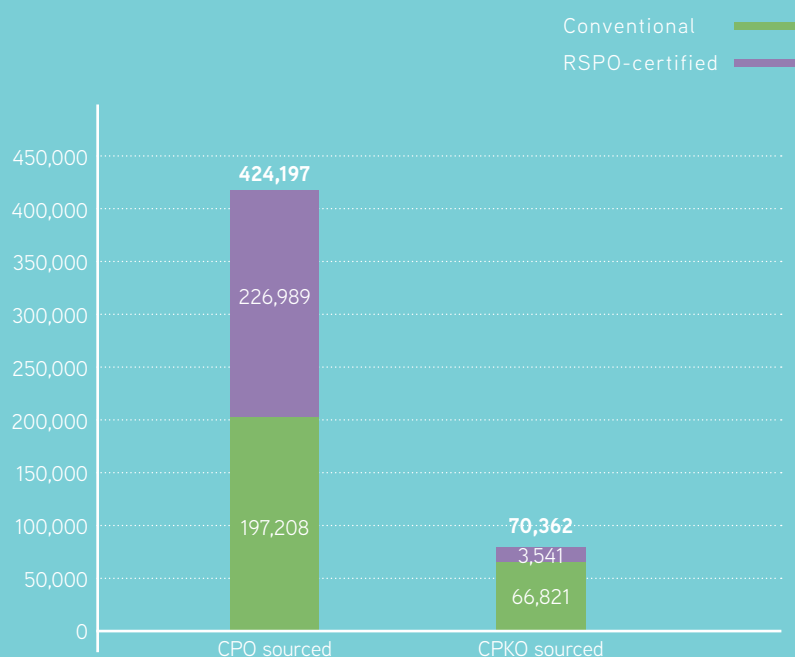
We have established a target to ensure that all ISF direct suppliers are either RSPO or MSPO certified by year-end 2020. As at December 2019, 20 of our direct suppliers have attained RSPO certification, supplying 53.5% CPO and 5% CPKO of RSPO-certified oil.

In effect on 1 January 2020, MSPO certification is a national mandatory requirement for all palm oil mills and oil palm estates of more than 40 hectares. While all mills that we source from are currently MSPO certified, the plantations they source from have yet to complete the certification process. Through engagement with our suppliers, we are taking measures to assist them in addressing the current barriers faced in sourcing MSPO certified products.

Maintaining a low-risk supply chain

ISF sources from 35 direct suppliers, 90% of whose volumes come from Peninsular Malaysia. We maintain long-term working partnerships with select suppliers to ensure the palm oil we source is of high quality and meets our responsible sourcing standards. By dedicating our focus to this small supply pool, we are in a unique position to better manage and maintain a relatively low-risk supply chain through continuous dialogue and collaboration.

RSPO-certified volumes sourced 2019 (MT)



Our approach to sustainability

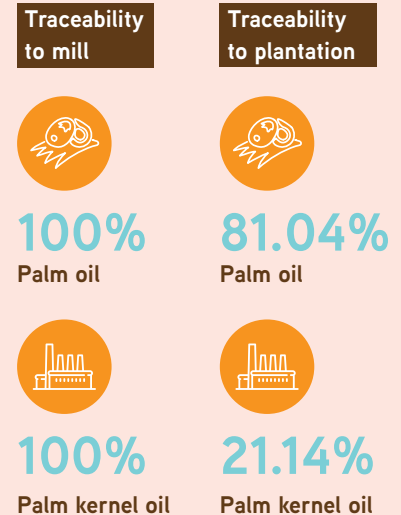
Building a traceable supply chain

It is imperative to trace supply flows from ports and refineries back to palm oil mills and oil palm plantations. This is an integral part of providing greater transparency in the supply chain and includes an understanding of supplier locations and knowledge of on-the-ground practices in use.

As at January 2018, we have achieved 100% traceability to mill for the CPO and PKO we source, ahead of our 2020 target. As at December 2019, we have traced 81.04% of CPO to plantations and target to achieve full traceability to plantation for CPO supply by 2020. It is more challenging to achieve full traceability to plantation for palm kernel oil. As at December 2019, we have achieved 21.14% PKO traceability and will continuously work to improve this figure.

Since June 2019, we have made available a list of our suppliers via the [Sustainability Dashboard](#) on our website.

Traceability status as at December 2019



Verifying suppliers

In conjunction with our implementation partner Proforest, we annually assess suppliers against our sustainability commitments to measure progress towards alignment. Suppliers are first assessed and prioritised based on the risk of deforestation, followed by an analysis of any higher relative risk for social and environmental issues. Onsite verification is carried out in the form of an audit, resulting in a report that highlights areas of improvement and provides recommendations for continuous improvement, and against those action plans are developed to close the gaps identified. To date, two of our supplying mills have also undergone verification, one in Kelantan in April 2018, and another in Pahang in September 2018.



Our approach to sustainability

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Supplier engagement and capacity building

By agreeing to sell palm products to ISF, suppliers must accept and adhere to our **Supplier Code of Conduct**. Established in 2017, the Code defines basic requirements ISF suppliers must adhere to and implement throughout their business, including full compliance with applicable laws, environmental, and social and corporate governance standards.



Components of the ISF Supplier Code of Conduct

- 1 **Legal Compliance**
- 2 **Environment**
- 3 **Human Rights**
(in line with the Universal Declaration of Human Rights)
- 4 **Labour Standards**
(in line with International Labour Organization Conventions)
- 5 **Health and Safety**
- 6 **Anti-corruption**
- 7 **Grievance Management**
- 8 **Supplier Engagement and Verification**



3

Workshops held for non-certified suppliers to date

We believe that working collaboratively with suppliers is important to reducing and managing risks while tackling issues that arise from the complexities of supply chain structures. Especially for those direct suppliers who do not sell certified oil and therefore need guidance on sustainable production practices, we carry out workshops to help them fully understand the requirements for adhering to our Sustainable Palm Oil Policy and attaining MSPO certification.

To date, we have held three workshops for CPO and PKO producers, which were attended by 18 of our 20 non-certified suppliers. Our most recent workshop was held in July 2019 and aimed at engaging these suppliers to align with ISF's NDPE commitments. We placed a particular emphasis on MSPO requirements and the national 1 January 2020 cut-off date for certification. A representative from the Malaysian Palm Oil Board presented on the mandatory MSPO certification system.

Moving forward, we are looking to conduct more holistic workshops to disseminate ISF's policy and to introduce some technical steps and training elements that will help our suppliers increase their capacity for sustainable production.

Our approach to sustainability

Sustainability governance and management

ISF's Board of Directors comprises nine experienced professionals, all of whom are male, Japanese, and over 50 years of age. The Board of Directors and senior executives, including our Chief Executive Officer (CEO), oversee strategy and make decisions on all environmental, social, and governance matters.

The ISF sustainability team is part of our Trading and Marketing division. Working closely with ISF's commercial teams and under the direction of the Chief Marketing Officer (CMO), the team engages with our customers to understand their needs and requirements, and to ensure that sustainable practices are embedded in our business decisions. The CMO reports to the Board on sustainability issues quarterly, or more frequently if necessary.

Sustainability topics are prioritised through stakeholder engagement with our partners, and by responding to customer needs and key topics raised through multi-stakeholder initiatives.

Upholding ethical standards

Guided by our Ethical Policy published in 2017, ISF is committed to upholding ethical standards in how we conduct business with

our customers, suppliers, governments, civil society, and other stakeholders. This policy is made available to all employees. We are also committed to implementing the principles of the **Ethical Trading Initiative (ETI) Base Code**, an internationally recognised code of labour practice founded on the conventions of the International Labour Organization (ILO). ISF is currently working with an external consultant to review and tighten our anti-bribery and corruption system. This includes having in place an effective whistleblowing policy with accompanying standard operating procedures. While our grievance procedure is available for external complaints, the whistleblowing policy will be accessible to internal stakeholders and will serve as guidance for resolution and remedy.

All our suppliers must sign our Supplier Code of Conduct, which incorporates commitments to implementing anti-corruption and bribery standards. The Code also covers making available a whistleblowing mechanism to report any corruption, which is communicated to all employees, surrounding communities, and external stakeholders.

Grievance management



Established Grievance Procedure in 2018

ISF takes complaints and grievances raised regarding our operations, and those of our suppliers, seriously. In 2018, ISF established a complaint handling and grievance management mechanism that allows us to resolve claims in a fair, timely, and transparent manner, with relevant stakeholder input where appropriate. The grievance procedure covers activities related to handling stakeholders' complaints on the implementation of the ISF Sustainable Palm Oil Policy and is made available on our website at: <http://isfsb.com/wp-content/uploads/2019/02/ISF-Grievance-Procedure.pdf>.



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Grievances raised and addressed

When a complaint against a supplier is raised, we engage relevant parties to verify and discuss the issues raised in accordance with this procedure. In the event that the supplier does engage effectively in the process towards resolution and compliance with our sustainability policy, ISF will review its relationship with that supplier. If immediate action is required but not being taken, we will consider suspension. Business relationships are subject to cessation as a last resort.



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Supplier suspended due to NDPE non-compliance

To date five complaints have been registered into our system, which have mainly stemmed from NGO reports against both ISF's direct and indirect suppliers around issues on deforestation, land grabbing and/or poor labour conditions. We have suspended business relations with one supplier due to non-compliance with our NDPE commitments. One grievance was self-lodged by ISF based on a report by Chain Reaction Research alleging that ISF is a leakage refinery without a robust NDPE policy or responsible sourcing policy in place. We make clear to our suppliers that we do have such a policy in place and will continue to maintain an open and transparent two-way dialogue with our key stakeholders with regular updates. Progress on grievances is updated on our website regularly.

As an RSPO member, ISF also follows the RSPO grievance process for relevant complaints and endeavours to communicate transparently on outstanding claims per our grievance management procedures.

Our approach to sustainability

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Stakeholder collaboration and transparency

Collaboration with stakeholders is one of ISF's core value pillars. Dialogue with stakeholders such as customers, suppliers, investors, implementation partners, NGOs and employees helps us develop the way we deal with sustainability issues and prepare for future risks and opportunities. We also work with industry partners and take part in key multi-stakeholder initiatives—including **Sedex**, an ethical trade platform on improving working conditions in global supply chains—to further our sustainability agenda.

We are committed to communicating transparently with our stakeholders on matters of sustainability. In recent years, we have gone from issuing updates on a need-to-know basis to being proactive in providing such information to stakeholders and business partners in a timely way through initiatives that include using our website as a portal for sustainability information and updates. We have also started updating our grievance log with the latest information about claims and other developments.

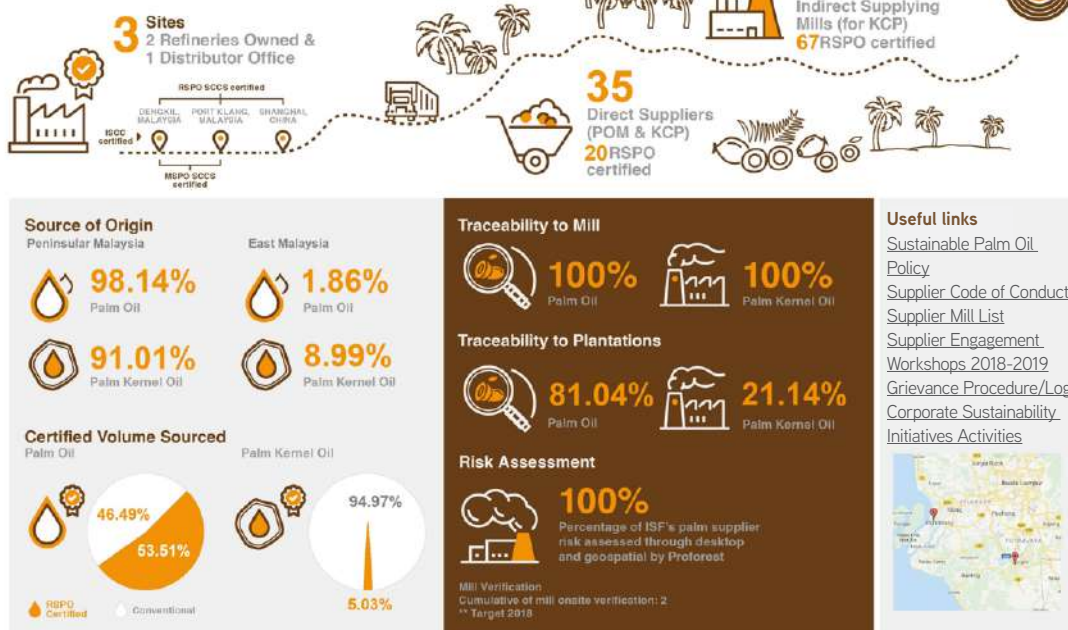
Since the launch of our **Sustainability Dashboard** in 2018, we have been providing quarterly snapshots of our sustainability progress. This inaugural annual sustainability report is the next step in our efforts to inform our stakeholders about new developments and to make progress against the implementation of our sustainability policy.

We also submit the following documents to certification and sustainability assessment platforms:

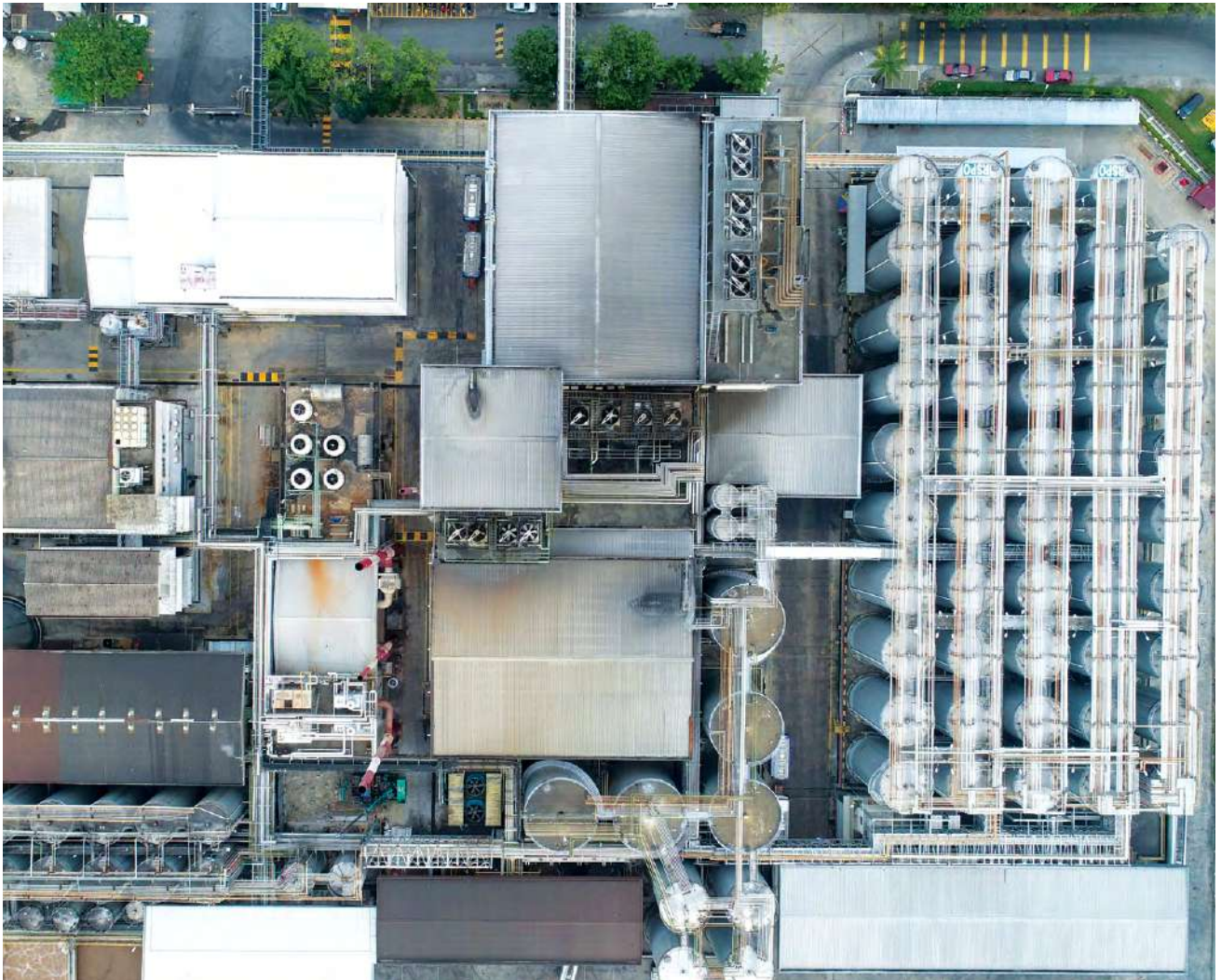
- An Annual Communications of Progress (ACOP) to the RSPO;
- An annual Forests Programme questionnaire to the CDP, a scoring system on global environmental disclosure;
- An annual scorecard and rating covering criteria on environmental issues, fair labour and human rights, ethics, and sustainable procurement to EcoVadis.

Sustainability Dashboard

Jan to Dec 2019



Minimising environmental impacts



Within our operations, we strive to be a responsible producer by optimising the use of resources.

We have begun monitoring our greenhouse gas (GHG) emissions, energy consumption, water consumption, and waste, and we educate employees to be environmentally responsible. Our stand-alone Environmental Policy outlines these operational commitments and our compliance with relevant environmental regulations. We monitor and continuously improve the implementation and effectiveness of our environmental management system as we are ISO 14001:2015-certified.

We also have a part to play in sourcing responsibly to ensure that our suppliers do not destroy forests or adversely impact biodiversity. Through our Sustainable Palm Oil Policy and our Supplier Code of Conduct, we are strong advocates for environmental protection and restoration within our supply chain. The “D” and “P” of our NDPE Policy refer to our commitments to No Deforestation and No Peat, and we partner with Proforest to conduct risk assessments and geospatial analyses for indications of fire, deforestation, and peat violations. Once we identify high-risk areas, we then proceed with field verifications to ensure compliance against our Policy.

Since 2018, we have annually submitted our data to the CDP’s Forests programme within the scope of their global environmental disclosure system that helps measure and manage risks and opportunities on deforestation.

Minimising environmental impacts

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Accounting for our carbon footprint

The United Nations Environment Programme reports that global emissions need to be reduced by 7.6% annually between now and 2030 to limit average global temperature rise to 1.5°C.³ This is a monumental task, and businesses need to work with governments, financial institutions, NGOs, and the public sector to take aggressive action to address climate change.

To do our part, we are committed to accounting for the GHG emissions generated by our operations. In 2019, our Scope 1 and Scope 2 GHG emissions amounted to 161,374,814 kilograms of carbon dioxide equivalent (kgCO₂e) at our two sites, each site contributing to approximately 50% of this total. Our GHG emission intensity was 326.30 kilograms of carbon dioxide equivalent per MT of oil processed (kgCO₂e/MT processed). Using this as a baseline, we set a target of reducing GHG emission intensity by 5% by 2025.



GHG emissions intensity

326.30

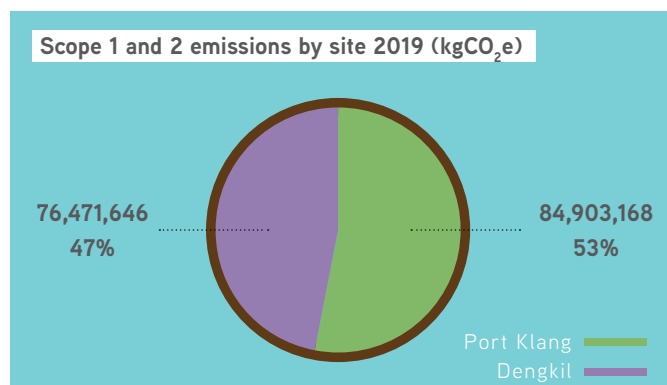
kgCO₂e/MT processed



Energy usage intensity

3.18

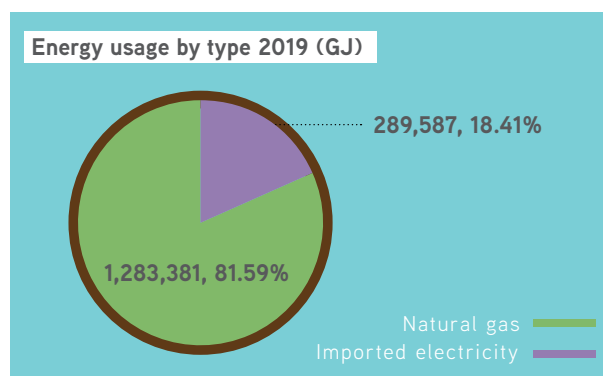
GJ/MT processed



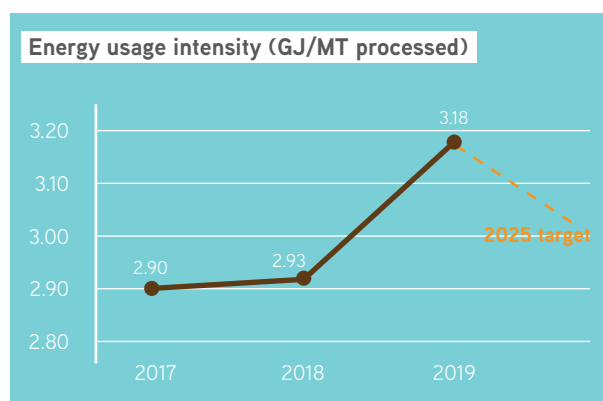
	Scope 1 (Direct emissions from our facilities)		Scope 2 (Indirect emissions from imported electricity)	
	Dengkil	Port Klang	Dengkil	Port Klang
Heat - natural gas	50,169,507	39,612,885		
Imported electricity			26,302,139	45,290,283
Total by scope	89,782,392		71,592,422	
Total	161,374,814			

³ United Nations Environment Programme (2019). Emissions Gap Report 2019. UNEP, Nairobi. Available at: <https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019.pdf?sequence=1&isAllowed=y> [accessed 12 December 2019]

We monitor the use of energy in our operations, specifically natural gas and imported electricity. In 2019, our total energy usage amounted to 1,572,969 gigajoules (GJ), of which over 80% came from natural gas.



In 2019, our total energy usage intensity in gigajoules per tonne of oil processed (GJ/MT processed) was 3.18. Using this as a baseline, we set a target of reducing energy usage intensity by 5% by 2025.



Optimising energy efficiency with solar panels

In 2019, we used a total of 29,552,965 kWh at our Dengkil operations alone. In an effort to reduce this, we will be launching a solar panel project at this facility in 2020. These panels will harness energy from sunlight to produce 1,035,924 kWh per year, accounting for 3.5%⁴ of our total annual consumption. The energy generated from solar power will be consumed during peak hours at our operations. Should this initiative produce positive results, we will continue investing in the programme with the aim of rolling it out at our Port Klang operations in the coming years.

⁴ Of 29,809,205 kWh, based on data from 2018

Minimising environmental impacts

Minimising our water consumption

Our Port Klang and Dengkil facilities are located in remote areas away from urban centres and are therefore prone to water shortages. Optimising water consumption is therefore vital as it is a shared resource. We continuously work to improve water conservation efforts at our factories by adopting water-saving measures, technologies and innovations.

We source rainwater and ground water, but municipal water utility companies supply the bulk of our sourced water. During the water rationing imposed on the Klang Valley in 2019, we did not face any major interruptions at our operations as we could rely on groundwater. In 2019 we consumed a total of 424,456 cubic metres (m³) of water, a reduction of 27.5% compared to 2017. This is due to lower volumes produced as we shifted our focus to the production of higher quality oils.

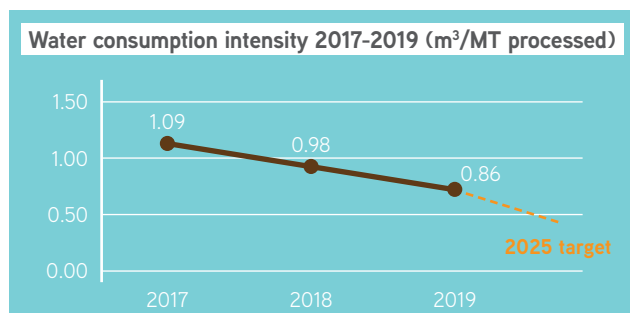
In October 2019, we began using rainwater in our systems and set a target of using 252 m³ annually as a baseline. The water we collect and use in this manner will be recycled at our sites' cleaning facilities. We also plan to integrate roofing gutters to channel rainwater that can then be utilised in various processes at our refineries.

Water withdrawal, discharge and consumption 2019 (m³)

Water withdrawal by source	
Rainwater	63
Groundwater	32,417
Municipal water	569,864
Total water withdrawal	602,344
Water discharge by source	
Surface water	177,888
Total water discharge	177,888
Water consumption	
Total water consumption	424,456

Note: water consumption has been derived by subtracting the total water discharge from the total water withdrawal.

Our water consumption intensity was 0.86 m³/MT processed in 2019, which is 21% less than in 2017. Using 2019 as our baseline, we set a target of reducing water consumption intensity by 5% by 2025.



Water consumption intensity
0.86
m³/MT processed



Waste generated intensity
30.43
kg/MT processed



100%
of spent bleaching earth repurposed as raw material

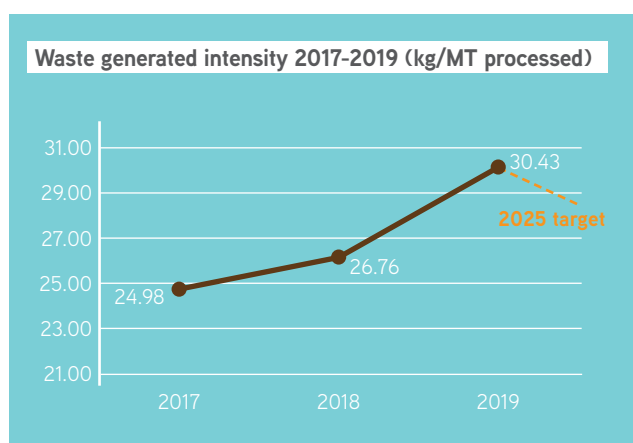
We are aware of the adverse impacts that refineries can have on the air, land and water that surround our operations and therefore have published and implemented water pollution management manuals and waste treatment rules. In compliance with legal requirements under the Environmental Quality (Industrial Effluents) Regulations 2009 of the Environmental Quality Act 1974, all effluent is treated before being discharged into the drainage system. We also reuse wastewater to cool down machinery before it is treated a second time.

Managing waste

We have implemented systems to measure and dispose of the waste we produce in a responsible manner, following the Environmental Quality (Scheduled Wastes) Regulations 2005. All waste classed as hazardous or as scheduled waste requires special storage, packaging, labelling and management of containers. All scheduled waste is disposed of via a qualified waste recovery facility.

We produce almost 15,000 tonnes of non-scheduled waste and only 73 tonnes of scheduled waste. More than 98% of our non-scheduled waste is spent bleaching earth derived from the degumming and bleaching of CPO from physically refined palm oil. Spent bleaching earth contains a high percentage of residual oil and is therefore susceptible to spontaneous combustion and can be a source of environmental risk. 100% of the spent bleaching earth we produce is sold to third parties to be repurposed as raw material for other manufacturers or to be used as biomass.

In 2019, our waste generated intensity was 30.43 kg/MT processed. Using this as a baseline, we have set a target of reducing the intensity of all waste generated by 5% by 2025.



Being responsible in the marketplace

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Palm oil helps feed billions of people in over 150 countries. As the world's number two producer and exporter of palm oil and palm oil products, Malaysia plays a crucial role in meeting consumer demand while maintaining the highest health, safety, and production standards. ISF adheres to these and other international standards, and takes every precaution to deliver sustainable, consistent, and healthy products. Our **Food Safety Management Policy** ensures that our palm oil products are safe, hygienic, and meet acceptable levels for moisture and impurities and our **Quality Policy** commits us to maintaining and continually improving our Quality Management System. By continuously monitoring our policies, procedures, and output, and complying with relevant certification systems, we meet or exceed local and international health and quality standards.

Certifications

Our products and processing methods regularly undergo third party audits and oversight to ensure compliance with certifications, standards, and regulations in a sustainable environment.



Hazard Analysis Critical Control Point (HACCP)



ISO9001 (Quality Management System) and ISO14001 (Environmental Management System)



GMP+ Feed Safety Assurance (FSA)



FSSC 22000 Food Safety Management System



**MS 1500:2009
1050-09/2004**

Halal



Kosher



USDA Organic



**MY-BIO-149
Non-EU Agriculture
EU Organic**

In addition to the certifications we hold, ISF is a Food and Drug Administration (FDA)-registered facility, which is necessary for food facilities engaged in the manufacturing, processing, packing, or storing of food for human or animal consumption in the United States.



Launched Supplier Assessment Programme for food safety and quality in 2018



Supplying to the organic food market

Consumers are increasingly aware of the health benefits and detriments of the food they eat. In recent years, the demand for organic food has risen because people want to know that the food they buy is natural and free of genetically modified organisms (GMOs), synthetic pesticides, chemical fertilisers and dyes, and was not irradiated or processed using industrial solvents.

In 2019, ISF was the first Southeast Asian refinery to be certified organic in compliance with US Department of Agriculture and European Union regulations, allowing us to become part of the value chain bringing healthier, cleaner food to consumers.

Upholding food safety and quality standards

As the CPO and CPKO processed at our facilities are manufactured for human consumption, ISF places particular emphasis on food safety and quality within our supply chain. We take stringent measures to eliminate and exclude contaminants and conduct scheduled surveillance monitoring pollutants in our crude oils and finished products.

In 2018, ISF launched our Supplier Assessment Programme for food safety and quality to identify areas of improvement at mills and minimise compliance gaps in food safety and quality requirements. We carry out annual evaluations, monitor supplier and service provider performance, and also provide information about such gaps and areas of improvement so that suppliers can bring themselves up to our standards.

Being responsible in the marketplace



Contaminants such as mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH) can migrate directly or indirectly from packaging materials, such as adhesives and printer inks, to foodstuffs during transportation and production. There has been evidence linking these to potential health risks affecting the liver and lymph nodes. Some of our suppliers use food-grade lubricants to minimise contamination from MOSH/MOAH. These are typically our RSPO-certified suppliers. ISF is rolling out similar requirements for our non-certified suppliers at critical points of their production process to ensure they are up to par with these standards.

We also monitor for contaminants such as 3-monochloropropanediol (3-MCPD) and its esters, and glycidyl esters (GE), which may emerge in the processing of refined palm oil. These potential carcinogens can be detrimental to the health of consumers. In recent years, their adverse effects have become more apparent, and in 2018, the EU Commission issued regulations stipulating permissible levels 3-MCPD and GE in foodstuff. ISF has adopted technology and measures to safeguard against these contaminants since 2010.



Pioneering local food technology

ISF has been at the forefront of local food technology and development since the 1980s. Much of our earlier work was driven by our former advisor, Dato Er Kok Leong, who pioneered innovative solutions that uncovered the hidden potential of palm oil and addressed challenges faced by downstream players.

With Dato Er at the helm until 2005, ISF was the first Malaysian company to produce palmitic-oleic-palmitic (POP) fat and stearic-oleic-stearic (SOS) fat. These triglycerides are the main constituents of natural fats and oils and are used as cocoa butter equivalents. Our innovations have also put us ahead of the curve in monitoring and mitigating 3-MCPD and GE in palm oil processing. ISF also introduced the use of palm oil in the condensed milk industry as a replacement for the traditional but more expensive ingredient, milk fat. The new product, known as filled milk, generated substantial savings for the dairy industry and the country by reducing our reliance on imported butterfat.

Dato Er's work continues to serve as the foundation of our R&D efforts as we continuously strive to progress and to improve our product range and technology.



Upholding rights in the workplace

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Our employees are the backbone of our business, and we strive to build a productive, healthy and satisfied workforce by providing fair and competitive conditions for all our workers.



546

Employees

We respect workers' rights, as set out in the International Labour Organization (ILO) Core Conventions, and are committed to the principles of the Universal Declaration of Human Rights. The provisions of our Sustainable Palm Oil Policy cover our employees and also require our suppliers to uphold the same employment standards. These include:



41%

Female Managers



Providing equal opportunity without discrimination



Abstaining from using illegal, forced, bonded or child labour



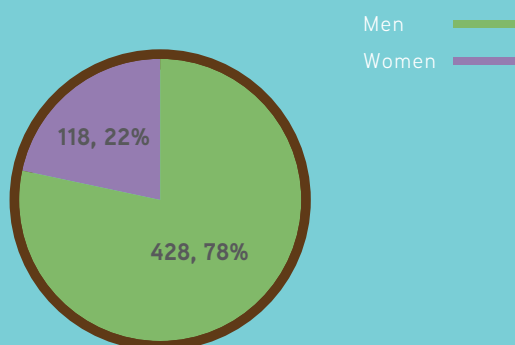
Allowing workers the freedom to join trade unions and collectively bargain



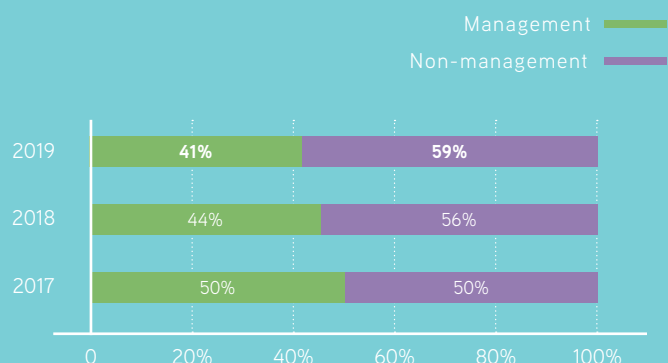
Upholding responsible recruitment practices for all labourers, including migrant, contract and temporary workers.

We believe in providing equal opportunity to all employees with no discrimination based on sexual orientation, gender, religion, race, disability, age, political affiliation, marital status or national origin. As at December 2019, we employ a total of 546 employees across our Port Klang and Dengkil operations. Women comprise 22% of our workforce, and account for over 40% of our managers and decision-makers.

Employees by gender 2019 (no., %)

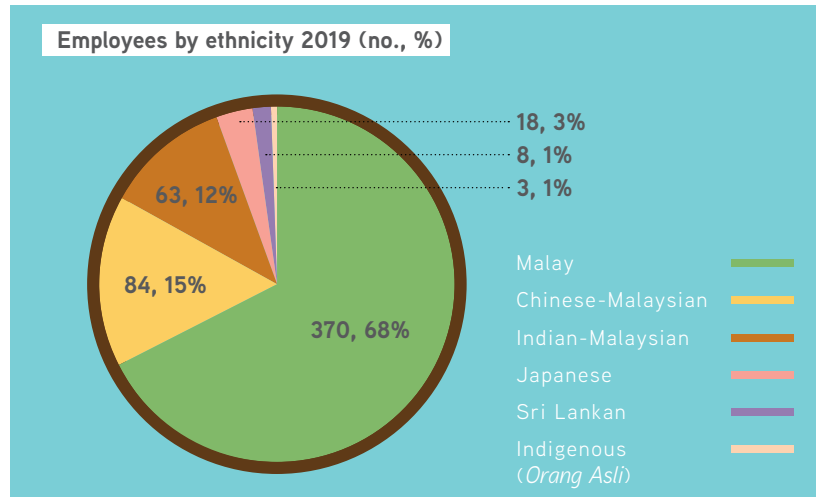


Women in management and non-management roles 2017-2019 (%)



Upholding rights in the workplace

Our workforce is ethnically diverse. While the majority of our employees are Malaysian citizens, 18 are Japanese nationals. We also employ eight Sri Lankan citizens at our Dengkil site on fixed-term contracts. They are paid minimum wage or more and are housed in dormitories equipped with all the appropriate amenities and facilities. Of our Malaysian employees, 68% are Malay, 15% Chinese-Malaysian and 12% Indian-Malaysian. The remaining employees are *Orang Asli* and members of the Indigenous tribes of the Malaysian peninsula. More than half of our staff is 30 to 50 years old, while our younger hires below the age of 30 comprise 35% of our workforce and are being trained to build the future of the company. The remaining 12% of our staff is over the age of 50 and provides ISF with a wealth of experience.

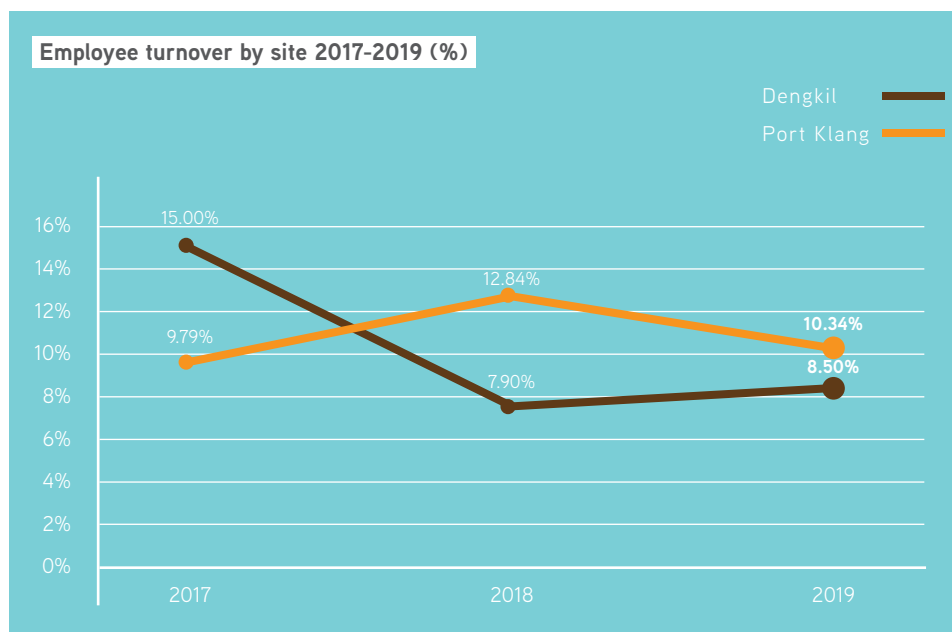


Most basic salary for ISF employees is in line with the national minimum wage of RM1,100. Our workers are free to join trade unions or engage in other forms of collective bargaining, if they so choose, to the extent permitted by law.

Employee retention and development

We strive to create a comfortable, challenging and fulfilling work environment. In addition to base salary and allowances, we provide benefits such as insurance, healthcare, retirement provisions and parental leave to all local and foreign workers. We also organise regular recreational and sporting activities, including annual employee dinners to build morale and to foster a sense of camaraderie.

An average of 14 hours of training annually is provided to all employees on topics such as regulatory compliance, quality management, food handling, certification requirements, occupational safety, technical skills and soft skills. All employees receive performance reviews every year to ensure communication channels with managers remain open. During these meetings, employees are told how well they are doing, and which areas need improvement for their betterment.



In the context of a highly competitive labour market, we believe that our relatively low turnover rates indicate a high level of employee satisfaction. Only one of the 29 employees who took parental leave in 2019 did not return to work after the period had ended and only one out of these returning employees subsequently left ISF within the year. Whereas in 2017, several of our employees left our business for new operations that were established by competitors in the area surrounding our Dengkil plant, turnover rates declined in 2018 and remained relatively low in 2019.

Upholding rights in the workplace

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Occupational safety and health

The safety of our employees is critical to the success of our operations. Our Occupational Safety & Health (OSH) Policy and OSH Management Programme guide our commitment to upholding legislative requirements on health and safety, instilling a culture of continuous improvement to prevent injuries and minimise workplace accidents, and carrying out audits and reviews of OSH measures. We convene OSH Committee meetings four times a year to discuss and address any health and safety issues.

We provide regular health and safety training to ensure employees remain safe and are prepared to handle critical situations and emergencies. Our training programmes include instruction on

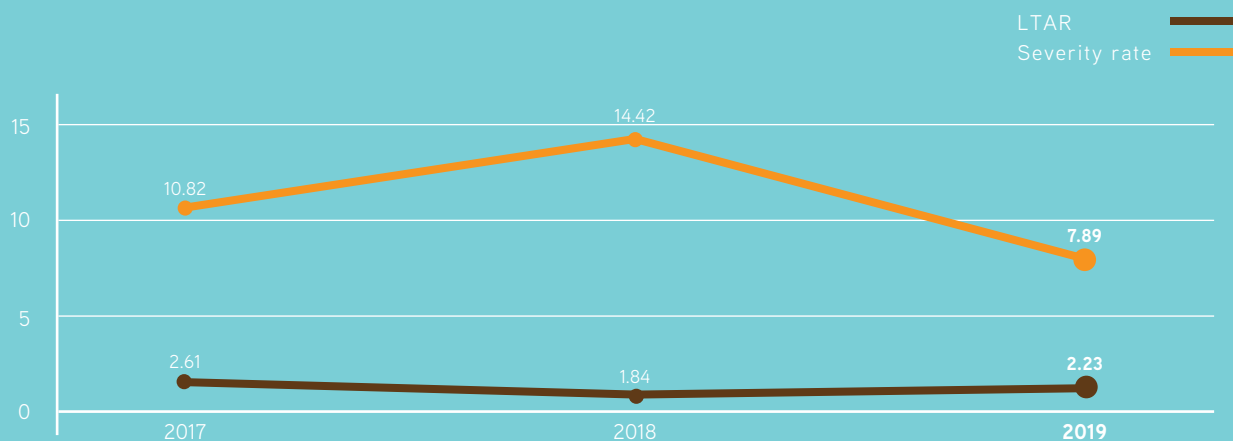
operating heavy machinery like forklifts, inculcating safety behaviour in day-to-day work practices, confined-space rescue procedures, first aid and CPR, as well as fire drills. We have also authored clear policies prohibiting the use of tobacco, drugs and alcohol, and are raising awareness about HIV/AIDS at our sites. All new employees receive induction training and annual refreshers on these matters. In addition to these employee programmes, we hold annual Safety Days to promote and provide exposure to occupational safety and health practices for our vendors and contractors.

We monitor our sites annually for potentially dangerous impacts to employees in accordance with statutory

requirements, and we carry out periodic health check-ups. All of our employees are covered by our OSH management system, which also extends to all contractors.

In 2019, we saw an increase in the number of accidents resulting in lost work time compared to 2018. Despite this, we reduced the average number of workdays lost per accident by half. Even though there were more accidents in 2019, they were less severe than in the previous year. In 2018, there was one severe accident resulting in a loss of 109 workdays at our Port Klang operations. It stemmed from an altercation between an employee and contractor due to an emotional outburst. During the incident, several safety procedures were neglected, resulting in one of the parties sustaining a knee injury. Preventive measures have since been adopted, and our standard operating procedure (SOP) is being continuously monitored to prevent such a situation from recurring. There have been no fatalities over the past nine years, and we have taken every possible measure to minimise any chance of work-related deaths at our operations. We have also set an ongoing annual target of zero accidents and zero fatalities.

Lost time accident rate (LTAR) (per 200,000 working hours) and severity rate 2017-2019



Working with communities

To ensure our business does not negatively impact nearby communities, we ask our suppliers to seek ways to engage with and consult local communities, and to respect the rights of indigenous peoples affected by their operations. All suppliers doing business with us must respect the principles of Free, Prior, and Informed Consent (FPIC) to operate on lands on which indigenous peoples hold legal, communal or customary rights, in line with the Universal Declaration of Human Rights. Any supplier found to be in breach of these commitments, as per our Policy, may face discontinuation of business subject to the terms of our Supplier Code of Conduct.

Smallholder inclusivity

Smallholders play an integral role in the production of sustainable palm oil, and ISF understands that they can face tremendous challenges in meeting the high sustainability standards currently adopted by companies which have more resources. Should these challenges go unaddressed, smallholders will continue to be excluded from the sustainable palm oil production movement. We believe that appropriate mechanisms and strategies need to be put into place to support smallholder inclusion. By 2020, we aim to have in place a programme to facilitate inclusivity of smallholders in ISF's supply chain and are working with industry partners to develop it. Among its initiatives, this programme will partner with a local social enterprise to provide financial incentives to smallholders by offering a premium for the supply of sustainably-produced palm oil.

Corporate Sustainability Initiatives (CSIs)

ISF strives to be a socially responsible corporate citizen and empowers our employees to leverage our resources for the greater good. While we have always carried out environmental and community activities, we officially launched our new strategic CSI programme in 2019. Through this programme, we aim to positively impact the local communities and the environments in which we operate.



New CSI programme launched

Watch our
2019 Corporate
Sustainability
Initiatives highlights



Rehabilitating mangroves

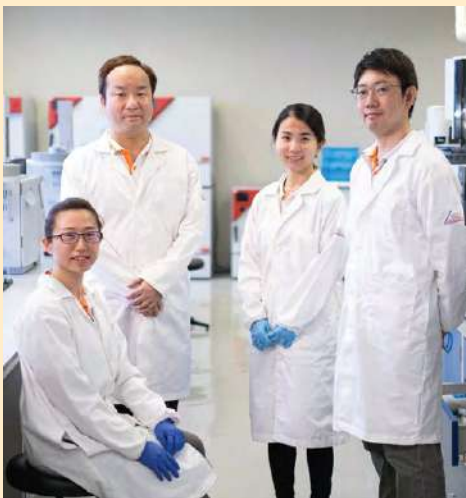
Mangrove forests are a vital part of the coastal environment and provide breeding grounds for marine life, nesting sites for birds, and a habitat for insects. They also afford protection to coral and prevent coastal erosion. Unfortunately, mangrove forests are endangered and are disappearing at an alarming rate. Rehabilitation is the key to preserving these precious ecosystems and to protecting their role in maintaining biodiversity.

On 13 July 2019, 60 ISF employees from various departments planted 365 tree saplings, symbolizing one tree for each day of the year. We conducted this ceremony in partnership with the Malaysian Nature Society (MNS).

Working with communities

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People in their roles in ISF



Base data

Category/Indicator	Measurement unit	FY2019	FY2018	FY2017
ENVIRONMENT				
Energy usage				
Total	GJ	1,572,969	1,527,070	1,553,970
Imported electricity	GJ	289,587	282,870	282,623
Natural gas usage by boiler	GJ	1,283,381	1,244,200	1,271,347
Imported electricity				
Total	kWh	80,440,923	78,575,106	78,506,435
Port Klang	kWh	50,887,958	48,765,901	47,646,817
Dengkil	kWh	29,552,965	29,809,205	30,859,618
Natural gas usage by boiler				
Total	MMBtu	1,216,406	1,179,269	1,205,000
Port Klang	MMBtu	537,655	528,694	538,719
Dengkil	MMBtu	678,751	650,575	666,281
GHG emissions (Scope 1 & Scope 2)				
Total	kgCO ₂ e	161,374,814		
Port Klang	kgCO ₂ e	84,903,168		
Dengkil	kgCO ₂ e	76,471,646		
Waste management				
Port Klang total non-scheduled waste	MT	1,752	827	700
Total landfilled	MT	164	124	125
Total bleaching earth repurposed	MT	1,588	703	574
Dengkil total non-scheduled waste	MT	13,222	12,973	12,562
Total landfilled	MT	154	138	217
Total bleaching earth repurposed	MT	13,069	12,835	12,345
Port Klang total scheduled waste sent to scheduled waste disposal facility	MT	50.69	100.86	73.14
Dengkil total scheduled waste sent to scheduled waste disposal facility	MT	22.39	34.42	32.51
EMPLOYEES				
Total number of employees	No.	546	525	526
By employment status, gender and nationality				
Port Klang total	No.	275	260	257
Permanent	No.	275	260	257
Temporary	No.	-	-	-
Male	No.	211	198	206
Female	No.	64	62	51
Malaysian	No.	257	244	240
Japanese	No.	18	16	17
Others	No.	0	0	0

Category/Indicator	Measurement unit	FY2019	FY2018	FY2017
EMPLOYEES				
By employment status, gender and nationality				
Dengkil total	No.	271	265	269
Permanent	No.	263	253	255
Temporary	No.	8	12	14
Male	No.	217	214	218
Female	No.	54	51	51
Malaysian	No.	263	253	255
Japanese	No.	0	0	0
Others – Sri Lankan	No.	8	12	14
By level and by gender				
Management	Male	76	70	73
	Female	48	50	51
Non-management	Male	352	342	351
	Female	70	63	51
Total	Male	428	412	424
	Female	118	113	102
Parental leave by gender				
No. of employees entitled to parental leave	Male	329	320	298
	Female	68	59	53
No. of employees who took parental leave	Male	20	22	14
	Female	9	8	6
No. of employees who returned to work after parental leave ended	Male	20	22	14
	Female	8	8	6
No. of employees who returned to work after parental leave and are still employed 12 months after their return to work	Male	19	22	13
	Female	8	8	6
OCCUPATIONAL HEALTH AND SAFETY				
Total number of accidents	No.	14	12	17
Port Klang	No.	7	5	4
Dengkil	No.	7	7	13
Total number of days lost to accidents	No.	110.50	173.00	184.00
Port Klang	No.	41.50	138.00	54.00
Dengkil	No.	69.00	35.00	130.00
Total number of man hours worked	No.	1,257,600	1,307,280	1,300,416
Port Klang	No.	633,600	683,280	628,992
Dengkil	No.	624,000	624,000	671,424

GRI Content Index

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. GRI is the first and most widely adopted global standard for sustainability reporting and has been designed to enhance the global comparability and quality of information on environmental and social impacts, thereby enabling greater transparency and accountability of organisations. Sustainability reporting based on the GRI Standards should provide a balanced and reasonable representation of an organisation's positive and negative contributions towards the goal of sustainable development. We report in accordance with the latest version of the GRI Standards.

As this is our first sustainability report, we have closely drawn from the GRI Standards for guidance to report our material disclosures. We aim to report in full accordance with the Standards' Core disclosures in future reporting.

Disclosure		Section, page or reason for omission
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102-4	Location of operations	Our operations, 6
102-5	Ownership and legal form	About ISF, 5
102-6	Markets served	About ISF, 6
102-7	Scale of the organisation	About ISF, 5
102-8	Information on employees and other workers	About ISF, 5
102-9	Supply chain	Refining and manufacturing, 6-7
102-10	Significant changes to the organisation and its supply chain	Refining and manufacturing, 6
102-11	Precautionary Principle or approach	ISF adopts a precautionary approach through platforms such as the RSPO and ISCC
102-12	External initiatives	Corporate Sustainability Initiatives (CSI), 24
102-13	Membership of associations	Stakeholder collaboration and transparency, 15
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102-14	Statement from senior decision-maker	CEO Welcome, 2
102-15	Key impacts, risks, and opportunities	CEO Welcome, 2 Our approach to sustainability, 9
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102-16	Values, principles, standards, and norms of behaviour	Our approach to sustainability, 9-14
102-17	Mechanisms for advice and concerns about ethics	Sustainability governance and management, 14
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102-18	Governance structure	Sustainability governance and management, 14
102-19	Delegating authority	Sustainability governance and management, 14
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability governance and management, 14
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder collaboration and transparency, 15
102-22	Composition of the highest governance body and its committees	Sustainability governance and management, 14
102-23	Chair of the highest governance body	Sustainability governance and management, 14

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Disclosure		Section, page or reason for omission
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102-27	Collective knowledge of highest governance body	Sustainability governance and management, 14
102-29	Identifying and managing economic, environmental, and social impacts	Materiality, stakeholder inclusiveness and sustainability context, 1
102-30	Effectiveness of risk management processes	Sustainability governance and management, 14
102-31	Review of economic, environmental, and social topics	Sustainability governance and management, 14
102-32	Highest governance body's role in sustainability reporting	Sustainability governance and management, 14
102-33	Communicating critical concerns	Stakeholder collaboration and transparency, 15
Stakeholder engagement		
102-42	Identifying and selecting stakeholders	Materiality, stakeholder inclusiveness and sustainability context, 1 Stakeholder collaboration and transparency, 15
102-43	Approach to stakeholder engagement	Materiality, stakeholder inclusiveness and sustainability context, 1 Stakeholder collaboration and transparency, 15
102-44	Key topics and concerns raised	Our approach to sustainability, 9 Grievance management, 14 Minimising environmental impacts, 16, 18 Being responsible in the marketplace, 19-20 Working with communities, 24
Reporting practice		
102-46	Defining report content and topic Boundaries	Scope and boundaries, 1
102-47	List of material topics	Materiality, stakeholder inclusiveness and sustainability context, 1
102-48	Restatements of information	This is ISF's first sustainability report
102-49	Changes in reporting	This is ISF's first sustainability report
102-50	Reporting period	Scope and boundaries, 1
102-51	Date of most recent report	This is ISF's first sustainability report
102-52	Reporting cycle	About this report, 1
102-53	Contact point for questions regarding the report	Contact, Back cover
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Upholding rights in the workplace, 21 Working with communities, 24
	103-2	The management approach and its components	Upholding rights in the workplace, 21 Working with communities, 24
	103-3	Evaluation of the management approach	Upholding rights in the workplace, 21
GRI 203: Indirect Economic Impacts 2016			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Supplier engagement and capacity building, 13 Employee retention and development, 22 Working with communities, 24
	103-2	The management approach and its components	Supplier engagement and capacity building, 13 Employee retention and development, 22 Working with communities, 24
	103-3	Evaluation of the management approach	Supplier engagement and capacity building, 13 Employee retention and development, 22
GRI 204: Procurement Practices 2016			
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Annual Communication of Progress (ACOP)

ACOPs are mandatory reports submitted by Ordinary and Affiliate RSPO members to gauge their progress towards 100% RSPO-certified sustainable palm oil.

Carbon dioxide equivalents (CO₂e)

CO₂e provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

CDP

An environmental reporting and risk management platform to measure disclosure and action towards a sustainable economy.

Crude palm kernel oil (CPKO)

An edible plant oil derived from the kernel of the oil palm.

Crude palm oil (CPO)

An edible oil which is extracted from the pulp of the fruit of oil palms.

Free, Prior, and Informed Consent (FPIC)

The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

Fresh fruit bunch (FFB)

Bunch harvested from the oil palm tree.

Global Reporting Initiative (GRI)

A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

Greenhouse gas (GHG)

Gases in the atmosphere that absorb and emit radiation within the thermal infrared range. Primary GHGs in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.

High carbon stock (HCS)

High density, medium density, low density and young regenerating forests identified using the **HCS Approach**, based on the amount of carbon and biodiversity stored within an area of land.

High conservation value (HCV)

Biological, ecological, social or cultural values which are considered outstandingly significant or critically important at the national, regional or global level.

International Labour Organization (ILO)

A tripartite United Nations agency representing labour, management and governments. It disseminates labour information and sets minimum international 'conventions', that are offered to member nations for adoption.

International Sustainability & Carbon Certification (ISCC)

A globally recognised standard for sustainable biomass and bioenergy production that applies to companies selling products in European markets.

ISO certification

A family of quality management systems as a set of standards that help organisations ensure they meet customers and stakeholder needs within statutory and regulatory requirements related to a product or service.

Malaysian Sustainable Palm Oil (MSPO)

Nationally-mandated certification system for oil palm plantations, independent and organised smallholders, and palm oil processing.

Roundtable on Sustainable Palm Oil (RSPO)

A globally-recognised certification scheme for sustainable palm oil.

Stakeholders

Any group or individual who is affected by – or can affect – a company's operations.

Sustainability

A term expressing a long-term balance between social, economic and environmental objectives. Often linked to sustainable development, which is defined as 'development that meets the needs of current generations without compromising the needs of future generations'.

Sustainable Development Goals (SDGs)

A set of 17 United Nations global goals that aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity with specific targets to be achieved by 2030.

Sustainable Supply Chain Certification (SCCS)

A standard adopted by the RSPO and MSPO with auditable requirements designed for use by organisations in the palm supply chain to demonstrate implemented systems for the control of certified oil palm products.

Traceability

The ability to chronologically interrelate uniquely identifiable entities in a way that is verifiable. Traceability in palm oil helps define the link between producers of sustainable products and end users of these products.

Universal Declaration of Human Rights

A United Nations document outlining 30 individual rights and freedoms.

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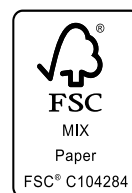
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