

IOI CORPORATION BERHAD

RSPO Membership No: 2-0002-04-000-00

PLANTATION MANAGEMENT UNIT

Leepang (Sabah) Grouping

Lahad Datu, Sabah, Malaysia



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Assessment Report

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INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9308/16-3 IOI Corporation Berhad
Leepang (Sabah) Grouping: Re-Certification

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RE-CERTIFICATION ASSESSMENT REPORT ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

RSPO Membership No: 2-0002-04-000-00

PLANTATION MANAGEMENT UNIT

Leepang (Sabah) Grouping

Lahad Datu, Sabah, Malaysia

Certificate No:

Original Start date:

New Start date:

Expiry date:

RSPO 930888

16 Dec 2013

16 Dec 2018

15 Dec 2023

Assessment Type

Re-Certification

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Assessment Dates

29 Oct - 2 Nov 2018

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This **Re-Certification Assessment** was conducted on the Plantation Management Unit (PMU) Leepang (Sabah) Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **29 Oct – 2 Nov 2018**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

Note 1: The plantation management unit (PMU) or management unit is equivalent to a certification unit as defined in the RSPO Certification Systems Document. Each PMU consists of one mill and its supply bases which are made up of estates owned by IOI Corporation Berhad (IOI).

1.2 Location (address, GPS and map) of palm oil mill and estates

The Leepang (Sabah) Grouping consists of one (1) palm oil mill, namely Leepang (Sabah) Palm Oil Mill and 7 estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 7 estates are all IOI owned estates. The location maps are provided in **Appendix C**.

Table 1: Address of Palm Oil Mill, Estates and GPS Location

Name	Address	GPS Reference	
		Latitude	Longitude
Leepang (Sabah) POM (Capacity: 40 MT/hour)	Morisem Pam Oil Mill Sdn Bhd, (Leepang Palm Oil Mill), MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.864'	E 118°26.216'
1) Morisem 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.525'	E 118°26.142'
2) Leepang 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°33.954'	E 118°26.629'
3) Leepang 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.778'	E 118°26.113'
4) Permodalan 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.419'	E 118°27.909'
5) Permodalan 2 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.467'	E 118°29.023'
6) Permodalan 3 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°28.099'	E 118°28.847'
7) Permodalan 4 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°26.943'	E 118°28.121'

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1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Leepang (Sabah) Grouping PMU are from the abovementioned 7 estates owned by IOI. Verification done on site during the assessment confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

Details of the planted hectareage for the FFB supply for Leepang (Sabah) Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous Year 2017		Area Summary (ha) – Current Year 2018	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 5 Estate	1,889.00	1,535	1,889.00	1,535
Leepang 1 Estate	2,364.04	2,083	2,364.04	2,083
Leepang 5 Estate	1,690.67	1,461	1,690.67	1,461
Permodalan 1 Estate	2,253.63	2,108	2,253.65	2,108
Permodalan 2 Estate	2,141.52	1,974	2,141.52	1,974
Permodalan 3 Estate	2,150.31	2,043	2,150.31	2,043
Permodalan 4 Estate	2,063.75	1,945	2,063.75	1,945
Total:	14,553.11	13,149	14,553.11	13,149

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
3. There has been no significant change in the current size of the certified land areas in comparison with the previous year data.

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1.4 Summary of plantings and cycle

The estates had been developed and planted from 1995 onwards and are currently in the 1st and 2nd cycle of planting for the oil palms. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (Current Year: 2018)

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Morisem 5 Estate	1993 2013-2014	1 st	749	-	1535
			2 nd	786		
			S-total	1535		
2	Leepang 1 Estate	1995-2002	1 st	2083	-	2083
			2 nd	-		
			S-total	2083		
3	Leepang 5 Estate	1996 2008	1 st	1319	-	1461
			2 nd	142		
			S-total	1461		
4	Permodalan 1 Estate	1995-1997 2016	1 st	1777	331	2108
			2 nd	-		
			S-total	1777		
5	Permodalan 2 Estate	1995-1997	1 st	1974	-	1974
			2 nd	-		
			S-total	1974		
6	Permodalan 3 Estate	1996-1997 2006-2008	1 st	1555	-	2043
			2 nd	488		
			S-total	2043		
7	Permodalan 4 Estate	1996-1997	1 st	1945	-	1945
			2 nd	-		
			S-total	1945		
G-Total				12,818	331	13,149

Note: There has been no New Planting in any of the 7 estates at the certified areas.

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1.5 Summary of Conservation and HCV Areas

The summary of Conservation and HCV Areas as identified in Leepang (Sabah) Grouping during this assessment is as shown in Table 4 below:

Table 4: Statement of Land Use (including Conservation and HCV Areas)

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2018)
1	Oil Palm - Planted Area (ha)	13,149
	OP Mature (Production)	12,818
	OP Immature (Non-Production)	331
	OP Planted on Peat (see note 1)	104.98
	Other crop such as Rubber etc.	-
2	Conservation Area (ha) – see note 2	480.63
	Conservation (forested)	396.85
	Conservation (non-forested)	83.78
3	HCV Area (ha)	388.84
	Areas as defined under HCVF Toolkit for HCV 1- 6 (see note 3)	

Notes:

1. Planted peat land areas were identified at 2 estates in the grouping namely Morisem 5 and Leepang 5 estates.
2. Conservation areas comprise of demarcated buffer zones bordering with Forest Reserves, riparian zones near rivers and streams and unplanted swampy areas.
3. HCV areas were basically unplanted steep hills found within Morisem 5 and Leepang 5 estates land areas.

1.6 Other certifications held and Use of RSPO Trademarks

Currently, the other certification held by IOI Leepang (Sabah) Grouping PMU is the ISCC certification which is valid. The RSPO's trademarks and logo are not used by the PMU audited. Instructions for use were provided and acknowledged by the PMU through a signed Memorandum of commitment agreeing to adhere to the latest "RSPO Rules on Communications & Claims" during the assessment.



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1.7 Organizational information / Contact Person

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At Leepang (Sabah) Grouping - PMU:

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Senior General Manager (Sabah Region)
IOI Plantation Services Sdn Bhd
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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Leepang (Sabah) Grouping based on the actual and projected data from Jan to Dec 2018 is shown in Table 5 below:

Table 5: Tonnages Verified for Certification

#	Estate /Supplier	FFB Processed (MT)	Main Processing Mill	Certified By
1.	Morisem 5 Estate	27,665	Leepang POM	Intertek
2.	Leepang 1 Estate	48,014	Leepang POM	Intertek
3.	Leepang 5 Estate	32,668	Leepang POM	Intertek
4.	Permodalan 1 Estate	35,547	Leepang POM	Intertek
5.	Permodalan 2 Estate	44,375	Leepang POM	Intertek
6.	Permodalan 3 Estate	48,197	Leepang POM	Intertek
7.	Permodalan 4 Estate	39,613	Leepang POM	Intertek
	PMU certified estates	276,079		
	Other certified estates	0		
	Non-certified supply / OCP	0		
	Grand total	276,079		

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Leepang (Sabah) Grouping POM during the previous, current and projected period are as follows:

Table 6: Annual Tonnages of FFB

Estate / Supplier	FFB Processed in Year 2017 - Actual		FFB Processed in Year 2018 - Actual & Projected		FFB for processing in Year 2019 - Projected	
	MT	%	MT	%	MT	%
Leepang PMU estates - Certified	277,757.24	100	276,079	100	282,050	100
External Suppliers - Non-certified	0	0	0	0	0	0
Total	277,757.24	100	276,079	100	282,050	100
SCCS Model for POM	IP		IP		IP	

Note. An increase in FFB production is expected for year 2019 as the young mature palms are starting to peak at Morisem 5, Permodalan 1 and Permodalan 3 estates.

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1.8.3 The annual certified tonnages of FFB, CPO and PK production by the PMU Grouping assessed and verified during this current assessment are detailed as follows:

Table 7: Certified Tonnages

Leepang POM	Year 2017 - Actual		Year 2018 - Actual & Projected		Year 2019 - Projected	
Total certified FFB Processed (MT)	277,757.24		276,079		282,050	
Total certified CPO Production (MT)	54,409.82	OER: 19.59%	55,105.37	OER: 19.96%	56,410	OER: 20.00%
Total certified PK Production (MT)	14,176.78	KER: 5.10%	14,356.11	KER: 5.20%	14,949	KER: 5.30%
SCCS Model for POM	IP		IP		IP	

Notes:

The POM has established and maintained procedures for the book keeping and monitoring requirements for the CPO at the mill. It is verified the POM has procedures for the **'Identity Preserved – IP'** model in accordance with the RSPO Supply Chain Certification Standards (SCCS) requirements. Verified activities and checked items for the **SCCS of the POM are reported in section 3.1.1.**

1.9 Time Bound Plan and Multiple Management Units

The IOI Plantations Group is a member of RSPO since 2004 and has been taking an active role in support of the RSPO certification.

To date IOI Group manages a total of 19 Plantation Management Units (PMU) which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia. Currently, 14 of its PMUs have been certified with another 5 managed units still 'non-certified'.

IOI Group had reviewed their Time Bound Plan (TBP) from time to time with progressive declarations on new acquisitions of land for oil palm plantations since 2009 and recent years which have encountered operational issues at Sarawak, Malaysia and Kalimantan, Indonesia as stated under the updated Time Bound Plan.

Details of the updated Time Bound Plan as submitted by IOI and reviewed by Intertek are shown in **Appendix E**.

On overall, IOI Group had progressively implemented their TBP and its commitment to complete RSPO certifications on all its 'non-certified' units, targeted by 2020.

Verification of requirements for Uncertified Management Units:

RSPO CS (2017) Clause 4.5.4		
(a) No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since January 1st 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;		
Requirements	Findings and Objective Evidence	Compliance
(a) <ul style="list-style-type: none"> • Is there any replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3 	Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during each audit. Verified that incidences of HCV clearance were reported at the IOI's 3 uncertified units at Kalimantan, Indonesia namely PT BSS, PT SKS and PT BNS since year 2010. Another 1 unit namely PT KPAM at Kalimantan, is still at the stages of final NPP verification.	Complied

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	<p>Reports on the NPP progress made to resolve the issues at the said units were checked and monitored till latest update made available on: Refer to Weblink: https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail</p> <p>Monitoring details and updates are verified. Refer to: Appendix F.</p> <p>As at this current assessment, there has been no other incidences of any replacement of primary forest at any other area under the IOI group.</p>	
<ul style="list-style-type: none"> Is there any new plantings since January 1st 2010 and did the new plantings comply with the RSPO New Planting Procedure (NPP) 	<p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Oct 2018). Refer to: Appendix E</p> <p>Based on sources of publicly available at RSPO and IOI websites, and feedback from stakeholder consultations, it is verified that the 3 uncertified units identified (where new plantings occurred) have been making progress to comply with the RSPO NPP (2015).</p> <p>Verified that progress on actions taken include the following:</p> <p>In July 2018, IOI had introduced new Peatland Protection and Management Policy which detailed their effort towards protection, conservation and management of peatlands.</p> <p>In August 2018 IOI and NGO-Aidenvironment, had finalised the design of the South Ketapang Landscape Initiative. The initiative addresses the most common and critical challenges facing the South Ketapang landscape such as peatland management and rehabilitation, biodiversity conservation, flood and fire prevention, and community livelihood development.</p> <p>As at this current assessment, there has been no recent new or additional new plantings by the IOI group.</p>	Complied
<ul style="list-style-type: none"> Was the new planting development verified by an RSPO accredited CB; 	<p>At the 3 uncertified units at Kalimantan undergoing the NPP process, the status of appointment are as follows: At PT SKS, CB-BSI, Indonesia was appointed by IOI group. As for the other 2 uncertified units i.e. PT BNS & BSS, no appointment of CB made yet.</p>	Complied
<p>(b) Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;</p>		
<p>(b)</p> <ul style="list-style-type: none"> Are there any existing Land conflicts and is it being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6; 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during each audit.</p> <p>Verified that incidence the Land conflict reported at the IOI's uncertified unit i.e. IOI Pelita Plantations Sdn Bhd at Miri, Sarawak, East Malaysia (complainant: Long Teran Kanan community) since year 2010 has been progressively undergoing the RSPO Dispute Settlement process.</p>	Complied

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	<p>Verified that progress made to date includes: On 12 September 2018, IOI published an update on facilitation and capacity building for the benefit of community leaders which was attended by local NGOs and the Lead Facilitator, Dr. Ramy Bulan.</p> <p>As of 30 September, 6 out of 9 communities have given their consent for the Resolution process to move forward. The remaining 3 communities had requested for more time to seek advice from their leaders prior to their endorsement on the draft Resolution Plan.</p>	
(c) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;		
<p>(c)</p> <ul style="list-style-type: none"> Are there any existing Labour disputes and is it being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3; 	<p>As at this current assessment, there has been no publicly known or existing Labour disputes at the uncertified units under the IOI group.</p>	<p style="text-align: center;">Complied</p>
(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;		
<p>(d)</p> <ul style="list-style-type: none"> Are there any Legal non-compliance and is it being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1; 	<p>There has been no CB reports available yet on the uncertified units' to date. It is noted that IOI group is aware of the Legal compliances needed at the uncertified units and progress is being made at various stages to address the related laws and regulations at those uncertified units at Kalimantan, Indonesia.</p> <p>The progress made on above will further verified in the next audit.</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> Has the organisation conducted an Internal Audit on the above (a) to (d)? Has the evidence been submitted for verification? 	<p>Internal audit report dated 7 Sept 2018 had covered the requirements, conducted by the Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification. Verified that IOI Sustainability reports were available as further evidence for verification. This was verified via: 1) IOI Sustainability Implementation Plan (Quarter 3) and 2) Sustainability Progress report of 30 October 2018 made available at weblink: https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/Overall%20SIP_Q3%202018.pdf https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QSU%202018%20Q3.pdf</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> Has a positive assurance statement been produced based on the internal audit and other supporting assessments results? 	<p>Overall positive assurance statement is made at the conclusion of the Internal audit and Management reviews made at the IOI HQ at Putrajaya. This was verified via: 1) IOI Sustainability Implementation Plan (Quarter 3) and 2) Sustainability Progress report of 30 October 2018 made available at weblink below: https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/Overall%20SIP_Q3%202018.pdf https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QSU%202018%20Q3.pdf</p>	<p style="text-align: center;">Complied</p>

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Conclusion: On overall, the IOI Group had also submitted a positive assurance statement to assure its commitment to continued compliance with RSPO requirements for all its certified and non-certified units in compliance against Clause 4.5 (Minimum requirements for multiple management units) of the RSPO Certifications Systems for Principles & Criteria (Jun 2017).

Intertek had also referred to the RSPO's Complaints website for the tracking of issues and the latest updates available on cases of legitimate complaints which may be filed against the IOI Group and also IOI's statements of response and actions currently being undertaken to comply with their Sustainability commitments which are indicated in **Appendix F**.

The publicly available updates of announcements on the progress of formal complaints as documented by RSPO and responses made by IOI Group are continually reviewed by Intertek to ensure that all issues as formally lodged and recorded against the IOI Group units are duly considered prior to conducting any new or ongoing certification assessments.

1.10 Abbreviations Used

CB	Certification Body	IUCN	International Union for Conservation of Nature
CHRA	Chemical Health & Risk Assessment	KER	Kernel Extraction Rate
CPO	Crude Palm Oil	LTA	Lost Time Accidents
CSDS	Chemical Safety Data Sheets	MSDS	Material Safety Data Sheets
CSPO	Certified Sustainable Palm Oil	MTCS	Malaysia Timber Certification Scheme
CSPK	Certified Sustainable Palm Kernel	NCR	Non-Conformance Report
EFB	Empty Fruit Bunch	NGO	Non-Government Organization
EHS	Environmental Health & Safety	OER	Oil Extraction Rate
EIA	Environmental Impact Assessment	OHS	Occupational Health & Safety
ETP	Effluent Treatment Plant	PEFC	Programme for the Endorsement of Forest Certification
FFB	Fresh Fruit Bunch	PK	Palm Kernel
GAP	Good Agriculture Practice	PMU	Plantation Management Unit
HCV	High Conservation Values	POM	Palm Oil Mill
Intertek	Intertek Certification International Sdn Bhd	POME	Palm Oil Mill Effluent
IOI	IOI Corporation Berhad	PPE	Personal Protective Equipment
IPM	Integrated Pest Management	SCCS	Supply Chain Certification Standard
ISCC	International Sustainability & Carbon Certification	STOP	Standard Operating Procedure

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since **13 Sept 2018**, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Leepang (Sabah) Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From **29 Oct- 2 Nov 2018**, the Assessment team of Intertek conducted the current assessment in which 4 out of the 7 estates of Leepang Grouping, namely Morisem 5, Leepang 1, Permodalan 2 and Permodalan 4 Estates as well as the Palm Oil Mill were assessed for compliance against the RSPO requirements.

The number of estates sampled was based on the Sampling methodology provided under the RSPO Certifications Systems for Principles & Criteria (Jun 2017) i.e. minimum sample of X estates = $(0.8\sqrt{Y}) \times Z$, where Y is the number of estates and Z is the multiplier as defined by the risk assessment. The Z multiplier value was determined as High risk for this PMU considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

During the on-site assessment, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

The POM was also assessed against the requirements for the Identity Preserved (IP) Module as specified in RSPO Supply Chain Certification Standard for CPO mill. This part of the assessment covered the verification of implementation of documented procedures and availability of records to demonstrate compliance against all the elements for IP Module requirements. These include documented procedure, purchasing and goods in, record keeping, sales and goods out, processing, monitoring and traceability of the CSPO and CSPK quantities, training for staff and claims.

The details of the Assessment Plan (actual on-site) are provided in **Appendix B**.

After completion of the on-site field assessment, Intertek also performed the evaluation of conformity against the RSPO Certification System requirements for CB. The assessment report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Reviewer/Panel and the External Peer Reviewer (only required for Initial / Re-Certification assessments) prior to the approval of this report and decision on continued certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment (2nd Certification cycle) which will be carried out within a 12-month period of the certificate anniversary date / certificate expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

Competency details of the Lead Assessor and Assessment Team are given in **Appendix A**.

2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organization dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.

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2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming assessment through the websites of RSPO, IOI and Intertek. E-mails were sent to applicable stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual assessment and stakeholder's response and feedback received were followed up accordingly.

During the assessment, stakeholders were interviewed and their feedbacks were recorded. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, fertilizer suppliers and contractors.

Details on stakeholders' feedback, PMU response and Intertek verification / comments are provided in **section 3.3**.

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands And Mines (Kuala Lumpur)
2. Department of Environment (Kuala Lumpur)
3. Department of Forestry Peninsular Malaysia (Kuala Lumpur)
4. Department of Immigration (Kuala Lumpur)
5. Department of Irrigation & Drainage (Kuala Lumpur)
6. Department of Labour (Kuala Lumpur)
7. Department of Occupational Safety & Health (Kuala Lumpur)
8. Department of Orang Asli Affairs (Kuala Lumpur)
9. Department of Wildlife & National Parks (Kuala Lumpur)
10. Environment Protection Department Sabah
11. Department of Forestry Sabah
12. Department of Immigration Sabah
13. Department of Irrigation & Drainage Sabah
14. Department of Labour Sabah
15. Department of Occupational Safety & Health Sabah
16. Department of Wildlife Sabah
17. Land and Mines Office Sabah
18. Department of Environment Sabah

Statutory Bodies (by emails)

19. Malaysian Palm Oil Board (MPOB) - HQ
20. Malaysian Palm Oil Board (MPOB) - Northern Region
21. Malaysian Palm Oil Board (MPOB) - Central Region
22. Malaysian Palm Oil Board (MPOB) - Southern Region
23. Malaysian Palm Oil Board (MPOB) - Eastern Region
24. Malaysian Palm Oil Board (MPOB) - Sarawak Region
25. Malaysian Palm Oil Board (MPOB) - Sabah Region
26. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
27. Malaysia Palm Oil Association Sabah (MPOA)
28. National Union of Plantation Workers (NUPW)
29. UNION – AMESU

NGOs and others (by emails)

30. All Women's Action Society (AWAM)
31. BCSDM - Business Council for Sustainable Development in Malaysia
32. Borneo Child Aid Society (Humana)
33. Borneo Resources Institute Malaysia (BRIMAS)
34. Borneo Rhino Alliance (BORA)
35. Center for Orang Asli Concerns COAC
36. Centre for Environment, Technology and Development, Malaysia – CETDEM
37. Eco Knights
38. ENO Asia Environment
39. Environmental Protection Society Malaysia (EPSM)
40. Friends of the Earth, Malaysia
41. Global Environment Centre

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42. HUTAN - Kinabatangan Orang-utan Conservation Programme
43. JUST - International Movement for a Just World
44. Malaysian CropLife & Public Health Association (MCPA)
45. Malaysian Environmental NGOs – MENGO
46. Malaysian National Animal Welfare Foundation – MNAWF
47. Malaysian Plant Protection Society (MAPPS)
48. National Council of Welfare & Social Development Malaysia – NCWSDM
49. Pesticide Action Network Asia and the Pacific (PAN AP)
50. Proforest - South East Asia Regional Office
51. Sabah Wetlands Conservation Society (SWCS)
52. SEPA – Sabah Environmental Protection Association
53. SUARAM – Suara Rakyat Malaysia
54. SUHAKAM – National Human Rights Society – Persatuan Kebangsaan Hak Asasi Manusia
55. Tenaganita Sdn Bhd
56. TRAFFIC – the wildlife trade monitoring network
57. Transparency International – Malaysian Chapter
58. Treat Every Environment Special Sdn Bhd (TrEES)
59. United Nations Development Programme – UNDP Malaysia
60. Wetlands International (Malaysia)
61. Wild Asia Sdn Bhd
62. World Wide Fund (WWF) - HQ
63. World Wide Fund (WWF) - Sabah

Local community (On-site interviews)

64. Consultative Committee & Gender representatives
65. Workers & Workers representatives
66. Village Heads & representatives
67. Suppliers & Contractors representatives

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Minor Compliance	<p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>IOI had provided a detailed response to the Greenpeace report "A Deadly Trade-Off" dated 27 Sep 2016 concerning policy violations in IOI's third-party supply chain – for more details, please refer to: http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819</p> <p>On 28 Apr 2017, Greenpeace announced their decision to suspend their campaign against IOI Corporation and re-engage with the company. (http://www.greenpeace.org/international/en/press/releases/2017/Palm-oil-giant-IOI-moves-to-eliminate-deforestation-and-human-rights-abuses-from-supply-chain/).</p> <p>Date of public notification of this assessment of the PMU was made on 13 Sept 2018.</p> <p>As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.</p>	Complied
1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	<p>The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates conducted a joint external stakeholders' consultation on 4 Sept 2018.</p> <p>The POM and estates had also conducted their respective internal stakeholders' consultations in Aug and Sept 2018.</p> <p>Records of participants and feedback given were maintained and appropriate actions taken.</p>	Complied
Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: Major Compliance	<p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) alongside a detailed Sustainability Implementation Plan (SIP) in</p>	Complied

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	<p>consultation with a wide range of their stakeholders, both customers and civil society. IOI Corp. Bhd. further revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845.</p> <p>IOI Group had also revised its Policies on Human Rights at Workplace as uploded in the company website on 31 Oct 2017 http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>Verified during current assessment that the revised IOI SPOP and revised HR at Workplace policies were adequately communicated and understood by the various levels of the employees via briefing records maintained and random interviews with the employees.</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> • land titles/user rights, • occupational health and safety plan, • plans and impact assessments relating to environment and social impacts, • pollution prevention plans, • details of complaints & grievances, • negotiation procedures • continuous improvement plan • Public summary of certification assessment report. • Human Rights Policy. <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Continual Improvement Action Plans were reviewed and updated for next FY2018/2019 which include targets for waste reduction and pollution prevention.</p>	
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and Estates. The original copies were kept at the IOI HQ at Putrajaya.</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Safety Policy and HIRARC documented were reviewed for the POM and estates.</p> <p>Occupational Safety and Health Plans have been established and documented for the POM and estates. Annual review was conducted by the Group Safety & Environmental Manager (Sabah region) together with the respective Safety Officers for POM and estates.</p> <p>The OSH Programme 2018 include the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings 4x/year, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, 	<p style="text-align: center;">Complied</p>

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	<ul style="list-style-type: none"> • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer, <p>CHRA report of Feb 2015 was maintained with validity till 2020. Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	
<ul style="list-style-type: none"> • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>Environmental aspect and impact assessment (EIA) conducted for the POM and estates were annually reviewed. The Environmental Compliance Reports (done every 4 months by the PMU EIA Consultant) for Pollution Monitoring and Mitigation for Replanting are available (report of Mar-June 2018 sighted). Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment carried out. Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied
<ul style="list-style-type: none"> • HCV documentation (Criteria 5.2 and 7.3); 	<p>The Internal "HCV and Conservation Areas" Assessments for POM and estates audited were conducted and reviewed in Sept 2018. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective estates.</p> <p>Refer to Observation issued during current assessment under 5.2.1.</p>	Complied
<ul style="list-style-type: none"> • Pollution prevention and reduction plans (Criterion 5.6); 	<p>Pollution Prevention Management Plans for the POM and Estates were respectively reviewed in Sept 2018.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters, obsolete electrical and electronic equipment) and domestic wastes disposal, reuse and recycling (scrap iron, paper, plastic and glass).</p>	Complied
<ul style="list-style-type: none"> • Details of complaints and grievances (Criterion 6.3); 	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p>	Complied

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	<p>(1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/80</p> <p>(2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/4</p>	
<p>• Negotiation procedures (Criterion 6.4);</p>	<p>Presently, there is no conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained.</p> <p>The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Time bound Plan.</p>	Complied
<p>• Continual improvement plans (Criterion 8.1);</p>	<p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. The plans include the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, environmental and social programs such as recycling and providing new housing quarters for the workers, assistance in the HUMANA schools for children of foreign workers and better medical facilities and benefits for all employees.</p>	Complied
<p>• Public summary of certification assessment report;</p>	<p>Public summary of certification assessment reports are available from the company upon request.</p>	Complied
<p>• Human Rights Policy (Criterion 6.13).</p>	<p>The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised on 12 Jun 2017. The said policy was further revised in Oct 2017 - refer to: 31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856 Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.</p>	Complied
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance</p>	<p>IOI Group has a documented policy "Code of Business Conduct and Ethics" signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The following are included:</p> <ul style="list-style-type: none"> - Diversity and Respect in the workplace, - Equal Opportunity Employment, - Protecting the Environment, - Safety, Health and Security at Work, 	Complied



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	<ul style="list-style-type: none"> - Managing Documents, - Intellectual Property and Information, - Management and Security in our Computing Environment, - Data Privacy - Employee Privacy in the Communication and Computing Environment - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Verified that copies of the policy were found to be displayed at prominent locations in the POM and estates and easily viewed by the workers.</p> <p>Refer also to:</p> <p>30 July 2018: IOI Group – Sustainability Progress Update (Apr- June 2018) Quarterly Report http://www.ioigroup.com/Content/S/PDF/Quarterly%20Sustainability%20Update_20180730_final.pdf</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	
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Principle 2: Compliance with applicable laws and regulations

<p>Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. Major Compliance</p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates in Jul 2018 for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE</p>	



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	<p>(Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. FMA (Noise Exposure) Reg 1989 was complied. Noise Monitoring Report is available. Annual Audiometric testing of workers exposed to high noise levels were done on-site on 28 Apr 2018 at the POM. Total 98 workers were checked. Noted that 2 workers initial found with potential hearing impairment was retested on 26 Jul 2018 (3 months later) and found to be have met the normal baseline level as per the medical report 29 Sept 2018.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates. Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities. Quarterly returns as per 1st Schedule of EQA (Prescribed Premises) Reg 1977 and Statutory returns to relevant authorities were paid and found to be in compliance.</p> <p>An Observation was issued as follows: At POM and Estates: As per interview done with the management and randomly sampled workers, the feedback given was that a copy of employment agreement was given to the</p>	<p>OBS:AKS-01</p>
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	workers. However, the documentation for this activity for all the workers can be further improved.	
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p>	<p>The Register of Legal requirements for identifying, determining, reviewing and updating of applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment), DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.</p>	Complied
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> <p>Annual internal audit was conducted on 14-15 Aug 2018 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained. Management review on implementation was conducted on 20 Aug 2018 and minuted.</p> <p>It is noted that Leepang PMU also underwent the RSPO NEXT Certification audit on 27-30 Aug 2018 (by BSI) and actions taken on the findings issued are in progress.</p>	Complied
<p>2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p>	<p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The PMU subsequently ensured that the changes were adequately updated.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance</p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use as sighted on the land title documents issued by the Land Office in year 1987-1990.</p> <p>There were no recorded or known disputes over the ownership of the land. There were also no changes to the land ownership or new land acquisition since the last audit.</p> <p>This was also confirmed with the Land Office Dept.</p> <p>The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	Complied
<p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of agricultural crop of economic value.</p>	Complied

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<p>particularly adjacent to state land, NCR land and reserves. Minor Compliance</p>	<p>Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estate land titled boundaries. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	
<p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance</p>	<p>Verified that there has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not applicable at this PMU. The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	Complied
<p>2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance</p>	<p>There were no reported instances of any land conflicts in this PMU. The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	Complied
<p>2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance</p>	<p>There was no land disputes in this PMU. As such the process of participatory mapping is not applicable for this PMU. The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	Complied
<p>2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance</p>	<p>There was no evidence to suggest that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	Complied
<p>Criterion 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance</p>	<p>Maps showing the extent of the legal boundary of the Estates were available. The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas. There is no dispute on the land rights in this PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping is not required at this PMU. The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	Complied

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<p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p>	<p>The lands were acquired in 1980's from private plantation owners. Records are available to show that the land acquisition comply with legal requirements.</p> <p>There was no evidence of any infringement on any legal rights that require free, prior and informed consent (FPIC).</p> <p>The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	<p>Complied</p>
<p>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	<p>Verified during consultations that there are no incidence of any land claims in this PMU.</p> <p>The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	<p>Complied</p>
<p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	<p>Verified during consultations that there are no incidence of any land claims in this PMU.</p> <p>The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	<p>Complied</p>

Principle 3: Commitment to long-term Economic & Financial Viability

<p>Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>Major Compliance</p>	<p>The 5-year Business Management Plan for FY 2018/2019 to FY 2022/2023) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); (7) Budget for Environmental, Social, Safety & Health, Training and Promotions. <p>The Mill and Estate Managers have monitored the operational performance against Key Performance</p>	<p>Complied</p>

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	<p>Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p>	
<p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>Minor Compliance</p>	<p>Annual replanting program had been prepared up to 2024 at the audited estates as follows:</p> <p>Morisem 5: Ongoing replanting till 2021 (200 - 350 ha year)</p> <p>Leepang 1: Replanting to commence in 2020 till 2024 (350 - 400 ha per year)</p> <p>Permodalan 2: Replanting to commence in 2020-2024 (350 – 400 ha per year)</p> <p>Permodalan 4: Replanting to commence in 2019-2024 (350 - 400 ha per year)</p> <p>The replanting programs were reviewed annually by the respective Estate Managers together with the GM.</p> <p>A replanting cycle of 25 years has been adopted by the group.</p>	<p style="text-align: center;">Complied</p>

Principle 4: Use of appropriate best practices by growers and millers

Criteria 4.1		
Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p>	<p>POM has documented SOPs for the following :</p> <ol style="list-style-type: none"> 1. Palm Oil Mill Operation from reception of FFB until the delivery of processed oil and POME management. 2. Laboratory Operation Manual (Issue 1 dated 01/02/2008) 3. Quality, Environmental and Occupational Health & Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling. 4. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the POM includes hazards identification, risk assessment and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and “permit to work system” for the mill. 5. SOP for Mill RSPO Supply Chain Certification System using the Identity Preserved (IP) module. <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> 1. Sustainable Oil Palm Estate Operation Manual - The manual describes operational procedure of nursery practices, land preparation, planting practices, ground cover maintenance, roads, immature stage, harvesting, collection of bunches, manuring, pesticide application, pests & diseases control. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators. 	<p style="text-align: center;">Complied</p>

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	<p>2. SOP for riparian zone management with specified buffer zones.</p> <p>Copies of the SOPs were found displayed at the work stations in the mill and the office, while at the estates, these were also displayed at the muster ground, chemical mixing area, stores, gen-set room, and workshop.</p> <p>Key Performance Indicators (KPIs) were specified for quality, environment, safety and cost control.</p>	
<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records were checked by the respective Assistant Managers and Managers regularly.</p> <p>This included the annual Internal Audit conducted by the SPO team to ensure consistency in implementation at the POM and estates.</p> <p>These records were verified to be satisfactorily maintained during the on-site visit.</p> <p>Previous OBS: CBK-01 (2017) was addressed and closed</p>	Complied
<p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits.</p>	Complied
<p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	<p>The mill did not source any FFB from third-party. Weighbridge records of receipt of FFB at POM was verified to show FFB were from Leepang Group estates only.</p>	Complied
<p>Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p>	<p>Annual fertilizer inputs had been monitored through fertilizer recommendations made by Agronomist of IOI Research Centre, Sabah.</p> <p>Good Agricultural Practice (GAP) for minimization of soil erosion and maintenance of soil fertility are maintained via the frond stacking and fertilizer application as per the recommendations provided by the Agronomist.</p> <p>These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit.</p> <p>Fertilizer application at the estate fields for FY 2017/2018 had adhered to the recommendations at all estate levels.</p>	Complied
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.</p>	Complied
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p>	<p>Leaf sampling and analysis had been carried out annually. Soil sampling and analysis were carried on a 5-7 year cycle to determine the nutrient levels.</p>	Complied

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	<p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactory.</p>	
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>Geotubes used to filter the solid from the POME and the solid were used by the estates for field application as organic fertilizer.</p> <p>All the EFB from the POM are delivered to the estates as evidenced by the "Daily/Monthly Summary Report of EFB" maintained by the POM.</p> <p>Land application of POME was carried out through gravitation flow into the field in Leepang 1 estate, which is nearest to the POM.</p> <p>EFB Mulching Application and field maps indicate the amounts and locations of EFB application estates audited at Permodalan 2, Permodalan 4, Leepang 1 and Morisem 5.</p> <p>EFB mulching was sighted being carried out by four workers at Block 96D at Permodalan 2 Estates along the inter-rows of the palms.</p> <p>Records of EFB delivery, mulching quantities and field locations were well maintained.</p>	Complied
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Soil maps for all the estates were available. Peat soil areas were identified and indicated in Morisem 5 and Leepang 5 estates maps. It was further confirmed during assessment on site that there are no other peat soil areas at the other estates within the PMU.</p>	Complied
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>Planting terraces had been constructed along contours on slopes of >10°. There were stop bunds to control water flow along terraces.</p> <p>Verified at estates and field audited that the terraces were made and that fields were generally covered with soft grasses, ferns, and herbaceous plants in the mature area while leguminous cover crop had been maintained in the immature area.</p> <p>Best Management Practices was observed to be followed for the control and minimize soil erosion and degradation during replanting activities.</p>	Complied
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Road maintenance programme and maintenance records had been verified on the estates.</p> <p>During field visits, it was observed that scupper drains were constructed to lead water from the road onto the terraces in order to reduce soil erosion on the road.</p>	Complied
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p>	<p>At Morisem 5 Estate, peat soil was present in north-western corner of the estate in Fields 93K and 93L with 22 ha and 25 ha respectively. Total about 47 ha.</p> <p>At Leepang 5 Estate, peat soil was present in Fields 96I, 96J, 96K, 96L, 96M. Total about 60 ha</p> <p>Total peat land area: 104.98 ha (at Morisem 5 & Leepang 5).</p>	Complied

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	<p>Verified that water table management was implemented as follows: Water table management is maintained for levels of 50-70cm below ground surface. Water flow bunding using sandbags for water control at the field drains. The water levels had been monitored on twice a month basis. Pegs for measuring and monitoring soil subsidence levels placed at strategic points were sighted on-site. Ground cover consists mainly of <i>Nephrolepis ferns</i> as was the policy of the company to ensure ground cover maintenance.</p>	
<p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p>	<p>A fresh survey on the peat soil and drainability assessment at the said estates at Leepang grouping is still underway and is expected to be submitted by the consultancy company, Param Agriculture Soil Survey (M) Sdn Bhd by Jan 2019.</p>	Complied
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p>	<p>Based on the estates soil maps and visit to the estates, there were no other fragile and problematic soils on the other estates.</p>	Complied
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p>	<p>Documented Water Management Plan verified to be in place for the palm oil mill and respective estates audited. The plan was reviewed annually. The plan included steps such as soil stabilization, run-off control, water level control in peat areas, waste water management and sediment trapping to mitigate the disturbed earth entering waterways. There are water ponds in the POM and estates. Water samples were collected and analysis carried out at least twice a year as part of Environmental Compliance Reporting. The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality). Rainfall data was monitored as part of the water management plan and rain water harvesting was practiced for washing and cleaning purposes.</p>	Complied
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p>	<p>Buffer zones had been generally maintained for streams passing in the estates as verified during on-site field inspection. During field inspection, there was no evidence of spraying around palms marked as boundary for the buffer zones. Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone. There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p>	Complied
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p>	<p>In palm oil mill, POME samples were taken at monthly interval at the discharge point of effluent pond. The BOD level from July 2017 to June 2018 had been in the range of 9.20 ppm (lowest) to 27.50 ppm (highest).</p>	Complied

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	<p>It was noted that the BOD level in July 2017 had slightly exceeded BOD maximum limit permitted of 20 ppm i.e. at 27.50 ppm. Actions were noted to have been taken to reduce the BOD levels in the subsequent months. Noted the BOD level trend is decreasing.</p> <p>The current upper limit specified by D.O.E. Sabah is stated at 20 ppm which was found to be complied from July 2018 till the time of audit.</p>	
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the POM over past 12 months were monitored. From July 2017 to June 2018 usage ranged from 1.38 to 1.73 m³/MT FFB with an average of 1.56 m³/MT FFB. Verified that the slightly higher usage was age of mill and higher maintenance needed.</p>	Complied
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>Verified that IPM Plans were monitored at the estates audited and that pest infestation was minimal. Programmes for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, and <i>Antigonon leptopus</i> were established and records on areas planted had been verified together with the respective maps.</p> <p>Ganoderma and Bagworm diseases is not present in the estates</p> <p>Rat baiting would be carried out based on the census of rat attack on FFB. The threshold limit was set at 5% prior to any rat baiting, which was found to have occasionally occurred. Under such incidences, rat baiting was applied and the records of the rat baiting performed were verified to have been properly maintained.</p>	Complied
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p>	<p>IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactorily maintained.</p>	Complied
<p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable. The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows:</p> <ol style="list-style-type: none"> (1) Glyphosate isopropyl amine (41% a.i.) (2) Metsulfuron methyl (20% a.i.) (3) Triclopyr butoxy ethyl ester (32.1% a.i.) (4) 2, 4 Dimethylamine (60% a.i.) (5) Glufosinate ammonium (13.5% a.i.) (6) Brodifacoum (0.003% a.i.) (7) MSMA (39.5% a.i.) <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p> <p>Verified that the pesticides were selected to deal with specific species of weeds or pests as listed in the SOP.</p>	Complied

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	These were reflected in the weed and pest control records maintained.	
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years.</p> <p>Verified that the records of monitoring were satisfactorily maintained.</p>	Complied
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>The policy to minimize the use of pesticides in accordance with IPM plan is maintained at the Estates.</p> <p>Verified that no prophylactic use of pesticides had been carried out at the estates.</p> <p>It was noted at Permodalan 2 and 4 Estates data, that there was a higher usage of Metsulfuron methyl as this was used for selective spraying and removing parasitic plants on the older mature palms.</p> <p>Overall, the total pesticide usage per hectare on a year to year basis had decreased at the rest of estates.</p>	Complied
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>The company had a complete list of WHO class 1A and class 1B and Stockholm or Rotterdam conventions pesticide.</p> <p>Paraquat had been eliminated since end of year 2011 for IOI Group Estates.</p> <p>Verified that alternatives such as Glyphosate Isopropyl amine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of Paraquat.</p>	Complied

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<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	<p>All pesticide operators have been provided training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974.</p> <p>Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves and overalls) were provided to the field workers.</p> <p>Verified that pesticides operators had worn the proper PPE during field inspection.</p> <p>Precautions attached to the pesticides (MSDS) have been generally understood and followed by the workers.</p> <p>Training programmes were planned and training records verified to be satisfactorily maintained/ The training included spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area.</p> <p>The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE. Equipment such as spraying pumps were maintained to be in proper functioning condition.</p> <p>First Aid Kits found to be available during pesticides spraying in the fields (as per 4th Schedule).</p> <p>Verified that portable signboards were displayed at areas of spraying activity (as per 5th Schedule).</p>	<p style="text-align: center;">Complied</p>
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974.</p> <p>Emergency shower and eye wash are available near the pesticides store.</p> <p>Material Safety Data Sheets (MSDS) are available in the store. The MSDS are noted to be in English and Bahasa Malaysia version.</p> <p>Used chemical containers were mainly reused as containers for mixing of spraying solution and extras were disposed as scheduled waste for disposal by an approved DOE contractor. Verified that prior disposal the empty pesticide containers were triple rinsed and pierced at the bottom.</p> <p>Verified that there was no improper reuse of the chemical containers by the workers at the fields.</p>	<p style="text-align: center;">Complied</p>
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts.</p> <p>During interview with workers at field visits to all the estates, it was observed spraying operators had demonstrated knowledge and understanding of using correct nozzle, spray drift, spray quality and run-off. Proper technique for spraying was demonstrated by the workers.</p> <p>It was verified that the workers had been trained on safe handling and application of chemicals, and information of chemicals through MSDS and CSDS</p>	<p style="text-align: center;">Complied</p>
<p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant</p>	<p>The policy of the company was not to carry out any aerial application of pesticides. This was verified to be maintained during on-site field inspection.</p>	<p style="text-align: center;">Complied</p>

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<p>information within reasonable time prior to application. Major Compliance</p>		
<p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p>	<p>Verified that the Annual Training Plan has included training on pesticides handling. Noted that all new pesticides operators were trained before being assigned to work with pesticides. Existing pesticide operators were also given continual training to enhance their knowledge and skills on pesticides particularly in the handling of new spraying equipment. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store were found to be satisfactorily maintained.</p>	<p style="text-align: center;">Complied</p>
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>Used pesticides containers were triple-rinsed and punctured at the bottom and stored in a designated store before being disposed of through a licensed contractor approved by the Department of Agriculture.</p>	<p style="text-align: center;">Complied</p>
<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance</p>	<p>The CHRA recommendations has been followed in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 as follows: 1) Annual Medical Surveillance for all pesticide handlers due to toxicity and highly hazardous nature of the pesticides. 2) Monthly Health checks at the estate clinics were conducted for workers who handled agrochemicals and fertilisers. Based on the above recommendations, it was verified that the following was carried out over the past 12 months: Records of Annual medical surveillance for pesticide handlers were maintained. The medical reports had showed that there was no case of low blood cholinesterase levels for any of the workers. No abnormalities were stated in the reports and the workers were individually found to be fit for the work with pesticides. Other health issues such as hypertension, diabetic or poor eyesight are occasionally noted in the report of several individuals. When these are reported, the individual worker is closely monitored in the monthly health checks done at the Estates clinics by the Estate Health Assistants (EHA). Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. Verified that monthly clinical tests were carried out by the Estate Health Assistant on all sprayers and manurers. Records of the health checks were maintained. Verified that there were occasional cases of mild illness in which workers were accordingly given medical leave and rest. In more severe cases, the workers were sent to the nearest Hospital for the proper medical treatment. It is also verified that there were no reported cases of any blood poisoning amongst the workers at the PMU estates over the past 12 months.</p>	<p style="text-align: center;">Complied</p>
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women.</p>	<p>No pregnant or breast-feeding woman had been offered work as pesticide operator.</p>	<p style="text-align: center;">Complied</p>

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Major Compliance	<p>List of pesticide operators (with female workers identified) was available on the estates.</p> <p>Female workers found pregnant were notified of the condition and approved to go on leave until delivery.</p> <p>Verified that there were no pregnant female workers involved in handling pesticides on-site.</p>	
Criteria 4.7		
An occupational health and safety plan is documented, effectively communicated and implemented.		
Indicators	Findings and Objective Evidence	Compliance
<p>The occupational health and safety plan shall cover the following:</p> <p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act including FMA (Noise Exposure) Reg 1989 was documented and implemented.</p> <p>The Safety and Health policy, approved by the Group Plantation Director was revised on 3 March 2018, had been verified to be maintained. This policy had been explained to the foreign workers (Indonesian) by Field Supervisors in Indonesian language.</p> <p>Confirmed during site interviews of sample field workers that they do have basic understanding of the Safety and Health policy.</p> <p>Records on training and analysis on understanding of training provided by the Safety & Health Officers for the workers were available and verified.</p>	Complied
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>Major Compliance</p>	<p>Risk assessment carried out on operations where health and safety is an issue which determine the significant hazards at the various activities at the POM and Estates. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire etc. Procedures and actions were implemented to mitigate the hazards. Risk assessments were reviewed in Jan 2018 at the POM and respective estates. Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>Precautions as attached to the products via the MSDS had been observed to be complied by the workers.</p> <p>Assessment of noise levels in the POM was available as per the Consultant Report of Feb 2016. Work areas identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db.</p> <p>Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear mufflers.</p> <p>Annual audiometric test conducted for all mill staff and workers in 5 May 2018. The audiometric reports revealed that 3 workers had mild to moderate hearing impairment and were recommended to wear hearing protector. No worker had severe hearing impairment.</p> <p>Baseline audiogram and occupational and medical history records of workers were maintained. Sample of employees exposed to high noise levels were interviewed and they are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers are also aware of the complaints process and mechanism available.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs,</p>	Complied

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	<p>ear muffers) verified to be provided and being used by the workers.</p> <p>Internal Safety audit was done to ensuring compliance with the minimum standards needed for the types of PPE used.</p> <p>Fire extinguishers and hose reels found to be located at strategic locations and noted in functioning conditions. Location map of fire extinguishers is available at POM.</p> <p>First Aid equipment was available at POM, estates and at worksites and weekly checked. Samples of First Aid boxes checked and contents found to be complete, clearly labelled and in usable order during field visits. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>Previous NC: CBK-01 (2017) was adequately addressed and effectively implemented for closure.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKKP8 regulations was submitted to JKKP in Jan 2018. Verified that records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities were captured to prevent mishaps as maintained by the Safety Officer is up-to-date.</p>	
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance</p>	<p>Awareness and training programme had been carried out, and training records had been verified.</p> <p>All workers involved had been adequately trained in safe working practices.</p> <p>Appropriate PPE had been provided at the place of work to cover all potentially hazardous operations, and all workers had been noted to be wearing the appropriate PPE.</p> <p>When sickle was not in use during harvesting, it was noted that it was placed in a sheath.</p> <p>Fire-fighting training and fire drills were carried out with the attendance of workers and other residents including crèche caretakers and HUMANA teachers.</p>	<p style="text-align: center;">Complied</p>
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance</p>	<p>The persons nominated to be responsible for health, safety and welfare were Mill Manager and Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety was verified to be satisfactorily maintained.</p>	<p style="text-align: center;">Complied</p>
<p>4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance</p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily.</p> <p>The respective Safety & Health Committees chaired by the Mill Manager and the Estate Managers reviewed accident cases during the Safety Committee meeting every three months.</p>	<p style="text-align: center;">Complied</p>

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<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	<p>Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance valid till Sept 2019.</p>	<p>Complied</p>
<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	<p>Records on Lost Time Accident (LTA) metrics had been maintained and verified. Verified that JKPP8 reports had been sent to DOSH (JKKP) before end Jan of each year.</p>	<p>Complied</p>
<p>Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance</p>	<p>The formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable. Verified that the training has also included the contractors and their workers as sighted in the attendance records.</p>	<p>Complied</p>
<p>4.8.2 Records of training for each employee shall be maintained. Minor Compliance</p>	<p>Records of training for each employee, including new employees hired todate in year 2018 were maintained.</p>	<p>Complied</p>

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

<p>Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance</p>	<p>The PMU had submitted a new Environmental Aspect and Impacts Assessment (EIA) in Aug 2016 in accordance with the DOE and EPD requirement (EIA Order 2005, 2nd Schedule of Environmental Protection Enactment) for Proposed Replanting Programme for all the estates under the grouping. The annual review of the approved EIA for the POM and estates was done in Sept 2018. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p>	<p>Complied</p>
<p>5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance</p>	<p>There were no major changes to the identified impacts since the establishment of the documents above. Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the POM. A comprehensive action plan has also been developed and implemented to mitigate the negative effect. The POM manager and respective Estate managers and their assistants were identified as the person/persons responsible. The plans had included the action and</p>	<p>Complied</p>

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	<p>recommendations to mitigate the negative effects and to promote the positive ones such as reducing dust emissions and BOD levels at for the POM, together with conservation implementation and monitoring activities applicable at the estates.</p>	
<p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance</p>	<p>Implementation and monitoring of the documented environmental improvement plans were reviewed on an annual basis.</p> <p>The review has taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams.</p> <p>The monitoring of the documented environmental improvement plans is ongoing. Data was collected, documented and the results were analysed and monitored.</p> <p>Environmental Compliance Reports (submitted by Kiwiheng EC SB) on monitoring issued on Feb and Aug 2018 were available. Verified during on-site visit to fields that appropriate actions were taken on findings stated in the ECR reports.</p>	<p style="text-align: center;">Complied</p>
<p>Criteria 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance</p>	<p>The HCV and Conservation assessments conducted by the IOI Sustainability Team (Lahad Datu region) were documented and reviewed for the POM and all the estates between 21 Sept and 16 Oct 2018.</p> <p>Verified that the review had considered all aspects of environmentally sensitive areas such as riparian areas, buffer zones near Forest reserves, water catchments near hills, natural watercourses such as streams, potential wildlife and the perimeter boundaries of the PMU.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site.</p> <p>The estates audited which were confirmed to have boundaries with environmentally sensitive areas were Leepang 1 (bordering with Mangrove swamps at the north and northeast), Permodalan 2 (bordering with the Sg. Gologop Forest Reserve at north and the Trusan Kinabatangan Wetlands / Mangrove swamps at the east and southeast) and Permodalan 4 (bordered with Sungai Simpang Forest Reserve at the south).</p> <p>It is noted that Morisem 5 was surrounded by oil palm plantations only.</p> <p>Perimeter boundaries bordering the estate areas were visited and observed to be properly demarcated with signages maintained.</p> <p>Conservation buffer zones along the stretches of streams which pass through the estates were identified and being monitored.</p> <p>An Observation was issued as follows: At Estates: Information on HCV and Conservation areas was compiled and reviewed.</p>	<p style="text-align: center;">OBS: AL-01</p>

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	<p>However the changes in status and total land area under conservation need to be more accurately updated i.e. The breakdown on the data on the areas involved for the respective estates occasionally did not match with 'List of external and internal HCV and conservation area' for IOI Leepang grouping.</p>	
<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p>Major Compliance</p>	<p>Regular patrols within the POM and PMU were being carried out and findings recorded by the respective Estate Executives/Auxiliary Police to monitor the conservation and buffer zone areas.</p> <p>Signages that prohibit hunting, fishing and water polluting activities were verified on-site at Leepang 1 and Permodalan 2, Permodalan 4 and Morisem 5 estates and found to have been satisfactorily maintained.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented and conducted by the respective SPO Supervisors and Environmental Liaison Officers and records maintained in their 'Patrol Books'.</p> <p>Records of wildlife sightings, when encountered during the monitoring had included Orang Utans (at the boundaries of Permodalan 2 and 4), short tailed and long tailed macaques, snakes, wild boars etc. were recorded.</p> <p>It was also reported on 12 Aug 2018, that there was detection of intrusion by illegal hunters into the Forest reserve at Permodalan 2 estate to the Forestry authorities which eventually led to the arrest of the illegal hunters who were confirmed to be outsiders. Thus, it was evident that the monitoring done was effective and had helped in the protection of wildlife species which continues to exist at the Forest Reserve areas bordering the Leepang PMU.</p>	<p style="text-align: center;">Complied</p>
<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>IOI Group had sent 29 personnel i.e. Estate managers and assistants (which included personnel from Leepang PMU) for the Honorary Wildlife Warden training held on 15-17 Nov 2016 and these personnel were qualified and authorised as listed in the Sabah Government Gazette (Warta Kerajaan, Sabah) of 9 Feb 2017.</p> <p>It is noted that the renewal and re-qualification of appointment as Honorary Wildlife Wardens is valid for a 3 year period and the re-qualification and training by the Forestry Department is planned for IOI personnel in 2019.</p> <p>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p> <p>Thus action was taken on the programme to regularly educate the workforce on the awareness of RTE species to ensure that field workers are better able to identify some of species of wildlife which are encountered near boundaries with the Forest Reserves and Conservation areas during ongoing monitoring.</p> <p>Refresher training for workers on HCV Awareness was conducted on Sept and Oct 2018 at the estates audited.</p> <p>Additionally other related training programs were held such as:</p>	<p style="text-align: center;">Complied</p>

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	<ul style="list-style-type: none"> • Forest Fire Management (by SFD consultant) done on Jun 2018 for Leepang estates. Recommendations being progressively implemented included entry points control (for illegal hunting) and detection control (ground patrols and fire tower watch) • Orangutan Outreach Conservation Programme (organised by Sepilok ORC) done for IOI Syarimo & Unico 13-14 May 2018 & Sept 2018. For the IOI Leepang and Morisem grouping, is scheduled in Nov 2018. <p>Records of training programme to regularly educate on RTE species and the monitoring done were maintained.</p>	
<p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>	<p>The overall management plan on the status of HCV/RTE of the Leepang PMU as reviewed in Sept 2018 was verified to be collated, reviewed and monitored by the Sustainability team. Refer to evidences detailed under indicator 5.2.2.</p> <p>The monitoring outcomes were reviewed by the Estate managers and it is verified that ongoing monitoring and actions taken were producing results towards the enhancement of wildlife species present at Leepang PMU boundaries.</p>	Complied
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the PMU. Thus negotiated agreement of such nature is not applicable.</p>	Not Applicable
<p>Criteria 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p>	<p>Visits made to the POM and estates audited showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials, e.g. EFB, POME, stack emissions and boiler ash were maintained and monitored at the POM.</p> <p>Scheduled Waste identified included the following categories: Spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers / drums and contaminated rags/materials/ fertilizer plastic liners (SW 409), used filters (SW 410), Electrical waste (SW 119), clinical waste (SW 404) and used batteries (SW 102) and used welding rods (SW 104).</p> <p>Records on the inventory as per 2nd and 5th Schedules, and disposal were properly recorded and documented.</p> <p>Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the POM and estates. Proper storage areas were identified for the storage of the recyclable wastes at the mill and estates including at the workshops.</p>	Complied

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<p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major Compliance</p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Lagenda Bumimas Sdn Bhd). Latest disposal was carried out on 26 Oct 2018 as noted in the e-consignment records.</p> <p>Monthly transfer via ambulance to Hospital Kinabatangan or Lahad Datu was done for the Clinical waste disposal. Last consignment note issued by KKM clinical waste contractor (Seda Fiat Sdn Bhd) was noted on 1 Sept 2018.</p> <p>Records on inventory and disposal of the schedule waste and clinical waste were satisfactorily maintained.</p>	<p>Complied</p>
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>Minor Compliance</p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required and is being carried out responsibly. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the mill and estates.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>Recycling of crop residues / biomass, i.e. EFB and POME had been implemented. Management EFB application plans and progress reports were verified to be satisfactory recorded. Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.</p> <p>The waste management and disposal plan had adhered to the EQA Reg 24 (Control of pollution from solid wastes Transfer Station and Landfill) Reg 2009 and was found to have been satisfactorily implemented at the mill and estates. Records of disposal of recyclable waste such as scrap metals and plastic bottles were available. The domestic waste disposal plan via the use of landfills was available estates. Location sites for the landfill areas were identified and managed in order to ensure sufficient capacity for use over a minimum 5-year period at the estates audited.</p> <p>Thus NC: AL-02 (2017) was addressed and closed.</p>	<p>Complied</p>
<p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p>Minor Compliance</p>	<p>Verified that the POM has maintained records and data on fuel and energy consumption. Monthly data on energy consumption for both renewable and non-renewable sources were available and trends on consumption monitored to ensure improvements towards the optimal use of renewable energy sources such as palm fiber and kernel shells for electricity and steam generation for turbine and boiler operations.</p>	<p>Complied</p>

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	<p>Verified that the trends on consumption data for CPO production and housing supply was reviewed and plans for more efficient use were documented.</p> <p>The Biogas plant (Lagoon type) construction at Leepang POM was completed and presently under trial operations during audit. It is expected to be fully operational in Dec 2018 and thus would contribute to the reduction of fossil fuels and enhance the usage of renewable energy.</p>	
<p>Criteria 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. Major Compliance</p>	<p>IOI Group had adhered to the policy of 'Zero open burning' for any replanting activities at the estates.</p> <p>At the time of current assessment, there has been no evidence of any open burning at the fields.</p>	Complied
<p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. Minor Compliance</p>	<p>Verified that there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on-site field assessment.</p>	Complied
<p>Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). Major Compliance</p>	<p>The POM stack emission levels were monitored via the online Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke recorders and charts.</p> <p>Based on the recorded data available, the emission levels were found to be within the permissible limits as set by the DOE.</p> <p>POME treatment, monitoring and land application were monitored with records maintained which were verified to be have complied with the DOE regulations.</p>	Complied
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance</p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified e.g. POME, diesel / fuel and fertilizer. Their usage have been recorded and documented at both the POM and estates.</p> <p>The POM has achieved the ISCC EU certification for sustainable biofuels production.</p> <p>The GHG emissions calculation has been compiled for FY 2017/2018 using the Palm GHG calculator v3.01. The GHG calculation report has also been submitted to RSPO Secretariat.</p> <p>The Biogas plant (Lagoon type) was completed and presently under trial operations during audit. It is expected to be fully operational in Dec 2018 and thus would</p>	Complied

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	contribute to the reduction of fossil fuels and enhance the usage of renewable energy	
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	<p>Verified that the monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.</p> <p>Tools and systems used include online CEMS monitoring for air emissions, scheduled waste disposal and water quality at discharge points (as per DOE regulations). Monitoring tools for stack emissions such via DOE online CEMS is being used.</p> <p>Back up monitoring and recording done via the continuous Smoke Recorder which was printable and attached to record book.</p> <p>The monthly water quality analysis reports at the final discharge points performed by Permalab Sdn Bhd (Sandakan) were available and maintained.</p> <p>Verified that the results had met the permissible limits set by DOE (e.g. BOD levels < 20 ppm).</p> <p>An Observation was issued as follows:</p> <p>At POM: Follow up need to be done on issues related to environmental monitoring as per the field citation of March 2018 by DOE such as: Improvement needed on CEMS via internet (to be uninterrupted); construction of site flooring for EFB storage & despatch and appointment of competent SW personnel (on-site). As actions taken are still in progress and these will need follow up in next audit.</p>	<p>OBS: AL-02</p>

Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mill

<p>Criterion 6.1</p>		
<p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>Social impacts in IOI Leepang group operations were assessed using various method including consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment (SIA) for each operating unit in IOI Leepang grouping has been reviewed in Sep 2018 and conducted together with relevant external and internal stakeholders. External stakeholders' consultation was conducted for the whole grouping on 4/9//2018 in Lahad Datu Regional Office (LDRO) and the consultation was properly documented. More than 45 participants attended the external stakeholder consultation including local communities, suppliers, contractors, government agencies and NGOs.</p> <p>Internal stakeholder's consultations however conducted separately in each operating unit, e.g. in Leepang POM it was conducted on 10/9/2018 and in Permodalan 4 Estate on 13/9/2018. Internal stakeholder's consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender,</p>	<p>Complied</p>

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	<p>nationalities and levels. These consultations were also very well documented.</p> <p>In each SIA for each operating unit audited it was verified that all potential impacts were included, e.g. access and use rights to individual passports and travelling documents, sufficient and on time monthly pay, schools and health clinics, etc.</p>	
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>Major Compliance</p>	<p>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the group. Participants was from all stakeholder categories as mentioned above (see 6.1.1). Participants in meeting such as Joint Consultative Committee (JCC) involved workers representatives from different categories of workers such as general workers, sprayers, manuring workers, harvesters, drivers both locals and foreign workers. Participants in Gender Consultative Committee (GCC) mainly are women workers attended by Social Liaison Officer who are mostly male Assistant Manager acting as representatives for male workers.</p> <p>During external and internal stakeholder consultation respond forms were distributed for written inputs, however, verbal inputs were recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. JCC and GCC meetings. Attendance lists and photos for stakeholders' consultations and meetings conducted were also verified.</p>	Complied
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>For each comments received during meetings or interviews conducted by the POM and the estate, a time table of activities were developed with time frame on implementation plans and persons responsible. Comments received through the meetings, stakeholder logbook, etc., were recorded and also indicated with status either continuous, completed or pending.</p>	Complied
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p>Minor Compliance</p>	<p>The latest Social Impact Assessment And Plans were available for the year 2018. The plans are reviewed annually together with affected parties, especially the workers, who were always consulted during the annual internal stakeholder consultation, the JCC meetings, safety meeting, daily morning muster and individual reports made in the Grievance Books.</p>	Complied
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>Minor Compliance</p>	<p>No smallholder scheme are noted within IOI Leepang Grouping, thus this criteria is not applicable.</p>	Not applicable
<p>Criterion 6.2</p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p>Major Compliance</p>	<p>Procedure related to communication and consultation with the parties mentioned is available at IOI group website at https://www.ioigroup.com/Content/S/PDF/30 sept 2016 Grievance Mechanism FINAL.pdf. The group has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. their workers, government</p>	Complied

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	<p>agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation.</p> <p>At IOI Leepang Grouping level, the procedure mentioned made public to all workers. Furthermore the procedures were also explained carefully to all level of workers and this was verified through individual interviews with sampled workers during the audit. This procedures were also communicated to the external stakeholders during the consultation sessions and personal interviews conducted by the management.</p>	
<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>In most cases, nominated person responsible as social liaison officers are the Assistant Managers of the operating units. Social liaison officers are responsible in handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties. For example Mr. Fireck Teo, AM is identified in the SIA as Social Liaison Officer in Permodalan 4 Estate.</p> <p>Names of these nominated officers are made public to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviewed conducted with workers during the audit verified that the workers especially have easy access to these social liaison officers.</p>	Complied
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p> <p>Minor Compliance</p>	<p>The maintenance of the list of stakeholders at the IOI Leepang grouping is adequate and has ensured that the list is kept current. Noted that there are open and transparent methods for communication and consultation which has taken into consideration the local mechanisms including migrant workers and languages.</p> <p>The lists of stakeholders are and was used to send invitation to external stakeholders during the external consultation mentioned in 6.1.1.</p>	Complied
<p>Criterion 6.3</p> <p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Leepang Grouping. Among others, the affected parties have several options to register their complaints and grievances, e.g. Grievance Book, annual stakeholder consultation, morning muster, during ECC, GCC and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanation on how to utilised this system were given and verified by the auditor.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance are addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received are recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the supervisors. The workers also allowed to elect their own representatives in the JCC</p>	Complied

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	<p>as opposed to the representatives being dictated by the management.</p> <p>Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature but since Feb 2013 IOI grouping had adopted "Whistleblowing Policy" available at https://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf which was approved by Audit and Risk Management Committee revised in Nov 2017.</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>All complaints and grievances received are documented either in the form of log book as in the Grievance Book, meeting minutes for the JCC, GCC, Safety meetings and annual stakeholder consultations or respond forms. Decisions and action as responds to the complaints and grievances received also very well documented with sufficient supporting documents as proofs. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public.</p>	Complied
<p>Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>IOI as a group has a generic procedure and process Flow chart for identifying legal, customary and user rights and for identifying people entitled for compensation, which was available for verification during the audit.</p> <p>Verified that there were no borders at estates in Leepang grouping which were adjacent to any villages or native land.</p> <p>The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	Complied
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>	<p>IOI as a group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. To date, there has been no dispute by any parties reported at the IOI Leepang Grouping.</p>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the</p>	<p>Verified during consultations that there has been no dispute by any parties reported at this PMU. Therefore the process and outcome of compensation could not be observed.</p> <p>The land dispute issues at the IOI uncertified units were followed up</p>	Complied

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<p>participation of affected parties, and made publicly available. Major Compliance</p>	<p>and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix E and Appendix F.</p>	
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.5.1 Documentation of pay and conditions shall be available. Major Compliance</p>	<p>In IOI Leepang Grouping, most of the workers in the estates, as stated in the workers contract, are considered as “general workers” with piece rated pay. In Leepang POM, however, the workers are paid with daily rate. These pay conditions and other benefits are sufficiently spelt in the workers contract. Decision on workers’ wages were based on a memorandum dated 15/3/2018 to all IOI groups in Sabah including Leepang grouping. According to this memorandum monthly minimum wages had to be RM920/month or RM35.40/day, provided that all qualifying conditions are satisfactory fulfilled. These conditions were then clearly outlined in the “IOI Plantation Minimum Wages & Leave Pay Policies in Malaysia” dated Oct 2017 signed by Mr. N.B. Sudhakaran, Plantation Director (https://www.ioigroup.com/Content/S/PDF/Minimum Wage Policy.pdf). Content of this policy is verified to be satisfactorily understood by workers in the PMU and fulfilled common industry standard as it is in accordance with the MAPA-NUPW agreement 2015 and Minimum Wages Order 2016.</p>	<p>Complied</p>
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance</p>	<p>Pay conditions are clearly detailed in the workers contracts which include pay system used, working hours, overtime, holiday entitlements, etc. no deductions sighted in the pay slip for foreign workers.</p> <p>Workers contract is in Bahasa Malaysia which could be understood with no difficulty by the foreign workers who are mainly Indonesian.</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order 2016 and other relevant regulations are satisfactorily complied with. Monthly analysis is conducted on workers who received less than stipulated minimum wage. It was verified these occurred mainly due to non-attendance without prior permission and/or working less than the required hours. Jabatan Tenaga Kerja (JTK) (Labour Department) Sandakan and JTK Kunak, Sabah was consulted by IOI Sustainability team and verified by the auditor, confirmed that these group of workers are not covered under the Minimum Wages Order 2016. Thus it is not required by the law (in Sabah) for the management to top up the wages of workers who are having these issues.</p> <p>Wages for workers in IOI Leepang Grouping are paid by cheques. In order to cash the cheques the workers will acquire the assistance from sundry shops owners located nearby the estates housing sites. From interviews made with the workers, it was confirmed that there was no complaint from the workers on the use of such services.</p> <p>To date, there was no feedback of any complaints from the Labour Dept. at Sabah (JTK) from both local and foreign workers against IOI Leepang Grouping with regards to any occurrence of unjust pay and working conditions. It is further verified that there was also no evidence of such related complaint raised during the JCC and stakeholder consultation meetings held or recorded in the Grievance Books, which were inspected.</p>	<p>Complied</p>

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	<p>Major non-compliance issued in ASA-04 2017 (JMD-01) was verified to be satisfactorily closed and no recurrence of the same issue found during the audit.</p>	
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 (Workers’ Minimum Standards of Housing and Amenities – Act 446). However, this act, as informed by JTK, is yet to be enforced in Sabah, thus IOI Leepang Grouping only implements relevant parts of the act.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are provided with adequate free accommodation at workers quarters with free electricity and treated water. The workers quarters were clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are located in a safe distance from the houses.</p> <p><u>Schools</u></p> <p>The migrant workers’ children are given free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are under the purview of the operating unit management.</p> <p>HUMANA are mainly for children between 6-13 years old and Community Learning Centre (CLC) is for teenagers up to 15 years old. School children, both local and foreign, are transported with no charge from the operating units in suitable vehicles. A number of school buses sighted during the audit were used to transport the school children.</p> <p><u>Sundry shops</u></p> <p>Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>Crèche is available in each operating unit and they are well maintained. The crèche caretakers are well trained on procedures of using the first aid kits as well as fire extinguisher. Depending on the operating unit management, some crèche are provided with biscuits or formulated milk powder. During the audit, children were found in good health and the surrounding of the crèche are all well maintained. No overcrowded crèche found and ratio between caretakers with children are well balanced.</p> <p><u>Clinics</u></p> <p>Clinics are located in within the vicinity of the estates and the POM. Together with the staff, the Health Attendance (HA) are also responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc. inspection by the staff conducted weekly, whilst inspection by HA conducted monthly. VMO make a monthly visit to the audited estates and check upon a few areas, e.g. referred patients and purchase of the medicines at the clinics, workers quarters, and crèche. Valid Foreign Workers Compensation Scheme (FWCS) issued by MSIG in all units audited were also verified.</p> <p>An observation was issued as follows: In estates audited, at the linesites, it was noted that there were external extensions made by the workers. The structural</p>	<p align="right">OBS: MNM-01</p>

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	condition of the housing extensions should preferably be also inspected by competent personnel (e.g. carpenter) to ensure the building safety.	
6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. Minor Compliance	IOI Leepang Grouping has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound. It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon specific request.	Complied
Criterion 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.		
Indicators	Findings and Objective Evidence	Compliance
6.6.1 A published statement in local languages recognising freedom of association shall be available. Major Compliance	Published statement recognising freedom of association is mentioned in Sustainability Policy adopted by the IOI group in 2017. As an alternative to workers union, IOI Leepang Grouping formed the JCC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of JCC are representatives elected by the workers including both local and foreign. JCC meetings are scheduled quarterly and each meeting is minuted. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. From sampled JCC meeting minutes, there was no major issue raised by the workers. Meeting minutes selected for verification was for Permodalan 4 conducted on 20/8/2018. This practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.	Complied
6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is properly documented and filed complete with photographic evidence. Participants in JCC meetings involved workers representatives from different categories of workers such as general workers, sprayers, manurers, harvesters and drivers both local and foreign. The meeting minutes are accessible to all members in the JCC and other workers as well. As per the meeting minutes, approval of previous meeting minutes is done and follow up status of previous are evaluated and present issues raised are adequately recorded for actions needed.	Complied
Criterion 6.7 Children are not employed or exploited.		
Indicators	Findings and Objective Evidence	Compliance
6.7.1 There shall be documentary evidence that minimum age requirements are met. Major Compliance	Published statement the group will eliminate all forms of illegal, forced, bonded or compulsory, including child labor is mentioned in Sustainability Policy adopted by the IOI group in 2017. Verified that HUMANA schools and 'crèche' as established are catering to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school are also seen to attend the Community Learning Centre (CLC) which is also managed by HUMANA, which had been built with the help of the IOI group. Based on inspection of the employment records including site visits	Complied

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	to the estates confirmed that workers awareness of the said policy and present implementation level at the PMU is noted to be satisfactory.	
Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
Indicators	Findings and Objective Evidence	Compliance
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	Published statement on equal opportunities is mentioned in Sustainability Policy adopted by the IOI group in 2017. This policy clearly state that IOI Group including IOI Leepang prohibits and will actively prevent any discrimination based on race, nationality, religion, or gender.	Complied
6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Based on interviews and feedback from the employees, foreign workers, review of JCC meeting minutes and grievance records, it is verified that there has been no issue of discrimination at the PMU. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	All operating units audited in IOI Leepang Grouping kept and maintained records of their workers, including credentials and medical history. Credentials for foreign workers are mostly referring to the travel documents, whilst credentials for local staff have more details. Records of medical history for both local and foreign workers are considerably comprehensive kept in the medical clinics within the group. Recruitment and promotion are verified based on skills, capabilities, qualities, and medical fitness necessary for the job. Before hiring, each new foreign workers are required to pass FOMEMA medical check-up as required by law and probation period to evaluate level of skills and the workers adaptability to the work conditions and surroundings.	Complied
Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.		
Indicators	Findings and Objective Evidence	Compliance
6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainability Policy adopted by the IOI group in 2017. GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to sexual harassment. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted in each operating unit audited. Example was in Permodalan 4 Estate, latest GCC meeting was conducted on 9/8/2018. Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially	Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals. Medical checkup	Complied

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<p>of women, shall be implemented and communicated to all levels of the workforce. Major Compliance</p>	<p>is conducted monthly on workers handling chemicals and this process ensure that pregnant workers are identified as early as possible. However, in most cases based on the advice from the management and the HA, female workers found to be voluntarily resigned from work due to their pregnancies until they have completed weaning their babies. A standard operating procedure (SOP) is being developed to include all women workers for medical checkup. This SOP also will provide guidelines on appropriate actions to be taken if the women are found pregnant, e.g. transfer into another job types, follow up till temporary stopping of work and other appropriate measures.</p>	
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are kept under proper confidentiality and thus were not accessible to the public.</p>	Complied
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance</p>	<p>FFB prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available for public to access at MPOB website.</p>	Complied
<p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance</p>	<p>Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p>	Complied
<p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance</p>	<p>Based on employee contracts and meeting minutes (between the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored to follow safety requirements during the work in progress.</p>	Complied
<p>6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance</p>	<p>The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of 60-day grace period. This was verified during interview with the stakeholders including the contractors.</p>	Complied
<p>Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.11.1 Contributions to local development that are based on the</p>	<p>Main contribution of the estates to the local development can be demonstrated in the provision of facilities, services and where</p>	Complied

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<p>results of consultation with local communities shall be demonstrated.</p> <p>Minor Compliance</p>	<p>feasible, monetary.</p> <ul style="list-style-type: none"> • Involvement in ensuring the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. • Free transportation to schools for primary, secondary and Humana students. • Free housing for HUMANA and CLC teachers. • Free ambulance services to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • Students from neighbouring estate i.e. Lekaya plantation are allowed to attend HUMANA School in Permodalan 4 Estate. • Patients from Lekaya Plantation are permitted to use the medical clinic facility available at Permodalan 4 Estate. 	
<p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity</p> <p>Minor Compliance</p>	<p>The certification scope covered during the audit does not include the smallholder. Thus this criteria is not applicable.</p> <p>In addition, the PMU have no dealings with smallholders.</p>	<p style="text-align: center;">Not applicable</p>
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>Major Compliance</p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Regional office (LDRO).</p> <p>All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates. IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible for their own passports while in their custody. The management has continued to assist the workers to monitor the passport and work permit expiry dates, FOMEMA tests until collection of work permit from the Immigration Office. Contractor workers were also verified to keep their own passports.</p> <p>It was also verified, workers are aware that legalising process of their dependents are their own responsibilities. The PMU had provided necessary assistance such as reference address, transportation, supporting documents, advance payment, etc. for the workers who opted to legalise their dependents.</p> <p>In some of the audited units, for example in Permodalan 2 Estate, it was found some applications for the extension of work permits are still pending and the workers' passports are still in the custody of the Immigration Department for over 3 months or more, which closely monitored and pursued for approval. There was evidence that the fines imposed by the Immigration Department were paid accordingly by the estate managements. It was verified through interviews and review of all relevant records that these workers are treated equally and fairly at their workplaces. The practice of non-discrimination against these group of workers and their dependents were verified to be implemented by the estate management.</p> <p>An observation was issued as follows:</p>	

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	In POM & Estates: For better monitoring of the expiry dates and validity of the passports and work permits of the foreign workers, photocopies should be retained and made available at the respective Management offices.	OBS: JMD-01
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	No issue of contract substitution has been found and this was confirmed through interviews with internal stakeholders and worker representatives.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	Published statement and procedures on migrant workers is covered in IOI Plantation Foreign Workers Recruitment Guideline & Procedure In Malaysia adopted by the IOI group was revised in June 2018. Implementation of this policy is evident as explained above, for example, all decisions related to hiring of new workers shall be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender. Also mentioned above that the equal opportunity policy was adopted and implemented by the PMU and verified to have covered all necessary aspects including those related to migrant / foreign workers. Freedom of association was also permitted for both local and foreign workers. This policy is communicated to all workers during annual refresher training and to all new intakes.	Complied
Criterion 6.13 Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Published statement on human rights is covered in Sustainability Policy adopted by the IOI group in 2017. This policy is verified to be communicated to all workers during annual refresher training and to all new intakes.	Complied
6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	The mill and estates had contribute towards the setting up of the HUMANA schools with CLC for children of Indonesian workers, both for their primary and secondary level educations. It was verified that the school building, premises and basic utilities has been adequately maintained and transport was provided free of charge for the school going children of the workers. Based on request from a neighbouring estate i.e. Lekaya plantations, the HUMANA school in Permodalan 4 Estate has also accepted the students of workers from the said plantations.	Complied

Principle 7: Responsible development of new plantings

To date, the PMU has not carried any new plantings after Nov 2005 which may be applicable under requirements of the RSPO New Planting Procedure. The requirements of Principle 7 were verified to be 'Not applicable' to this PMU during this assessment.

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The GHG Calculation Report was submitted to RSPO Secretariat on 28 Jul 2018.

See Summary of Net GHG Emissions submitted by the POM in the Tables below.

Based on the details provided in the record of submission, verified that there is no potential liability under the RSPO Remediation and Compensation Procedure at this PMU.

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SUMMARY OF NET GHG EMISSIONS

All information and data below as per the latest summary report generated through **PalmGHG Calculator Version 3.0.1**.

GHG Table 1: Summary of Net GHG Emissions (12 months: July 2017 – Jun 2018)

Emissions per Product	tCO ₂ e/tProduct
CPO	1.6
PK	1.6

Production	t/year
FFB processed	282,348.48
CPO Produced	54,944.706

Extraction	%
OER	19.46
KER	5.32

GHG Table 2: Summary of Land Use

Land use	ha
OP planted area	13,149
OP planted on peat	104.98
Conservation (forested)	396.85
Conservation (non-forested)	83.78
Total	13,734.61

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Emissions								
Land Conversion	92156.21	7.01	-	-	-	-	92156.21	7.01
CO ₂ Emissions from Fertiliser	37607.39	2.86	-	-	-	-	37607.39	2.86
N ₂ O Emissions	33241.79	2.53	-	-	-	-	33241.79	2.53
Fuel Consumption	4752.26	0.36	-	-	-	-	4752.26	0.36
Peat Oxidation	5731.9	0.44	-	-	-	-	5731.9	0.44
Sinks								
Crop Sequestration	-115986.81	-8.83	-	-	-	-	-115986.81	-8.83
Conservation	-2118.98	-0.16	-	-	-	-	-2118.98	-0.16

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Sequestration							
Total	55383.76	4.21				55383.76	4.21

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	55682.43	0.2
Fuel Consumption	2947.68	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Excess Electricity to Grid and Housing	-2134.77	-0.01
Sales of PKS	0	0
Sales of EFB	0	0
Total	56495.35	0.2

GHG Table 4b: Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0%
Divert to anaerobic digestion	100%

GHG Table 4c: POME Diverted to Anaerobic Digestion

Divert to anaerobic pond	100 %
Divert to methane capture (flaring)	0%
Divert to methane capture (electricity generation)	0%

Principle 8: Commitment to continuous improvement in key areas of activity

Criterion 8.1

Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.

Indicators	Findings and Objective Evidence	Compliance
<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); 	<p>The POM has identified and implemented the following Continual Improvement Action Plans for 2018/2019:</p> <ul style="list-style-type: none"> • Biogas facility expected to be fully operation in Dec 2018 onwards. • New Laboratory building by mid-2019 • Planned concreting of EFB offloading area to be completed in 2019. • Upgrade of the Scheduled Waste store • Complete ECC Hall in Apr 2018 • Newly completed Multipurpose Store • Refurbishment of workers quarters and improvement of drainage systems. 	Complied

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<ul style="list-style-type: none"> • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p>	<p>The estates have identified and implemented the following Continual Improvement Action Plans:</p> <ul style="list-style-type: none"> • Purchase of additional trucks for FFB & EFB transport • Involvement in ensuring the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. • Free transportation to schools for primary, secondary and Humana students. • Free housing for HUMANA and CLC teachers. • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and new chapel at Leepang 1. • Students from neighbouring estates are allowed to attend HUMANA School in Permodalan 4 Estate. • Accepting patients from neighbouring, Lekaya Plantation at the Permodalan 4 Estate medical clinic. • New Community hall in Mar 2018 at Permodalan 2 • Upgraded Water Treatment system (Bio-Rem) for clean water supply at Permodalan 2 and 4. <p>Evidence of results was available for the above continuous improvement action plans.</p>	
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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at IOI Leepang (Sabah) POM during this assessment is **Module D – CPO Mills: Identity Preserved (IP)**.

Details of findings are as follows:

5. General chain of custody requirements for the supply chain		
	Findings and Objective Evidence	Compliance
5.1 Applicability of the general chain of custody requirements for the supply chain		
5.1.1 Legal ownership and physical handling of RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	Yes	Complied
5.1.2 Trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable	Complied
5.1.3 Member of the RSPO and shall register on the RSPO IT platform.	Yes	Complied
5.1.4 Processing aids do not need to be included within an organization's scope of certification.	No processing aids	Complied
5.2 Supply chain model		
5.2.1 Same supply chain model as its supplier	Identity Preserved (IP)	Complied
5.2.2 Combination of supply chain models	Only IP	Complied
5.3 Documented procedures		
5.3.1 Written procedures and/or work instructions	Yes	Complied
5.3.2 Internal audit procedure and internal audit conducted to determine compliance.	Yes	Complied
5.4 Purchasing and goods in		
5.4.1 Purchases of RSPO certified oil palm products with all the specified information.	Yes	Complied
5.4.2 Mechanism for handling non-conforming oil palm products and/or documents.	Yes	Complied
5.5 Outsourcing activities		
5.5.1 Outsourcing of activities	Not applicable	Complied
5.5.2 Outsourcing within the scope of its RSPO SC certificate	Not applicable	Complied

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5.5.3 Names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.	Not applicable	Complied
5.5.4 Names and contact details of new contractor used for the processing or physical handling of RSPO certified oil palm products.	Not applicable	Complied
5.6 Sales and goods out		
5.6.1 Sales of RSPO certified oil palm products with all the specified information.	Yes	Complied
5.7 Registration of transactions		
5.7.1 Transaction registered in the RSPO IT platform and confirmed upon receipt.	Yes	Complied
5.7.2 RSPO IT Platform: Shipping Announcement, Traceability, Confirming Shipping Announcements.	Yes	Complied
5.8 Training		
5.8.1 Training plan on RSPO SC Standards requirements and records of the training.	Yes	Complied
5.8.2 Appropriate training shall be provided	Yes	Complied
5.9 Record keeping		
5.9.1 Accurate, complete, up-to-date and accessible records and reports maintained.	Yes	Complied
5.9.2 Retention times for all record and reports.	Yes	Complied
5.9.3 Volume purchased (input) and claimed (output) over a period of twelve (12) months.	Yes	Complied
5.10 Conversion factors		
5.10.1 Conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs.	Yes	Complied
5.10.2 Conversion rates shall be periodically updated.	Yes	Complied
5.11 Claims		
5.11.1 Claims shall be in compliance with the RSPO Rules on Market Communications and Claims.	Yes	Complied
5.12 Complaints		
5.12.1. Documented procedures for collecting and resolving stakeholder complaints.	Yes	Complied
5.13 Management review		
5.13.1 Appropriate frequency of management review.	Yes	Complied
5.13.2 All the specified inputs for the management review.	Yes	Complied
5.13.3 All the specified outputs from the management review.	Yes	Complied

Model D – CPO Mills: Identity Preserved (IP)

D.1 Definition

Indicators	Findings and Objective Evidence	Compliance
D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.	The POM only processed FFB from its own supply base (see Section 1.3). It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.	Complied

D.2 Explanation

Indicators	Findings and Objective Evidence	Compliance
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<p>D.2.1</p> <p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced has been recorded in each annual surveillance report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	<p>Complied</p>
<p>D.2.2</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform). Currently the platform used is known as RSPO Palm Trace.</p>	<p>Complied</p>
<p>D.3 Documented procedures</p>		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented RSPO Supply Chain procedure for IP Module is: RSPO/SOP/CoC/3 issue 05 dated 01 Jan 2018 covered the implementation of all elements of IP Module.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	<p>Complied</p>
<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>Mill manager, Mr. Kanny @ Paul Sitip has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Asst. Mill Manager, Rosli Mohd Amin) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation.</p> <p>RSPO SCCS Refresher & revised SCC SOP training for relevant POM employees was conducted on 12 Jan 2018 with total of 18 personnel in attendance which included the Weighbridge, Store and Lab personnel.</p> <p>Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	<p>Complied</p>

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<p>D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>The POM only received and processed FFB entirely from the PMU estates for the period from Jan 2017 till todote. The PMU did not receive any non-certified FFB from other sources or suppliers. All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel. The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure. The POM has 4 CPO storage tanks that stored the IP quantities.</p>	<p>Complied</p>
<p>D.4 Purchasing and goods in</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional office and weekly to the Head Office at Putrajaya.</p>	<p>Complied</p>
<p>D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. There has been no projected overproduction todote.</p>	<p>Complied</p>
<p>D.5 Record keeping</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p>	<p>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.</p>	<p>Complied</p>
<p>D.6 Processing</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.</p>	<p>Confirmed from records that the POM only received and processed certified FFB from its own estates under the grouping. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill, including transport and storage. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months. The CPO and PK are entirely sold to IOI Edible Oil Sdn Bhd (Refinery) at Sandakan.</p>	<p>Complied</p>
<p>D.6.2 The objective is for 100 % segregated material to be reached.</p>	<p>Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents.</p>	<p>Complied</p>

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3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the POM has been able to comply with the requirements of the RSPO SCCS under the 'IP' module and is thus eligible for 'IP' trading for its palm products for year 2018/2019.

3.1.3 Summary of Certified Product Volumes (Produced and Traded):

The Production data and traded volumes of certified products which was verified for July 2018-Jun 2019 is detailed as per Table 8A & 8B below:

Table 8A: Summary of Production Data

	Estate	Smallholders	Outgrowers
Number of Production Unit	7	-	-
Number of Individual Smallholders	-	-	-
Certified Area (ha)	14553.11	-	-
Production Area (ha) / i.e. Mature area	12818	-	-
HCV Area (ha)	388.84	-	-
Projected Certified FFB Processed (RSPO Certified) (mt)	282,050	-	-
Projected Certified - CPO Processed (RSPO Certified) (mt)	56,410	-	-
Projected Certified - PK Processed (RSPO Certified) (mt)	14,949	-	-

Trading of the certified products was monitored by the POM via RSPO Palm Trace including RSPO GreenPalm and ISCC. The records maintained at the POM relied on internal communications of the trading done by the HQ, Kuala Lumpur. The volumes of traded certified products as verified during assessment are as follows:

Table 8B: Summary of Trading volumes (for PalmTrace)

Details as per RSPO Certification System Document		
	CPO (mt)	PK (mt)
Last year's (Projected) – Certified volume (RSPO Certified) Oct 2017- Sep 2018	50,064.39	13,729.05
a) Last year's Actual sold volume (RSPO Certified)	48,588.43	12,909.10
b) Last year's Actual sold volume * (Other Schemes Certified)	-	-
c) Last Year's Actual sold volume ** Conventional	33.63	-
Total of (a) + (b) + (c)	48,622.06	12,909.10
New (Projected) Certified Volume (RSPO Certified) Oct 2018 - Sep 2019	56,410	14,949

Notes:

* The non PalmTrace volumes under 'Other Schemes certified' is basically ISCC.

** Remaining volumes traded are not claimed under 'Certified' and traded as 'Conventional' volume.

3.2 Status of Identified Noncompliance and Corrective Actions, Observations and Positive Elements.

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The status of the Noncompliances (NCR) and Observations (OBS) identified against the MYNI Compliance Indicators is as per the details below:

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Annual Surveillance-02 (by previous CB)	2015	2 (2 Minor)	2	Actions taken on the NCRs and OBS were verified and noted to be effective during ASA-03.
Annual Surveillance-03 (by Intertek)	2016	4 (1 Major, 3 Minor)	7	Actions taken on the NCRs and OBS were verified and noted to be effective during ASA-04.
Annual Surveillance-04 (by Intertek)	2017	3 (2 Major, 1 Minor)	1	Actions taken on the NCRs and OBS were verified to be effective during Re-Certification.
Re-Certification Assessment	2018	0	5	Next assessment (ASA-01)

3.2.1 Year 2017: ASA-04 (2 Major, 1 Minor NCRs)

NCR	MYNI Indicator	Details of NCR
Major NC: CBK-01	4.7.2	Date issued: 13 Oct 2017
		<p>Nonconformance:</p> <p>At the Palm Oil Mill workshop and store, there were three bottles containing liquid in the respective first aid boxes that were not labeled.</p> <p>At Permodalan 3 Estate, at Block 6E, a container was found to be containing liquid that the Mandore informed was clean water for emergency use only. However, the container did not have any identification or label indicating what it was containing or the purpose of the content.</p> <p>Root Cause and Corrective Action(s):</p> <p><u>Root Cause</u></p> <p>a) Leepang Palm Oil Mill: The label for bottles containing liquid in the respective first aid box were overlook by Medical Assistant and management.</p> <p>b) At Permodalan 3 Estate, the water container has not been labelled due to overlook of the person in charge on the matter</p> <p><u>Corrective Actions</u></p> <p>a) Leepang Palm Oil Mill: The medicine bottle was labelled with details such as type of medicine and expiry date. First aider assigned to check once a month on the items in the first aid kit.</p> <p>b) Permodalan 3 Estate: All water containers for all operations are collected and labelled with '<i>Air Bersih Bukan Untuk Diminum</i>'. Training given to the operation to label the bottle. A person in-charge (SPO supervisor) to check on the label during his daily inspection.</p>



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		<p>Verification (Corrective Action):</p> <p>Off-site verification is done. The corrective actions taken by the POM and Estates were supported by the relevant Training records and photographs as evidences of implementation. The documentations are reviewed and considered to be acceptable for the closure.</p> <p>This will be subject to follow-up verification during next assessment.</p>	
		NC status verified by auditor: Closed by AL	Date closed: 17 Nov 2017
		<p>Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.</p>	
		NC status verified by auditor: AKS	Date verified: 2 Nov 2018

NCR	MYNI Indicator	Details of NCR	
Minor NC: AL-01	5.3.3	Date issued: 13 Oct 2017	
		<p>Nonconformance:</p> <p>Landfill Management</p> <p>Presently, the disposal of domestic waste at designated landfill plots are implemented at estates audited.</p> <p>However at Leepang 5 and Permodalan 3 estates, more suitable location site for the landfill areas should be identified in order to ensure sufficient capacity for use over a minimum 5-year period.</p>	
		<p>Root Cause and Corrective Action(s):</p> <p><u>Root Cause</u></p> <p>Due to limited and suitable area for are specific designated landfill, the management preferred to use the inter-row method for the landfill.</p> <p>Furthermore, the currently present landfill areas are all complying with the environmental requirement specified in the legally required external EIA which are verified by EPD's approved environmental consultant during their 6 monthly visits. Therefore, as far as the management concern, the currently provided area for landfill does not go against any of the existing environmental requirement.</p> <p><u>Corrective Actions</u></p> <p>For the estate that has vacant spaces for designated landfill area (Leepang 5), the estates had identified and declared the area as a centralized site for waste disposal.</p> <p>For the estate that do not have designated site due to absent/limited of vacant space in the estate (Permodalan 3), the management has no choice other than to practice inter-row landfill. The landfill management plan will ensure that the identification of location of the past, current and future waste pit will be available on-site. All palms that are within the inter-row landfill area will be mark so that the extent of the area will be visible to anyone within the vicinity.</p> <p>Landfill management is updated according to the practice (according to designated area or inter row).</p>	
		<p>Verification (Corrective Action):</p> <p>Off-site verification is done. The corrective action plans as submitted by the relevant Estates were supported by the maps with the new location sites (for longer term landfill management) and photographs as evidences of implementation in progress. The documentations are reviewed and considered to be acceptable for the closure.</p> <p>This will be subject to follow-up verification during next assessment.</p>	

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		Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.
	NC status verified by auditor: AL	Date verified: 2 Nov 2018

NCR	MYNI Indicator	Details of NCR	
Major NC: JMD-01	6.5.2	Date issued: 13 Oct 2017	
		Nonconformance: In Leepang POM, worker LPM1012 was entitled for three-day medical sick leave, i.e. on 26-28 Aug 2017. The POM management understands the purpose of medical sick leave is for the worker to have sufficient rest. However, it has omitted payment for the second day of the sick leave which happened to fall on a rest day, i.e. Sunday. This is not in accordance with the Sabah Labour Ordinance, Section 104B(1) which states that rest day regulation shall not apply, among others, on employees which are on sick leave as provided under section 104E.	
		Root Cause and Corrective Action(s): <u>Root Cause</u> Sick leave was issued by Leepang 1 Clinic. However, due to the miscommunication with medical assistant, the sick leave falls on rest day was not paid. In real situations, the said workers actually obtained two days of sick leave on 26 th August and 28 th August 2017 which is falls on Saturday and Monday respectively. The two-different entitled sick leave were written in the same medical chit and did not clearly show that 27 th August 2017 which falls on rest day was included. This miscommunication caused the management overlooked to pay sick leave on 27 th August 2017. <u>Corrective Actions</u> The management has compensated the said workers on 30 Oct 2017. Chief Clerk will give training to the Check roll clerks regarding the payment of MCs taken by workers during rest day according to Sabah Labour Ordinance Cap 67.	
		Verification (Corrective Action): Off-site verification is done. The corrective actions taken by the POM and Estates were supported by the relevant Pay slips showing the compensated amounts which are also acknowledged received by the workers. Training records and photographs as evidences of implementation were also submitted. The documentations are reviewed and considered to be acceptable for the closure. This will be subject to follow-up verification during next assessment.	
		NC status verified by auditor: Closed by AL	Date closed: 17 Nov 2017
		Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.	
	NC status verified by auditor: JMD	Date verified: 2 Nov 2018	

3.2.2 Year 2017: ASA-04 (1 Observation)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark (if any)
OBS: CBK-01	4.1.2	Leepang 5 Estate,	More suitable pallets can be used to protect the bags of fertilisers from	13 Oct 2017	2 Nov 2018	Addressed and closed

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		Fertiliser Store	contact with the wet patches on the cemented floor.			
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3.2.3 Year 2018: Re-Certification (0 NC)

3.2.4 Year 2018: Re-Certification (5 Observations)

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AKS-01	2.1.1	<p>At POM and Estates:</p> <p>As per interview done with the management and randomly sampled workers, the feedback given was that a copy of employment agreement was given to the workers. However, the documentation for this activity for all the workers can be further improved.</p>	2 Nov 2018		At next assessment
OBS: AL-01	5.2.1	<p>At Estates:</p> <p>Information on HCV and Conservation areas was compiled and reviewed. However the changes in status and total land area under conservation need to be more accurately updated i.e. The breakdown on the data on the areas involved for the respective estates occasionally did not match with 'List of external and internal HCV and conservation area' for IOI Leepang grouping.</p>	2 Nov 2018		At next assessment
OBS: AL-02	5.6.3	<p>At POM:</p> <p>Follow up need to be done on issues related to environmental monitoring as per the field citation of March 2018 by DOE such as: Improvement needed on CEMS via internet (to be uninterrupted); construction of site flooring for EFB storage & despatch and appointment of competent SW personnel (on-site). As actions taken are still in progress and these will need follow up in next audit.</p>	2 Nov 2018		At next assessment
OBS: MNM-01	6.5.3	<p>At Estates audited:</p> <p>At the linesites, it was noted that there were external extensions made by the workers. The structural condition of the housing extensions should preferably be also inspected by competent personnel (e.g. carpenter) to ensure the building safety.</p>	2 Nov 2018		At next assessment

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OBS: JMD-01	6.12.1	POM & Estates: For better monitoring of the expiry dates and validity of the passports and work permits of the foreign works, photocopies should be retained and made available at the respective Management offices.	2 Nov 2018	At next assessment
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3.2.5 Identified Positive Elements

- 1) The PMU has contributed towards the education of children of estate migrant workers. IOI Corporation has provided has education assistance for more than 2000 children under the HUMANA programme.
- 2) The PMU has contributed towards the local economy and provided proper infrastructure such as roads, housing, sport facilities and financial support for the Government school located in the PMU.

3.3 Feedback Raised by Stakeholders and Findings

Prior to and during the Assessment, written and verbal feedback communicated from the stakeholders on the environmental and social performance of IOI Leepang PMU operations were sourced. All pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings. See table below:

3.3.1 Feedback Raised by Stakeholders (Year 2017: Surveillance Assessment ASA-04)

Communication done via email prior assessment to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: Feedback received from Sabah Forestry Dept (19 Oct 2017) on their reminder to PMU to maintain requirements and guidelines on: 1) Environmental Protection 2) Biodiversity Conservation 3) Employment opportunities 4) Community development	Ongoing and annual consultations will be maintained with Sabah Forestry Dept and other agencies.	Verified during on-site assessment that the PMU had maintained implementation of feedbacks obtained from previous assessment.	No further action required.
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	No further action required.
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 13 Oct 2017. A total of 8 stakeholders (2 NGOs, 6 suppliers/contractors) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:		Verified during on-site assessment that the PMU	No further action required.

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1. Currently IOI annual contribution has focusing on the HUMANA students only. Additional contribution should also include the CLC students.	The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting.	had maintained implementation of feedbacks obtained from previous assessment.	
<p>Workers Interviewed: Interviews of sampled staff and workers (local and foreign) were also conducted by the auditors during field visits from 9 to 13 Oct 2017 at the PMU:</p> <p>Staff/Workers sampling: POM = 7 nos. (4 males, 3 females) Estate Offices = 21 nos (9 males, 12 females) Field/sites visit = 36 nos (16 males, 20 females)</p> <p>No grievance issues raised by the sampled staff and workers. Complaints and requests as raised in the Complaints & Request Book had been attended to by the Management in a timely manner.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Other Interested parties: No feedback received.</p>	No response needed.	No response needed.	Nil

3.3.2 Feedback Raised by Stakeholders (Re-certification – Year 2018)

Communication done via email on 13 Sept 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: Feedback received from DOE (Sabah) on 15 Sept 2018 on their reminder to PMU to maintain DOE requirements on the 7 EMT (Environmental Mainstream Tools) and guidelines as per the GSR (Guided Self Regulations).</p> <p>No other feedback from other Governmental agencies</p>	Ongoing and annual consultations will be maintained with DOE (Sabah) and other related agencies.	Verified during on-site assessment that consultations were held. To be followed up in next assessment	
<p>Non-Governmental Organizations: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 2/11/2018. A total of 7</p>			

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<p>stakeholders including from neighbouring estates, smallholder, schools, contractors and suppliers were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. More class rooms for Humana school in Leepang 1. Currently four classes are sharing one room. 2. CLC Leepang 3 playing field should be improved. Protruding rocks are dangerous for students especially during sports activities. 3. Invite PPD to give explanation on opportunities for children to attend government schools to parents without marriage certificate and foreign workers. 4. Proper management of stray dogs especially around the SK Ladang Sg. Bendera. 5. Roads are not immediately compacted during the grading process. 6. Extend the time for weighbridge to 6pm between Monday – Wednesday and Friday, to 5 pm for Thursday for lorries from Lekaya Est. 7. IOI inner gates did not accept entry pass when the IOI outer gate allowed the vehicles to pass. IOI inner gate ordered the vehicles to obtain gate pass from the IOI outer gate. The entry pass, i.e. car sticker, is issued by IOI. 	<p>PMU responded that the said feedbacks given will be reviewed by the management for consideration and appropriate improvement actions to be taken.</p>	<p>To be followed up during the next Assessment.</p>	<p style="text-align: center;">-</p>
<p>Workers Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 29/10/18 - 2/11/2018:</p> <p>Staff/Workers sampling: POM = 9 nos. (5 males, 4 females)</p>			



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Estate Offices = 20 nos (9 males, 11 females) Field/sites visit = 27 nos (12 males, 15 females) No negative issues raised by the sampled staff and workers.	No response needed.	No response needed.	Nil
Other Interested parties: No feedback received.	No response needed.	No response needed.	Nil

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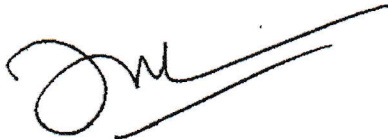
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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Leepang (Sabah) Grouping had been able to demonstrate its compliance with the RSPO Principles and Criteria (Apr 2013), Malaysian National Interpretation (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

Therefore, it is recommended that the certification of IOI Leepang (Sabah) Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

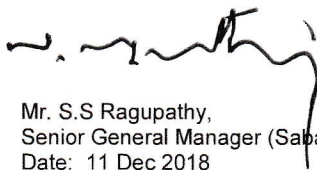


Augustine Loh
Lead Assessor
Date: 7 Dec 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

This is to acknowledge and confirm the assessment visits described in this report and the acceptance of the contents and findings in this assessment report.

Signed for and on behalf of
IOI CORPORATION BERHAD



Mr. S.S Ragupathy,
Senior General Manager (Sabah Region)
Date: 11 Dec 2018

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4.2 INTERTEK- RSPO P&C Certificate details for Leepang (Sabah) Grouping

Certificate No:	RSPO 930888
Original Issue date:	16 December 2013
New Start date (Re-cert):	16 December 2018
New Expiry date:	15 December 2023
PalmTrace License Start date:	16 December 2018
PalmTrace License End date:	15 December 2019
Organization (Parent):	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Leepang (Sabah) POM and Estates Grouping
Address of POM:	Morisem Palm Oil Mill Sdn Bhd (Leepang Palm Oil Mill), MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model for POM	Identity Preserved (IP)

Details of the Mill and Supply bases covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Mature OP/ Production - ha	Certified / Titled area - ha
		Latitude	Longitude		
Leepang (Sabah) POM Capacity 40 MT/hr	Morisem Palm Oil Mill Sdn Bhd (Leepang Palm Oil Mill), MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.864'	E 118°26.216'	-	-
Morisem 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.525'	E 118°26.142'	1535	1889.00
Leepang 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°33.954'	E 118°26.629'	2083	2364.04
Leepang 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.778'	E 118°26.113'	1461	1690.67
Permodalan 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.419'	E 118°27.909'	1777	2253.82

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Permodalan 2 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.467'	E 118°29.023'	1974	2141.52
Permodalan 3 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°28.099'	E 118°28.847'	2043	2150.31
Permodalan 4 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°26.943'	E 118°28.121'	1945	2063.75

The annual certified tonnages / volumes at the Management Unit are detailed as follows:

Leepang Palm Oil Mill	Annual Tonnages (MT)
Certified FFB	282,050
Certified CPO	56,410
Certified PK	14,949
Supply Chain module	Identity Preserved

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Appendix A:

Qualifications of Lead Assessor and Assessment Team

Mr. Augustine Loh (AL) – Lead Assessor / Technical Expert

(Palm Oil Mill, Environment, Social, Conservation & HCV area, GAP, IPM, Land Use and Supply Chain)
– Master in Business Administration, USA and Diploma in Maritime Studies, Singapore

Mr. Augustine Loh is an IRCA Third Party Assessment (TPA) Lead Auditor and IRCA Lead Tutor for IRCA ISO 9001 and OHSAS 18001 Lead Auditor Courses as well as Tutor for RSPO Certification Programs and Integrated Management System in Intertek, Malaysia. He has over 25 years of fieldwork and experience in Palm based product survey, supply chain monitoring, inspection and testing. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001, ISO 14001, OHSAS 18001, ISO 22001, ISO 27001, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification and the International Sustainable Carbon Certification (ISCC) Lead Auditor courses. He has also completed the RSPO training on RSPO P&C, RSPO Palm GHG tool, RSPO RED and RSPO NEXT requirements. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Brunei, Thailand, Cambodia and Australia. He is currently the RSPO Regional Program Manager of Intertek Certification International, Malaysia and has performed over 800 auditing days on quality, environmental and safety & health assessments in various sectors including oil palm plantations. He was the RSPO CB Assessment Team Leader / Member which audited several RSPO certified Plantation Management Units since 2009. He was the CB Team Leader in the stakeholder consultation and development of the RSPO Cambodian Local Indicators. He is a member of the CB Internal Review Panel for RSPO Assessment reports since 2010. He is also the Lead Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

Mr. Ahmad Kamal Shahabuddin (AK) – Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management, Safety and Health)
– Diploma in Industrial Chemistry

Mr. Ahmad Kamal has more than 25 years working experience in the oil palm plantations and mill operations, agriculture, safety and health related field. He was attached to the Malaysian Palm Oil Board since 1979 until his retirement from MPOB in 2011. He was a Lead Auditor for the MPOB CoP certification for Palm Oil companies since 2014. He has successfully completed the RSPO Supply Chain Certification Lead assessor course in 2015 and the MSPO Lead Auditor course in 2017. He has good on-field knowledge in the Palm Oil sector such as industry fundamentals on good agricultural practices (GAP), best management practices (BMP), sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He has conducted training for growers and smallholders organised by MPOB for MSPO certifications. He is a member of the RSPO CB Assessment team which audited several RSPO and MSPO certified mills and plantation management units since 2015.

Mr. Jumat Majid (JMD) – Assessor / Technical Expert

(Social Responsibility, Workers Welfare and GAP)
– BSc (Social Science)

Mr. Jumat Majid has over 15 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is a member of the RSPO Assessment team which audited several RSPO certified Plantation Management Units since 2010. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

Mr. Mohd Nazib bin Marwan (MNM) – Assessor / Technical Expert

(Occupational Health & Safety and Social)
– Diploma in Mechanical Engineering

Mr Mohd Nazib Marwan has over 15 years work experience in occupational safety and health sector (since 2003). He has 5 years working experience as Factories and Machinery Inspector with Department of Occupational Safety & Health Malaysia (DOSH) and earlier he has been certified with Certificate for Safety and Health Officer from National Institute of Occupational Safety and Health (NIOSH). He has successfully completed the IRCA accredited Lead Auditor Course in ISO 9001:2008, OHSAS 18001: 2007. He is also an ISO 9001 Lead Auditor and OHSAS 18001 Lead auditor with Intertek, Malaysia and has performed over 400 auditing days on quality, safety and health in various sectors including palm oil industries since 2012. He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He is a member of the RSPO Assessment team which audited several RSPO certified Plantation Management Units since 2014. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity			
		Assessment Team			
29 October 2018 (Day 1)	6.00 am – 1.00 pm	Travel to Leepang Palm Oil Mill			
	1.00 pm – 2.00 pm	Lunch Break			
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)			
	2.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM			
		AL	AKS	MNM	JMD
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement • SCC for POM 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	<ul style="list-style-type: none"> • Verification of effectiveness of corrective actions for non-conformances • Review of Time Bound Plan • Verification for compliance with rules on MMU 				
5.00 pm – 6.00 pm	Travel to Hotel & Break				
6.00 pm – 7.00 pm	Team Meeting and Discussion				

Date	Time	Assessors and Assessment Activity			
		AL	AKS	MNM	JMD
30 October 2018 (Day 2)	8.30 am – 12.30pm	Site assessment at estate 1 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.30 pm	Continue site assessment at estate 1			

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	5.30 pm – 6.30 pm	Travel to Hotel & Break
	6.30 pm – 7.30 pm	Team Meeting and Discussion

Date	Time	Assessors and Assessment Activity			
		AL	AKS	MNM	JMD
31 October 2018 (Day 3)	8.30 am – 12.30pm	Site assessment at estate 2 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.30 pm	Continue site assessment at estate 2			
	5.30 pm – 6.30 pm	Travel to Hotel & Break			
	6.30 pm – 7.30 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity			
		AL	AKS	MNM	JMD
1 Nov 2018 (Day 4)	8.30 am – 12.30pm	Site assessment at estate 3 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.30 pm	Site assessment at estate 4 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	5.30 pm – 6.30 pm	Travel to Hotel & Break			
	6.30 pm – 7.30 pm	Team Meeting and Discussion			

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Date	Time	Assessors and Assessment Activity			
		AL	AKS	MNM	JMD
2 Nov 2018 (Day 5)	8.30 am – 11.00 am	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community Notes 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement		
	10.30 am– 12.30 pm	Follow up on potential issues for POM and Estates			
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm – 2.30 pm	Preparation for Closing Meeting			
	2.30 pm - 4.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office			
	4.00 pm onward	Travel to Hotel, Sandakan (for overnight)			

Date	Time	Assessors and Assessment Activity
3 Nov 2018	8.30 am onward	Assessment Team
		Travel - Flight back to KL

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Appendix C-1:

Location Map of IOI Leepang (Sabah) Grouping, Lahad Datu, Sabah
Scale 1: 200 km

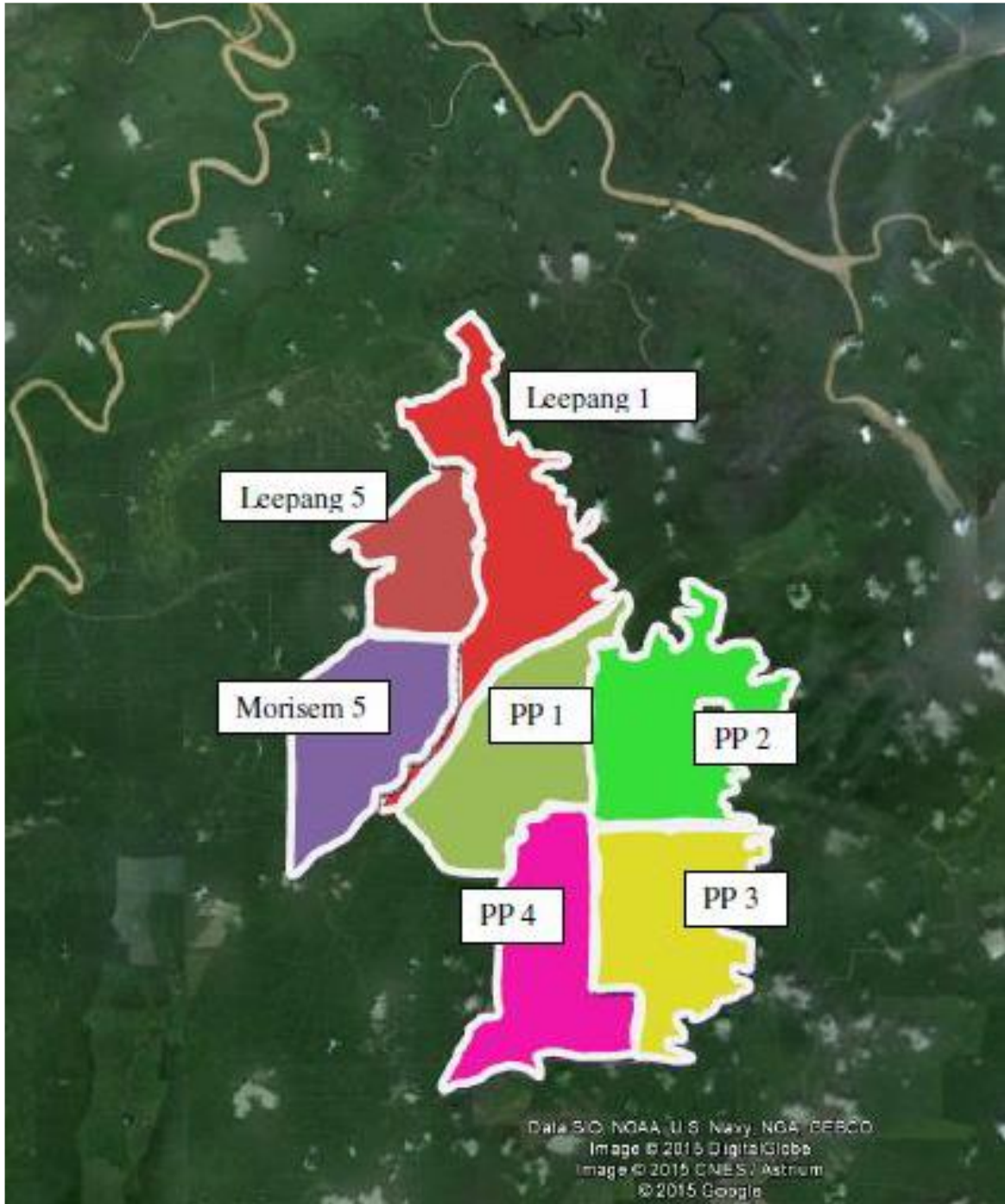


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Appendix C-2:

Location Map of IOI Leepang (Sabah) Grouping (Estates), Lahad Datu, Sabah

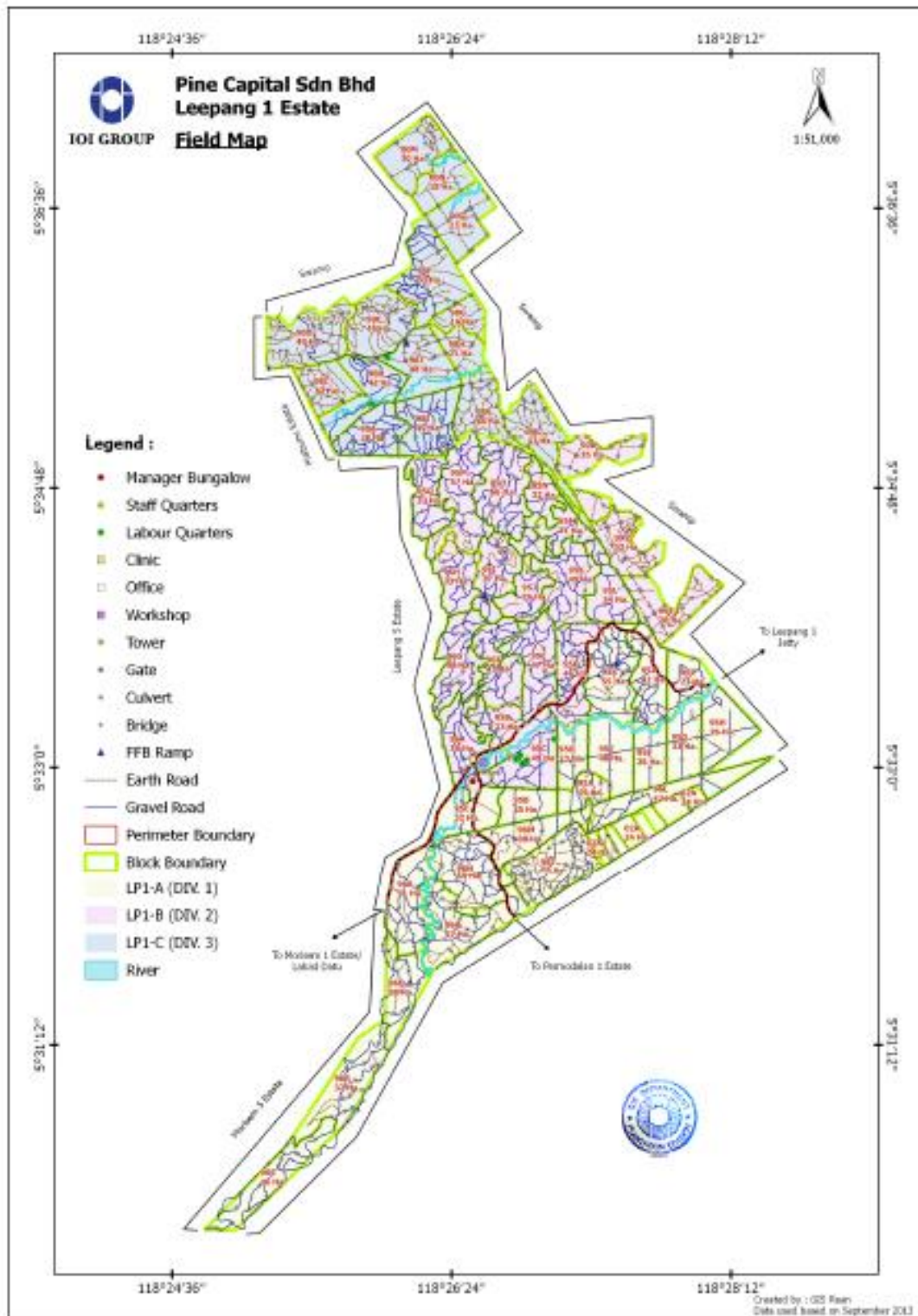


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Appendix C-2-1: Map of Leepang 1 estate

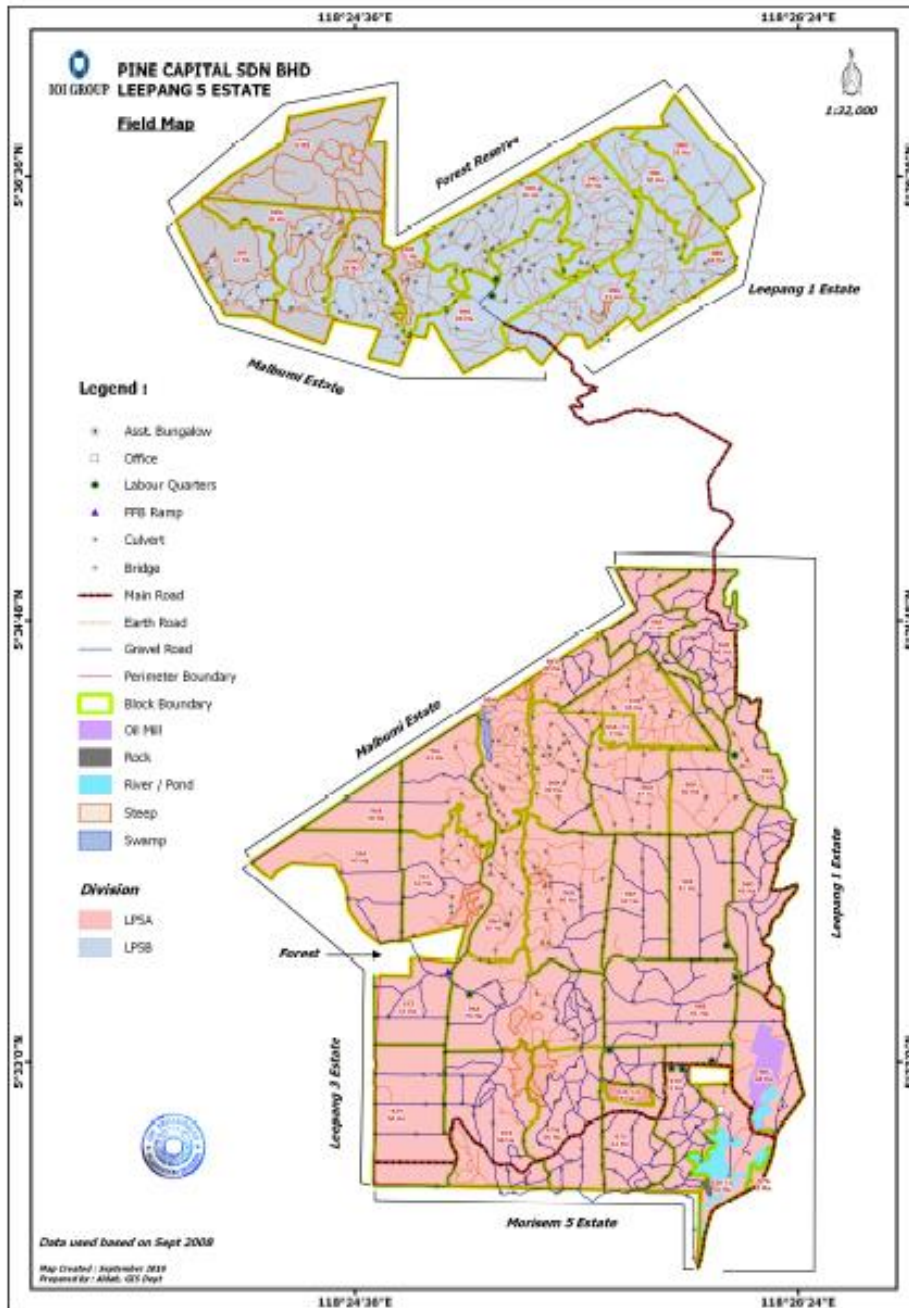


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Appendix C-2-2: Map of Leepang 5 estate

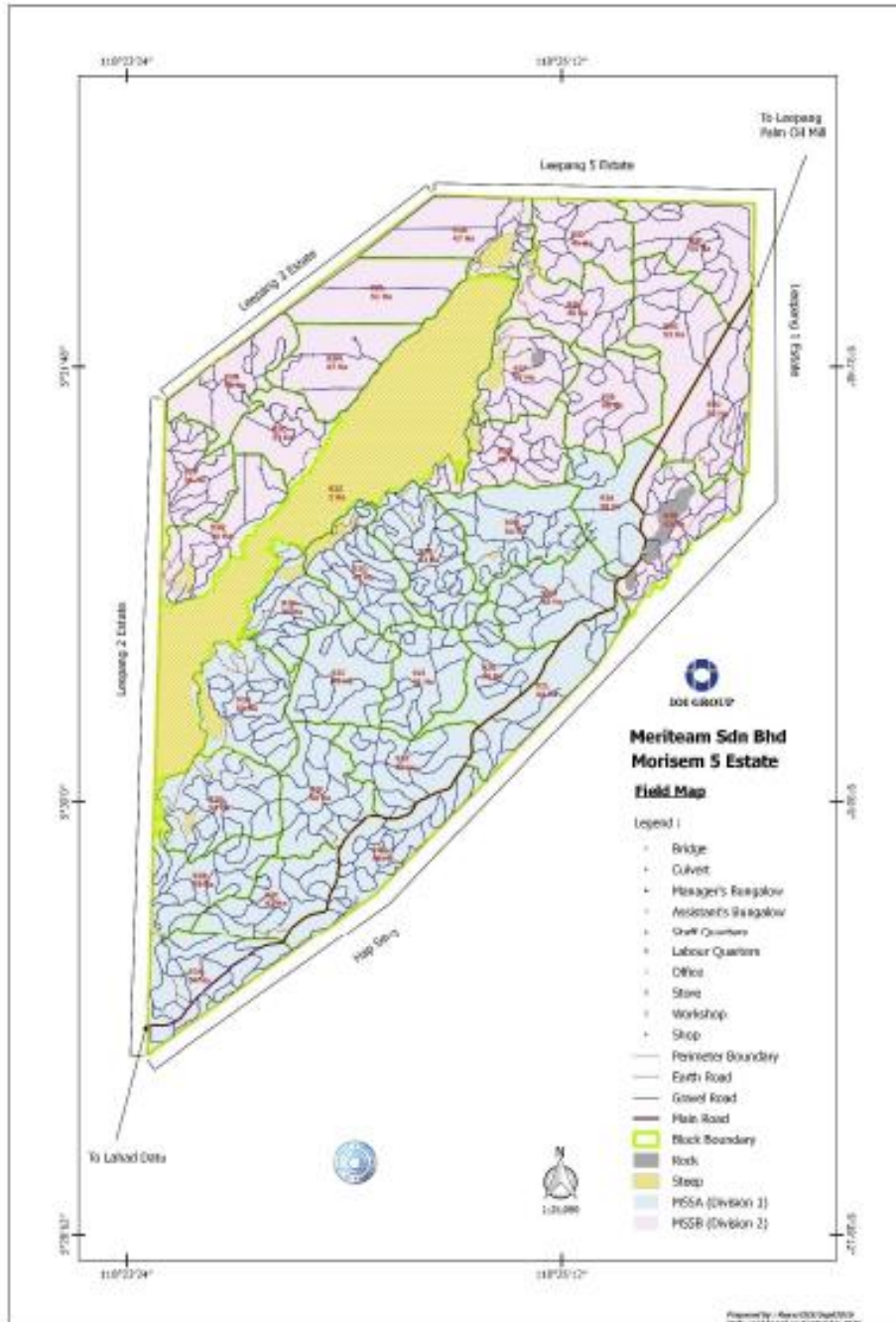


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Appendix C-2-3: Map of Morisem 5 estate

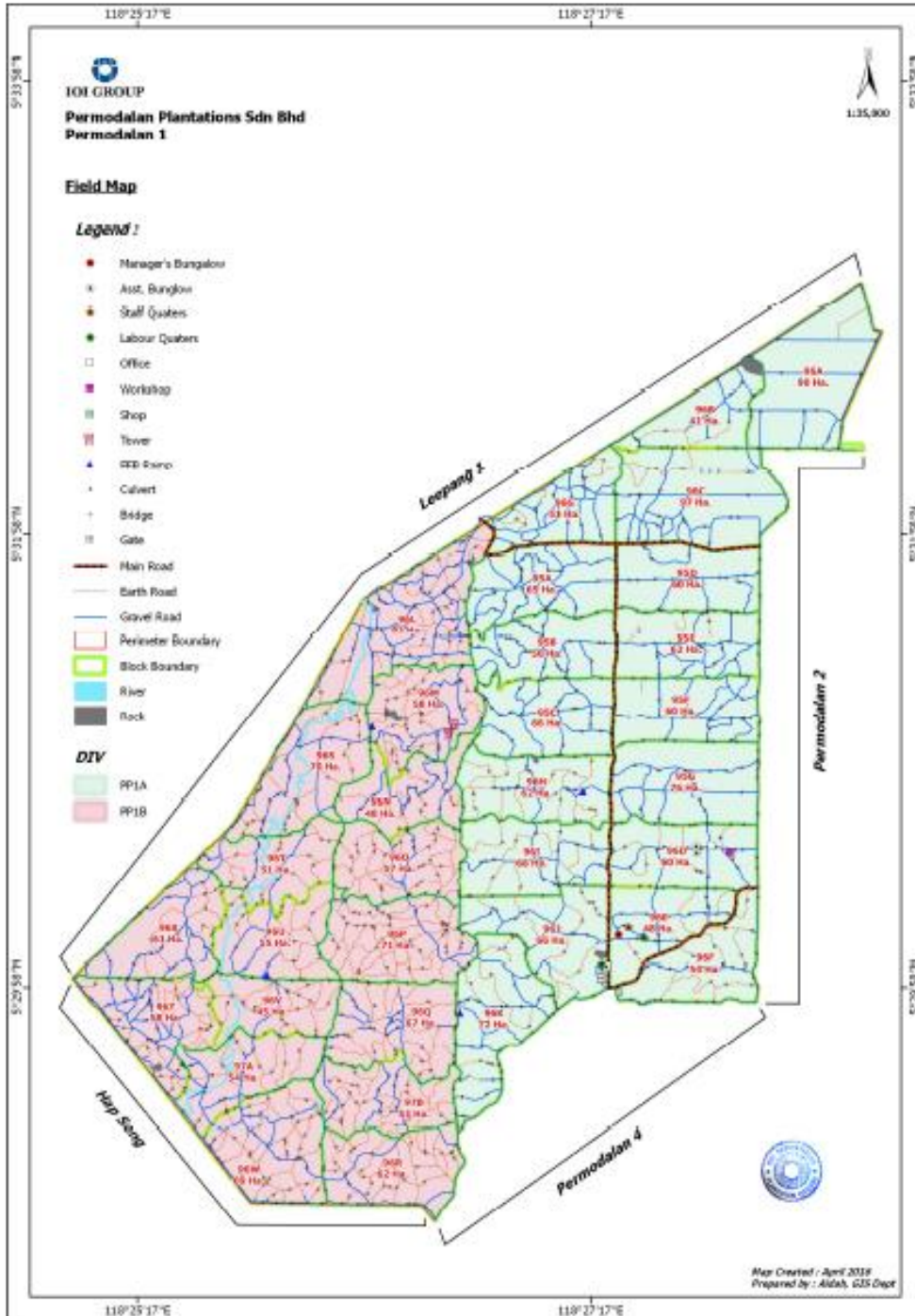


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Appendix C-2-4: Map of Permodalan 1 estate

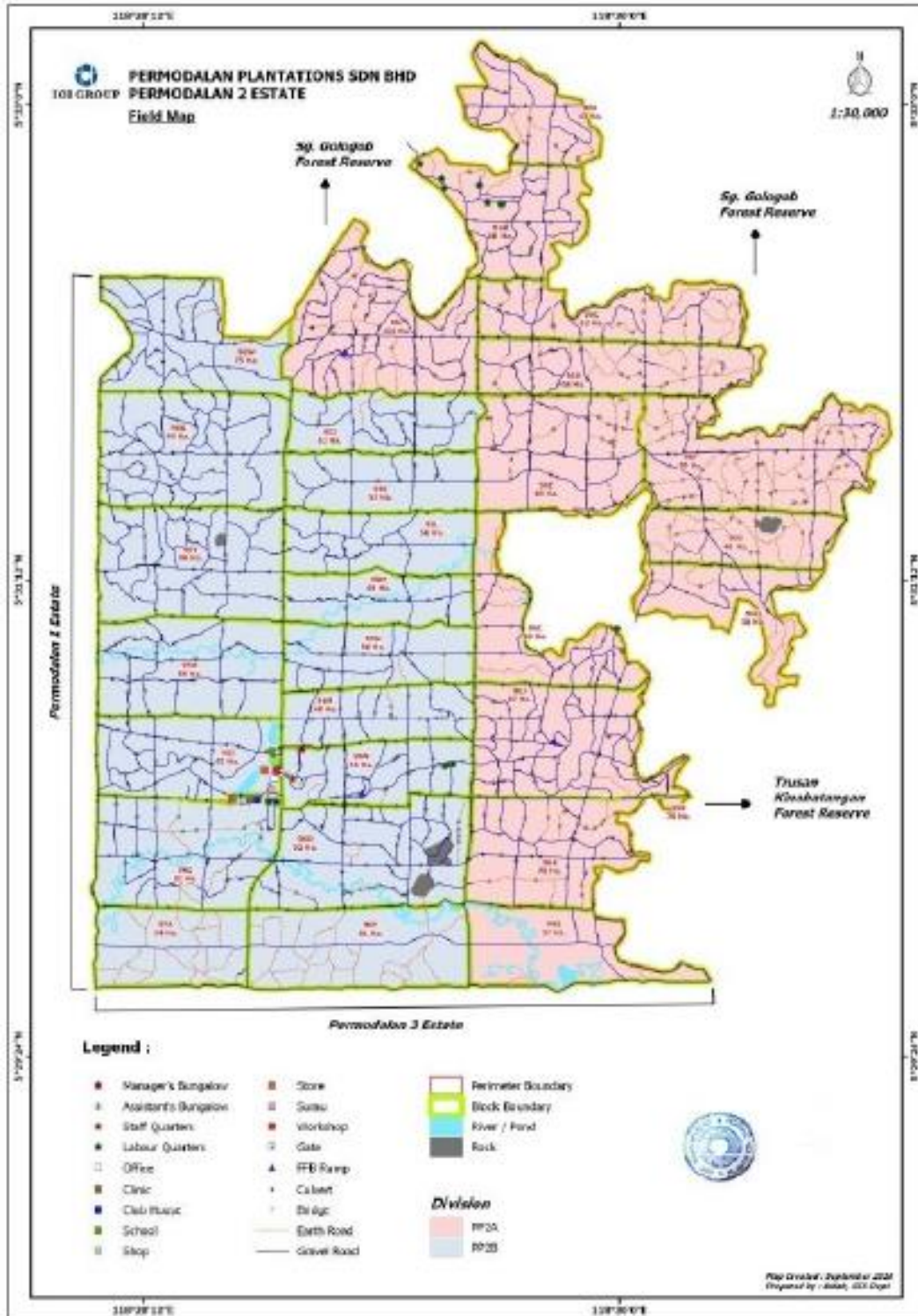


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Appendix C-2-5: Map of Permodalan 2 estate

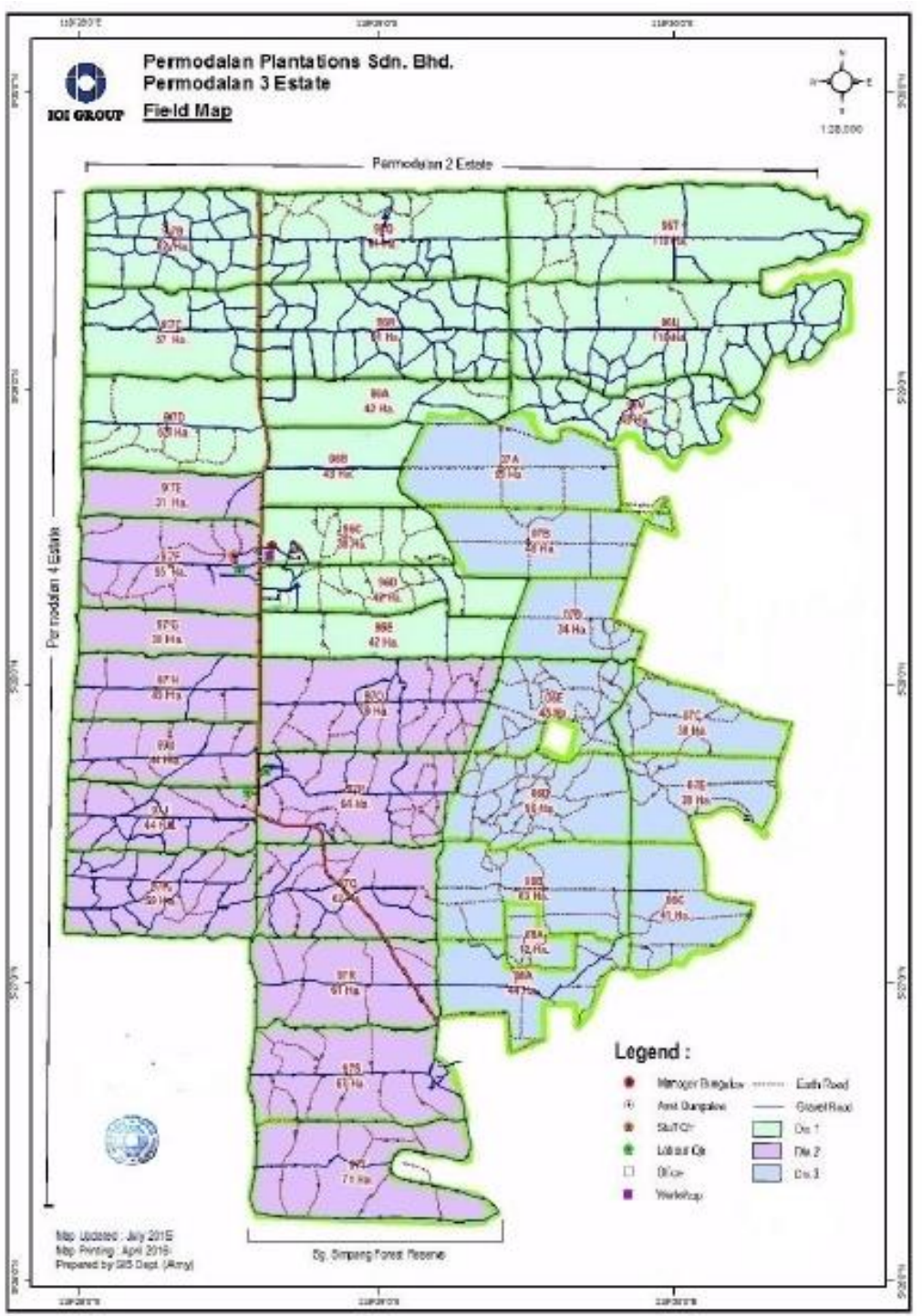


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Appendix C-2-6: Map of Permodalan 3 estate

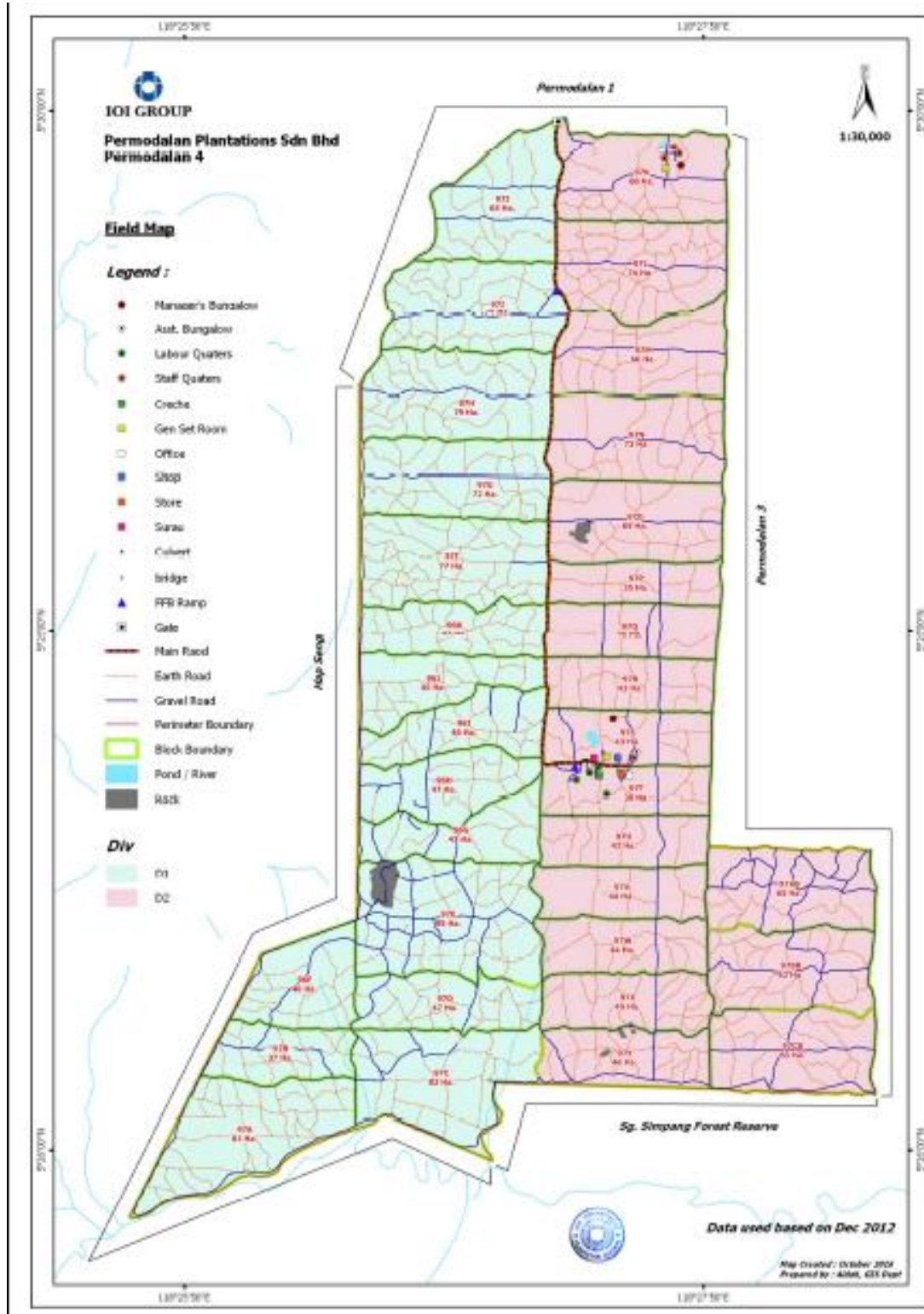


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Appendix C-2-7: Map of Permodalan 4 estate



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Appendix D:

Photographs of Assessment findings at Leepang (Sabah) PMU

<p>Biogas plant under commissioning at Leepang PMU</p>	<p>Permodalan 2 – Upgraded Water Treatment System</p>
<p>Leepang 1 – Buffer signages near river riparian zones</p>	<p>Permodalan 4 – Designated Landfill areas</p>
<p>Morisem 5 – Water Table Management at Peat areas</p>	<p>Morisem 5 – Signages at unplanted steep hills</p>

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Appendix E:

Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (updated 30 Oct 2018)

No	PMU	Main Assessment	Certification Status	Current Status	Updated Information for Multiple Management Units as per RSPO Certification Systems for Principles & Criteria (June 2017) - revised clause 4.5.3 & 4.5.4 for Certified and Uncertified Units.
1.	Pamol (Sabah) POM, Sabah	May 2008	Re-Certified in Dec 2016	ASA-01 cum extension completed in Sept 2017	No outstanding issues
2.	Sakilan POM	Nov 2008	Re-Certified in Mar 2015	ASA-02 completed in Dec 2017	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Re-Certified in 2015	ASA-02 is completed in Dec 2017	No outstanding issues
4.	Gomali POM	Aug 2009	Re-Certified in Aug 2015	ASA-03 completed for Jun 2018	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-03 completed in Jul 2018	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Re-Certified in Nov 2015	ASA-01 completed in Sept 2017	No outstanding issues
7.	Mayvin POM	Aug 2010	Re-Certified in Dec 2015	ASA-02 completed in Oct 2017	No outstanding issues
8.	Pukin POM, Johor	Dec 2010	Certified in June 2012	ASA -01 completed in Mar 2018	No outstanding issues
9.	Leepang (Sabah) POM	Aug 2012	Certified in Dec 2013	ASA-04 completed in Oct 2017	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	Re-Certified in Jan 2018	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	Re-Cert done in Jan 2018	No outstanding issues
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-04 completed in Sept 2017	No outstanding issues
13.	IOI – Pelita, Sarawak	Planned - 2019	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is pending resolution of land dispute and RSPO decision. No POM yet.	<p>Settlement Discussion with local community is presently still ongoing.</p> <p>Statement in regards of divestment of its 70% equity & IOI commitments on the resolution for the Pelita case can be accessed at www.ioigroup.com</p> <p>Dispute settlement in IOI-Pelita is intensively done together with the ground team. Participatory mapping within IOI-Pelita landscape among the respective communities are planned to be conducted. A mediation process together with Grassroots and other social NGO will be conducted in March 2018 involving Land District Office and Pelita. In addition, Corporate Social Responsibility (CSR) activities is actively being conducted on the ground such as road repairs and providing construction materials to the main local communities in Long Teran Kanan and Long Jegan.</p>
14.	Unico POM-1, Sabah	Feb 2018	Certified in June 2018	ASA-01 planned in 2019	No outstanding issues.

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15.	Unico Desa POM-2, Sabah	Jan 2018	Certified in May 2018	ASA-01 planned in 2019	No outstanding issues.
16.	PT SKS, Indonesia	Planned - 2018	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) application in progress	Update on the RSPO Suspension and complaint by Aidenvironment –Final verification by RSPO CP was conducted in end of January 2018. Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018 Certification preparations in progress. Pending issuance of HGU
17.	PT BNS, Indonesia	Planned - 2018	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental HGU application in process.	Update on the RSPO Suspension and complaint by Aidenvironment –Final verification by RSPO CP was conducted in end of January 2018. Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018 Certification preparations in progress. Pending issuance of HGU
18.	PT BSS, Indonesia	Planned - 2019	Uncertified Unit	Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.	Update on the RSPO Suspension and complaint by Aidenvironment –Final verification by RSPO CP was conducted in end of January 2018. Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018 Certification preparations in progress. Pending issuance of HGU
19.	PT KPAM, Indonesia	Planned - 2020	Uncertified Unit	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	HCV Assessment report has been sent to HCVRN on 20 th November 2017. Received Letter of Satisfactory from HCVRN on 25 th November 2017 Currently at the stage of final verification by Certification Body before the final submission to RSPO. IOI Public statement on PT KPAM – June 2018 http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=882

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Appendix F:

Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group (updated till 30 Oct 2018)

1) Monitoring by RSPO Complaints Panel (CP)

Weblink: <http://www.rspo.org/members/status-of-complaints?keywords=IOI&country=&category=>

2) Latest updates and progress made noted as follows:

i) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), (subsidiaries' of IOI Group)

Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>
<https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail>

24 Jan – 18 Jun 2018 (CP Meetings):

Verification exercise on 25–29 Jan 2018. Secretariat to follow up with the verification team. Verifications, monitoring and post verifications done on field and reports reviewed/

12 July 2018 (CP Meeting):

CP Final decision letter issued to IOI

26 Sept 2018 (CP Meeting):

CP Decision – case closed and transferred to IMU for monitoring.

ii) RSPO Case Tracker on: IOI Pelita Plantation Sdn Bhd, Sarawak (subsidiary of IOI Group)

Weblink: <https://www.rspo.org/members/complaints/status-of-complaints/view/4>
<https://askrspo.force.com/Complaint/s/case/50090000028ErzqAAC/detail>

24 January 2018 – 12 Jun 2018 (CP Meeting):

Secretariat meetings with the Company and Grassroots to discuss the revision to the Action Plans.

22 Jun 2018 (CP Meeting):

Grassroots formally withdraws as complainant (Withdrawal letter submitted to RSPO CP)

28 Sept 2018 (CP Meeting):

Company in the process of seeking consent of communities to the Resolution Plan. Company had also requested for the return of its RM50,000 deposited with the Secretariat for prior mediation and capacity building plans which did not take off. The Complaints Panel has no objections to the return and the Secretariat will follow up with the Company.

3) Updated IOI Group Newsletters and Corporate Communications

Weblink: http://www.ioigroup.com/Content/NEWS/N_Archive

Sept 2017: IOI submitted its Sustainability Report

http://www.ioigroup.com/Content/S/S_Policy

IOI uploaded the Social Responsibility report by BSR

<http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf>

31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.

<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856>

12 Jan 2018: IOI Group on IOI Pelita Plantation Sdn Bhd, Sarawak

<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869>

29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report

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http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf

30 July 2018: IOI Group – Sustainability Progress Update (Apr- June 2018) Quarterly Report

http://www.ioigroup.com/Content/S/PDF/Quarterly%20Sustainability%20Update_20180730_final.pdf

30 Oct 2018: IOI Sustainability Implementation Plan – Quarter 3.

https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/Overall%20SIP_Q3%202018.pdf

30 Oct 2018: IOI Sustainability Progress update (July- Sept 2018)

<https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QSU%202018%20Q3.pdf>

-End-