

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Baturong Grouping

Kunak, Sabah, Malaysia



Valued Quality. Delivered.

Assessment Report

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ANNUAL SURVEILLANCE ASSESSMENT ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Baturong Grouping

Kunak, Sabah, Malaysia

Certificate No:

Issued date:

Expiry date:

RSPO 930788

08 Oct 2015

07 Oct 2020

Assessment Type

Re-Certification (R1)

Annual Surveillance Assessment (ASA 1-1)

Annual Surveillance Assessment (ASA 1-2)

Annual Surveillance Assessment (ASA 1-3)

Annual Surveillance Assessment (ASA 1-4)

Re-Certification

Assessment Dates

27-30 Jul 2015

08-11 Aug 2016

24-27 Jul 2017

23-26 Jul 2018

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Annual Surveillance Assessment (ASA 1-3) was conducted on the Plantation Management Unit (PMU) Baturong Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **23–26 Jul 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.

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 Baturong Grouping consists of one (1) palm oil mill, namely Baturong Palm Oil Mill and four (4) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 4 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
Baturong Palm Oil Mill (Capacity: 30 MT/hour)	MDLD 5123, KM3 Jalan Segama, Lock Bag No 15, 91109, Lahad Datu, Sabah <u>Location:</u> KM 52, Jalan Kunak-Tawau, Off Road KM3, 91109 Lahad Datu, Sabah.	N 04° 45' 18.94"	E 118° 05' 19.25"
1. Baturong 1 Estate	KM 52, Jalan Kunak-Tawau, Off Road KM6, 91109 Lahad Datu, Sabah.	N 04° 44' 09.66"	E 118° 04' 15.55"
2. Baturong 2 Estate	KM 52, Jalan Kunak-Tawau, Off Road KM25, 91109 Lahad Datu, Sabah.	N 04° 45' 55.59"	E 118° 01' 41.68"
3. Baturong 3 Estate	KM 52, Jalan Kunak-Tawau, Off Road KM14, 91109 Lahad Datu, Sabah.	N 04° 45' 27.80"	E 118° 00' 07.71"
4. Cantawan Estate	KM 20, Jalan Tungku-Lahad Datu, Off Road KM6, 91109 Lahad Datu, Sabah.	N 05° 03' 56.46"	E 118° 26' 51.50"

1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Baturong Grouping PMU are from the abovementioned 4 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 Baturong Grouping are as shown in Table 2 below.

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Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous (FY Jul 2016 / Jun 2017)		Area Summary (ha) – Current (FY Jul 2017 / Jun 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
1. Baturong 1	2992.87	2760	2992.87	2748
2. Baturong 2	2434.52	2350	2434.52	2315
3. Baturong 3	2056.21	1858	2056.21	1843
4. Cantawan	1452.41	1307	1452.41	1198
Total:	8936.01	8275	8936.01	8104

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. All 4 of the estates were audited during current Assessment (as per the minimum sampling of estates).

1.4 Summary of plantings and cycle

The 4 estates are currently in the 1st and 2nd cycle of planting for the oil palms and the age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (FY Jul 2017 / Jun 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) Baturong 1	1993	1 st	607	-	607
	2008-2017	2 nd	1,759	382	2,141
		s-total	2,366		
2) Baturong 2	1992	1 st	1300	-	1,300
	2014-2018	2 nd	114	901	1,015
		s-total	1,414		
3) Baturong 3	1993	1 st	844	-	844
	2013-2017	2 nd	148	851	999
		s-total	992		
4) Cantawan	1994-1995	1 st	585	-	585
	2013-2017	2 nd	368	245	613
		s-total	953		
		G-Total	5,725	2,379	8,104

Note: There has been no New Planting in any of the 4 estates at the certified areas.

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1.5 Summary of Land Use (including Conservation and HCV Areas)

The summary of Land Use as identified in Baturong 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)	
	<ul style="list-style-type: none"> • OP Mature (Production) 	5,725
	<ul style="list-style-type: none"> • OP Immature (Non-Production) 	2,379
	<ul style="list-style-type: none"> • *OP Planted on Peat* (see note1) 	0
	<ul style="list-style-type: none"> • Other crop such as Rubber etc. 	0
2	Conservation Area (ha)	
	<ul style="list-style-type: none"> • Conservation (forested) 	23.17
	<ul style="list-style-type: none"> • Conservation (non-forested) 	216.82
	Note: Conservation areas such as unplanted steep / hilly and swampy areas	
3	HCV Area (ha)	
	Areas which have HCV values as defined under HCV 1 to 6	0

1.6 Other certifications held and Use of RSPO Trademarks

Currently, the other certification held by IOI Baturong 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.

1.7 Organizational information / Contact Person

At Head Office:

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 Sustainability Manager
 IOI Corporation Berhad
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 Lebuhr IRC, IOI Resort City, 62502, Putrajaya
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 Email: raymond.alfred@ioigroup.com

At Baturong Grouping - PMU:

Mr. S.S Ragupathy,
 Senior General Manager (Sabah Region)
 IOI Plantation Services Sdn Bhd
 Baturong Palm Oil Mill
 Tel: 089 - 568 700
 Fax: 089- 568 120
 Email: ioibatorong@gmail.com

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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 Baturong Grouping based on the actual for FY Jul 2017 / Jun 2018 is as in Table 5 below:

Table 5: Tonnages Verified for Certification (FY Jul 2017 / Jun 2018)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Baturong 1 estate	43,942.94	Baturong POM	Intertek
2.	Baturong 2 estate	35,516.33	Baturong POM	Intertek
3.	Baturong 3 estate	29,489.21	Baturong POM	Intertek
4.	Cantawan estate	15,652.71	Baturong POM	Intertek
	Total (under PMU):	124,601.19		
	Other Suppliers:	0		
	Grand total	124,601.19		

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

Table 6: FFB Processed (Certified & Non-certified) tonnages

Estate / Supplier	FFB Processed Jul 2016-Jun 2017 - Actual		FFB Processed Jul 2017-Jun 2018 - Actual		FFB for processing Jul 2018-Jun 2019 - Projected	
	MT	%	MT	%	MT	%
Baturong PMU Estates (certified)	119,015.40	100	124,601.19	100	149,000	100
Other Suppliers (non-certified)	0	0	0	0	0	0
Total	119,015.40	100.0%	124,601.19	100.0%	149,000	100.0%
SCCS Model for POM	IP		IP		IP	

Note. The projected increase in FFB for processing in FY2018/2019 is due to the increase in the mature palms which were replanted.

1.8.3 The annual certified tonnages of CPO and PK production by the PMU Grouping as assessed and verified during this current assessment and projected for next 12 months are detailed as follows:

Table 7: Certified FFB Tonnages

POM	Jul 2016 – Jun 2017 - Actual		Jul 2017 – Jun 2018 - Actual		Jul 2018 – Jun 2019 - Projected	
Total certified FFB Processed (MT)	119,015.40		124,601.19		149,000	
Total certified CPO Production (MT)	24,201.82	OER: 20.34%	25,674.69	OER: 20.61 %	31,290	OER: 21.00 %
Total certified PK Production (MT)	5,793.36	KER: 4.87%	6,140.08	KER: 4.93 %	7,301	KER: 4.90 %
SCCS Model for POM	IP		IP		IP	

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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 for Other Plantation Management Units and Requirements for Partial Certification

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.

On overall, IOI Group had declared its commitment to complete RSPO certifications on all its 'non-certified' units, targeted by 2019.

In addition, 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.

IOI had conducted an internal audit on the uncertified units to determine its compliance against Clause 4.5 (Minimum requirements for multiple management units) of the RSPO Certifications Systems for Principles & Criteria (Jun 2017). The Internal audit reports had identified the issues involved, on-going corrective actions and monitoring.

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

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.

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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	SOP	Standard Operating Procedure

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 20 Jun 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 Baturong Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 23 - 26 Jul 2018, the Assessment team of Intertek conducted the Assessment in which all the 4 estates of Baturong Grouping, namely Baturong 1, 2, 3 Estates and Cantawan Estate 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 ($z = 1.4$) 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 sensitive 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, hectare 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).

Baturong Grouping 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 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 next Annual Surveillance Assessment which will be carried out within a 12-month period of the certificate anniversary 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. EcoKnights
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. Partners of Community Organisations (PACOS)
50. Socio-Economic & Environmental Research Institute (SERI)
51. Pesticide Action Network Asia and the Pacific (PAN AP)
52. Proforest - South East Asia Regional Office
53. R.E.A.C.H. – Regional Environmental Awareness Cameron Highlands
54. Sabah Wetlands Conservation Society (SWCS)
55. SEPA – Sabah Environmental Protection Association
56. SUARAM – Suara Rakyat Malaysia
57. SUHAKAM – National Human rights Society – Persatuan Kebangsaan Hak Asasi Manusia
58. Tenaganita Sdn Bhd
59. TRAFFIC – the wildlife trade monitoring network
60. Transparency International – Malaysian Chapter
61. Treat Every Environment Special Sdn Bhd (TrEES)
62. United Nations Development Programme – UNDP Malaysia
63. Wetlands International (Malaysia)
64. Wild Asia Sdn Bhd
65. World Wide Fund (WWF) - HQ
66. World Wide Fund (WWF) - Sabah

Local community (On-site interviews)

67. Consultative Committee & Gender representatives
68. Workers & Workers representatives
69. Village Heads & representatives
70. 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
<p>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.</p> <p>Minor Compliance</p>	<p>The PMU has established and implemented documented procedures (Stakeholder Request – Corporate Level, Stakeholder Request – POM Level, Stakeholder Request – Estate Level) 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 20 Jun 2018.</p> <p>Stakeholder feedbacks and comments received on the PMU had been satisfactorily followed up, responded and addressed as verified during current assessment. Thus, previous NC#OCL-01 (2017) was verified to be effectively implemented and closed.</p> <p>For follow up and verification done for previous and current stakeholder consultation, refer to section 3.3.</p>	Complied
<p>1.1.2 Records of requests for information and responses shall be maintained.</p> <p>Major Compliance</p>	<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 the 4 estates (in grouping), the joint external stakeholders’ consultations were held between 15 and 26 June 2018.</p> <p>Actions were progressively taken on the various issues from external stakeholders such as:</p> <p>Kunak Police Department – PMU management monitoring and regular campaign needed to ensure their employees are free from drugs abuse and no hiring of illegal foreign workers.</p> <p>Improvement measures in monitoring and mitigation of flash floods to enable access and movement for users as commented by CLC Teachers at Baturong 2 Estate.</p> <p>Feedbacks given concerning repairs needed for water tanks and piping, more lightings, increased hours of electricity</p>	Complied

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	<p>supply, repairs needed for houses, additional rubbish bins, school toilets condition, etc. were verified to be progressively addressed and done in timely manner.</p> <p>Records of participants and feedback given were satisfactorily maintained.</p>	
<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: Major Compliance</p>	<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 consultation with a wide range of their stakeholders, both customers and civil society.</p> <p>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. Thus Major NC#OCL-01 (2016) was effectively implemented and closed.</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.</p> <p>Continual Improvement Action Plans were reviewed and updated for next FY2018/2019 which include targets for waste reduction and pollution prevention.</p>	<p>Complied</p>

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<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. HQ kept the original copies.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Policy and HIRAC documented for the mill and estates. The HIRAC was reviewed on 3 Jan 2018.</p> <p>Detailed Occupational Safety and Health Plans have been established and documented for the POM and estates by the Safety & Health Manager.</p> <p>The Plans as reviewed were up-dated and approved by the respective managers for the mill and estates.</p> <p>The OSH Programme FY2017/2018 include the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings held quarterly. • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • 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 issued on Sept 2013 is noted to be valid and will be due for next revisit and review in Sept 2018.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	<p>Complied</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>The Environmental Impact Assessments for the POM, Baturong 1, Baturong 2, Baturong 3 and Cantawan estates were reviewed between 4 and 10 July 2018.</p> <p>Management Action Plan and Continual Improvement Plan documented and implemented.</p> <p>The Social Impact Assessments for the POM and estates were reviewed between 17 May and 7 July 2018.</p> <p>Positive and negative impacts identified. Action plans were documented and implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • HCV documentation (Criteria 5.2 and 7.3); 	<p>The Internal "HCV and Conservation Areas" Assessment for the respective Estates were reviewed between 4 and 10 July 2018. The Management Action Plans were implemented and monitored at the respective estates.</p>	<p>Complied</p>

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<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 between 4 and 10 July 2018</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, drums, tyres, used PPE, hydraulic oil) and organic/domestic wastes disposal, reuse and recycling (paper, plastic, glass, scrap iron).</p>	<p>Complied</p>
<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. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Updates on the issues at the other IOI units, under compliance with RSPO CS 4.5 for Multiple Management Units, refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p> <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>Complied</p>
<ul style="list-style-type: none"> • Negotiation procedures (Criterion 6.4); 	<p>Presently, there is no new 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</p> <p>Refer also to details in Section 1.9: Timebound Plan.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Continual improvement plans (Criterion 8.1); 	<p>Continual Improvement Plans in key operations for the mill and estates have been identified, documented and implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Public summary of certification assessment report; 	<p>Public summary of certification assessment reports are available from the company upon request.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Human Rights Policy (Criterion 6.13). 	<p>The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised on 08 Aug 2016 and signed by the Group CEO.</p> <p>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>Refer to Appendix F, on the summary of updates made.</p>	<p>Complied</p>

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Criterion 1.3		
Growers and millers commit to ethical conduct in all business operations and transactions.		
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.</p> <p>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, - 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>Copies of the policy found to be displayed at prominent locations in the POM and estates.</p>	Complied

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1		
There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>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 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>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 (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>	Complied

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	<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, 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. Noise Monitoring Report is available.</p> <p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>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. Statutory returns to relevant authorities found to be in compliance.</p>	
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register.</p> <p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p>	<p style="text-align: center;">Complied</p>
<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>The PMU had conducted its internal audit on 3 July 2018 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained.</p>	<p style="text-align: center;">Complied</p>
<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>	<p style="text-align: center;">Complied</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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.</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. The legal use of the land confirmed to be for the cultivation of oil palms and agricultural use.</p>	<p style="text-align: center;">Complied</p>

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<p>Major Compliance</p>	<p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last assessment.</p>	
<p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palm and agricultural crop of economic value. Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estates. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	<p>Complied</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>There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	<p>Not applicable</p>
<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 land conflicts in this PMU.</p>	<p>Not applicable</p>
<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>No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	<p>Not applicable</p>
<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>No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	<p>Not applicable</p>
<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>The lands at the PMU are legally owned or leased by IOI 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 the PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.</p>	<p>Complied</p>
<p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2,</p>	<p>The lands at the PMU are legally owned or leased by IOI. Records are available to show such land acquisition comply</p>	<p>Complied</p>

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<p>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>with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</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>No cases of land claims in this PMU. As such this process is not applicable for verification.</p>	<p>Not applicable</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>This process is not applicable during current assessment.</p>	<p>Not applicable</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>Business Plans for 5 years (FY 2017/2018 to FY 2021/2022) for the PMU have been prepared by the Palm Oil Mill and estates.</p> <p>Details of the Business Plans include the following:</p> <p>(1) Staff and Labour requirements;</p> <p>(2) Crop projection; FFB yield/ha trends;</p> <p>(3) Mill extraction rates; OER trends;</p> <p>(4) Cost of Production; Cost/mt FFB trends;</p> <p>(5) Cost of Production; Cost/MT CPO trends;</p> <p>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</p> <p>(7) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.).</p> <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets</p>	<p>Complied</p>

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	<p>(costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>There is evidence of monitoring of costs against budget to achieve specified targets.</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 HQ.</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 FY 2022/2023 for the audited estates as follows:</p> <p>Baturong 1: Ongoing replanting till 2020/21</p> <p>Baturong 2: Ongoing replanting till 2021/22</p> <p>Baturong 3: Ongoing replanting till 2020/21</p> <p>Cantawan: Ongoing replanting till 2019/2020</p> <p>A replanting cycle of 25 years has been adopted by the group.</p>	Complied

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. 2. SOP for riparian zone management with specified buffer zones. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	Complied
<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place.</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</p>	Complied

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<p>Minor Compliance</p>	<p>these records would be checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit. Internal audit on the operations conducted on 4 July 2018.</p>	
<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. Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection. Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits and costing books.</p>	<p style="text-align: center;">Complied</p>
<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. The entire crop was supplied by Baturong PMU estates.</p>	<p style="text-align: center;">Complied</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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. 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. These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit. Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels. Noted that proper pesticide/herbicide spraying had also been done.</p>	<p style="text-align: center;">Complied</p>
<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>	<p style="text-align: center;">Complied</p>
<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 and soil sampling and analysis on a 5 year cycle to determine the nutrient levels. Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency. Records of the sampling and analysis had been verified to be satisfactory.</p>	<p style="text-align: center;">Complied</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 would be used by the estates for field application as organic fertilizer. 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. EFB Mulching Application and field maps indicate the amounts and locations of EFB application in the estates.</p>	<p style="text-align: center;">Complied</p>

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	EFB mulching had been carried out in mature area along the inter-row, and around the circle in the immature palms. Land application of POME through gravitation flow into the field in Baturong 1 Estate, which is near to the POM.	
Criteria 4.3 Practices minimise and control erosion and degradation of soils.		
Indicators	Findings and Objective Evidence	Compliance
4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance	Estate soils show no fragile or marginal soil existence. Soil types as indicated in soil maps are as follows: Baturong 1: Grumpal, wullersdorf, brantian, kretam, bang Baturong 2: Wullersdorf, brantian, kretam, bang, bidu-bidu, Baturong 3: Gumpal, kretam, brantian, bang Cantawan: Brantian, kretam, bang, bidu	Complied
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	Planting terraces constructed on land with slope more than 6° as indicated in the Terrace Map. It was observed during field visits that there was no planting at slopes of greater than 25°. Best Management Practices followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance. Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no soil erosion noted during the field visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.	Complied
4.3.3 A road maintenance programme shall be in place. Minor Compliance	Road maintenance programme was in place that included resources required, length of roads to be repaired or maintained. Estate roads were maintained in good and satisfactory condition. Road maintenance programme verified to be established, implemented and progress of completion closely monitored at the estates. Verified that OBS#CBK-01 (2017) on more consistent keeping of road maintenance programme has been satisfactory address and closed.	Complied
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	It was confirmed during assessment on site that there is no peat soil on the PMU estates.	Not Applicable
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	There was no peat soil on the PMU estates as confirmed by auditor's on-site assessment	Not Applicable
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	Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.	Not Applicable
Criteria 4.4 Practices maintain the quality and availability of surface and ground water.		
Indicators	Findings and Objective Evidence	Compliance
4.4.1 An implemented water management plan shall be in place. Minor Compliance	Documented Water Management Plan verified to be in place for the palm oil mill and estates and was reviewed on 8 July 2018. Rainfall data found to be monitored as part of the water management plan.	Complied

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	<p>The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There are water ponds in the POM and estates. Water samples collected and analysis carried out at least twice a year. The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Rain water is also harvested for washing and cleaning.</p>	
<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 maintained on both sides of streams in the estates as verified during on-site field inspection. No evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone,</p> <p>There are only streams and no major rivers passing through the estates audited. There was no construction of bunds/weirs/dams across the 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>Water samples were taken at monthly interval at the final discharge point of the palm oil mill effluent pond and at upstream and downstream of waterways.</p> <p>Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>BOD levels had been in the range of 26.4 to 95.3 ppm for the period Jan to Jun 2018 with an average of 62.2 ppm. The current allowable upper limit specified by D.O.E. Sabah is 100 ppm (max.).</p> <p>Analysis results meet the following DOE limits specified for the water sample dated 21/07/2018:</p> <ul style="list-style-type: none"> • BOD < 100 mg/l, • Total Suspended Solids < 400 mg/l, • Oil & Grease < 50 mg/l, • Ammoniacal Nitrogen < 150 mg/l, • Total Nitrogen < 20 mg/l, • pH = 5 to 9, • Temperature < 45°C 	Complied
<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 mill from Jul 2017 to Jun 2018 ranged from 1.65 to 1.98 m³/tonne FFB with an average of 1.76 m³/tonne FFB which is higher than the industrial norm of 1.2 m³ to 1.5 m³/tonne FFB. The higher usage is due to increased use of water at the nursery.</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>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>Records on planting of beneficial plants had been verified on the estates. Pest infestation was noted to be minimal at the estates.</p> <p>Programme for planting of beneficial plants such as <i>Cassia cobanensis</i> (60%), <i>Turnera subulata</i> (20%), and <i>Antigonon leptopus</i> (20%) and records on areas planted had been verified together with the respective maps to be satisfactory.</p>	Complied

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	<p>Rat baiting (using Brodifacoum 0.003% and 0.005%) would be carried out only should rat damage exceed 5 % on FFB as reviewed from the summary of grading of FFB for rat damage in Baturong 2 Estate.</p> <p>There is no barn owl in the PMU estates.</p> <p>No reported infestation by other pests (bagworms). Pest infestation was minimal on the estates.</p>	
<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 satisfactory during field assessment.</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 (0.005% a.i.) <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p>	Complied
<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. Verified that records of monitoring were satisfactorily.</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>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan.</p> <p>The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been a decline in pesticide usage per hectare on a year to year basis.</p> <p>No prophylactic use of pesticides had been carried out at the estates for the period concerned.</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>Use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates. Alternatives such as Round up (Glyphosate Isopropylamine) had been used to replace paraquat.</p> <p>First Aid Kits found to be available during pesticides spraying in the fields (4th Schedule).</p> <p>Portable signboard noted to be displayed at areas of spraying activity (5th Schedule).</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 (including the contractor's workers) have attended 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 aprons) have been provided and used by the pesticides operators.</p> <p>All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers.</p> <p>Programme and training records verified to be satisfactory. The training include 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.</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 in case of accidents.</p> <p>Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers).</p> <p>Used chemical containers were either reused as containers for spraying solution. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</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. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Warning notice displayed in the area being sprayed with pesticides</p> <p>Programme and training records verified to be satisfactory.</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 information within reasonable time prior to application. Major Compliance</p>	<p>IOI group policy is not to carry out aerial application of pesticides. This policy has been followed by the PMU.</p>	<p style="text-align: center;">Complied</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>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling.</p> <p>Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</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</p>	<p>Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor.</p>	<p style="text-align: center;">Complied</p>

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<p>managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>The scheduled wastes from the estates are sent to the POM for disposal. Empty pesticide containers are triple rinsed and pierced for disposal as scheduled waste. Records of scheduled waste collection at the mill verified to be satisfactory.</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>Annual medical surveillance for all pesticide operators had been implemented in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2. It was verified that the CHRA recommendations has been satisfactorily followed. Baturong 1, 2, 3 and Cantawan estates had their sprayers, chemical pre-mixers, workshop and chemical store personnel for the annual medical surveillance. The workers were sent for medical surveillance in Nov 2017 (Baturong 1 – 14 nos and Baturong 2 – 16 nos), Jan 2018 (Baturong 3 – 10 nos) and April 2018 (Cantawan – 8 nos). Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition is unfit for work with pesticides. No such cases in the PMU as at the date of assessment. 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. Besides the annual medical surveillance, monthly clinical tests (to check lungs, gastro intestinal, urinary system, pregnancy, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p>	Complied
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator. Monthly clinical checks for pregnancy were satisfactorily maintained.</p>	Complied
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>The occupational health and safety plan shall cover the following: 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. Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health. The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved as Chairman and Secretary respectively of the estate Safety Committees. Quarterly committee meetings were conducted and decisions and planned actions were recorded in the meeting minutes.</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</p>	<p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire.</p>	Complied

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<p>products shall be properly observed and applied to the workers. Major Compliance</p>	<p>Procedures and actions implemented to mitigate the hazards. Risk assessment reviewed on 3 Jan 2018.</p> <p>There was an assessment of noise levels in the POM on 21/06/2011 as seen in the Consultant Report. Work areas identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db. 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. The latest audiogram was carried out on 14 Jan 2018. The audiometric reports of five workers indicated as having mild to moderate hearing impairment and recommended to wear hearing protector. No worker have severe hearing impairment. Baseline audiogram and occupational and medical history records of workers maintained.</p> <p>The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</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 on time, i.e. in January of each year. The Safety & Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p> <p>Verified that OBS#CBK-02 (2017) on the risk assessment carried out on the use of electrical water pumps was satisfactorily addressed and closed.</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</p>	<p>Training programme planned for year 2017 & 2018 had included training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, 	<p>Complied</p>

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<p>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>	<ul style="list-style-type: none"> - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as fire-fighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>Trainings records were available. Evaluation carried out on each of the trainings to determine its effectiveness. Records were satisfactorily maintained.</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 Mill Manager and Estate Managers are responsible for safety and health issues. They are the Chairmen of the respective Safety Committee as required by OSH Act. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	Complied
<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>Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH) Committee.</p>	Complied
<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.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance with valid coverage till Sept 2018.</p>	Complied
<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 were available and maintained for 2017. Verified that JKK8 reports had been submitted to DOSH before 31 Jan 2018. Ongoing monitoring records on LTA for 2018 is updated till time of audit.</p>	Complied
<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>A formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established in July 2017 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.</p>	Complied
<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 were maintained.</p>	Complied

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

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.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1 An environmental impact assessment (EIA) shall be documented.</p> <p>Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment was conducted and documented according to requirements. The Environmental Aspect and Impacts Assessment documents for the POM, Baturong 1, Baturong 2, Baturong 3 Estate and Cantawan estates have been reviewed by the Environmental Liaison Officer and approved by the respective Mill/ Estate Manager on 07/07/2018, 4/07/2018 and 10/072018 and 9/7/2018 respectively.</p> <p>The review was conducted internally by personnel of the SPO team. 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.</p> <p>The assessment had also included the action plans to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p> <p>The assessment includes issues raised through relevant stakeholders' consultations.</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.</p> <p>Minor Compliance</p>	<p>There were no major changes to the identified impacts since the establishment of the documents above.</p> <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the Baturong POM.</p> <p>The Environmental Management plan developed had included the potential impacts, measures to mitigate negative impacts, timeframe for action and responsible persons identified.</p> <p>The plan had been implemented by the Mill and Estate Managers.</p>	<p>Complied</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.</p> <p>Minor Compliance</p>	<p>The monitoring of the documented environmental improvement plans is ongoing. Data is being collected, documented and the result is being monitored.</p> <p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis. The review had considered 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 water for the POM is sourced from a nearby pond located at Baturong 1 Estate.</p> <p>Analysis of the treated water for domestic use carried out twice a year. The results meet all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>It is found that the extent of the buffer zone around the pond has been identified and demarcated.</p> <p>However, some measures were absent at the following locations:</p> <ol style="list-style-type: none"> 1. At Baturong 1 estate. Water quality analysis was noted to be only conducted at the outlet of the streams flowing out 	<p>Minor NC: SH-02</p>

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	<p>of the estate. No water samples were taken at the inlet points. As such the effectiveness of the mitigation measures taken along the streams was not adequately ascertained.</p> <p>2. Baturong 3 estate One of the streams in the estate passing through field blocks: 93 C & 93 D was noted to be without the clear extent of the riparian zone or markings. There was no evidence of any water quality analysis conducted at the said stream and no identification of water sampling points were indicated on the map from the inlet to the outlet points.</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>		
Indicators	Findings and Objective Evidence	Compliance
<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).</p> <p>Major Compliance</p>	<p>HCV assessment was conducted by the SPO team of the IOI Group. The team consists of personnel from various backgrounds such as plantation management, sustainability and environmental science. The HCV assessment had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Sabah, Department of Irrigation and Drainage, Sabah Wildlife Department and Environmental Protection Department. The overall landscape surrounding the PMU had been considered in the HCV assessment reports. The HCV reports for Baturong 1, Baturong 2, Baturong 3 and Cantawan Estates were reviewed on 4/07/2018, and 9/07/2018, 2/7/2018 and 10/7/2018, respectively.</p> <p>The exercise has also taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, steep hills, wildlife boundaries and was documented.</p> <p>Visits to site (Baturong 1, Baturong 2, Baturong 3 and Cantawan estates) also confirmed that they were surrounded by other palm oil estates belonging to others. None of the estates bordered any forested areas</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Perimeter boundaries bordering the plantation areas were well demarcated.</p> <p>Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of streams which pass through the estates had been identified and being monitored.</p>	Complied
<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>Overall, the recommendations and feedback provided by the various parties during the internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the respective estates.</p> <p>The HCV report had reviewed the conservation needed for the wildlife identified such as elephants, long and short tailed macaque and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.</p>	Complied

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	<p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented.</p> <p>Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p> <p>Regular patrols to monitor the HCV buffer zones have been carried out and findings recorded by the respective Estate Executives / Auxiliary Police. The patrol logbooks include entries such as any sighting of wildlife, no erosion at the banks of the streams, no sign of spraying or manuring within the buffer zone, condition of sign boards, red marking at oil palm trees demarcating the buffer zone and condition of river bank soft vegetation.</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>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signages erected which prohibited such activities.</p> <p>The PMU had conducted a program to educate the workforce and community about the status of RTE species and the consequences in accordance with company rules and national laws of any infringement. Training was also conducted in relation to this issue on 26-28 June 2018.</p>	Complied
<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 Baturong plantation group is collated, reviewed and monitored by the HQ sustainability team. Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification were also made during on-site assessment and found to be satisfactory implemented at all sites visited (Baturong 1, Baturong 2, Baturong 3 and Cantawan estates).</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 PMUs visited i.e. Baturong 1, Baturong 2, Baturong 3 and Cantawan Estates. Thus negotiated agreement of such nature is not applicable.</p>	Complied
<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 POM and PMU (Baturong 1, Baturong 2, Baturong 3 and Cantawan Estates) 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</p>	Complied

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	<p>materials e.g. EFB, POME, Stack emissions and Boiler ashes were maintained and monitored at the POM.</p> <p>Scheduled Waste identified included spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p>	
<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>The mill and estates 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 the 5/4/2018 and 16/7/2018. Documentation relating to disposal and inventory of the schedule waste was satisfactorily documented and available during audit.</p> <p>Disposal of scheduled wastes by licensed contractor (Lagenda Bumimas Sdn Bhd) within 180 days verified to be in compliance with EQ (Scheduled Waste) Regulation 2005.</p> <p>It was verified on-site that the records, i.e. Consignment Notes and related documentation has been satisfactorily maintained at the mill and estates.</p>	<p style="text-align: center;">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 PMU. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Baturong mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill. Secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be appropriate.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>The solid waste management and disposal plan using landfills was available at all the estates visited (Baturong 1, Baturong 2, Baturong 3 and Cantawan estates). The landfill management was found to be satisfactorily managed.</p> <p>Verified that the landfill location planning and maps were available. The designated landfill areas at the estates were verified to be at least 50 m away from any streams/water sources and housing/dwelling areas. Thus the risk of contamination has been observed to be avoided.</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.</p> <p>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 style="text-align: center;">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>

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<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>The use of energy from both renewable and non-renewable sources were monitored monthly to optimise the use of renewable energy in the production of CPO.</p> <p>Electricity generation was through steam turbine and boiler where palm fiber and PK shells were used as renewable energy/fuel.</p> <p>Monthly records of energy consumption of non-renewable fuel (diesel) and renewable fuel (palm fiber and PK shell) per metric tonne of palm product at the POM were available.</p> <p>Diesel usage in the estates was recorded for a period of 5 years' data and was available for comparison.</p>	<p>Complied</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.</p> <p>Major Compliance</p>	<p>IOI Group had observed the policy of 'Zero open burning' for any replanting, if any, at the estates.</p> <p>Field inspections made at Baturong 1, Baturong 2, Baturong 3 and Cantawan estates showed no evidence of open burning.</p>	<p>Complied</p>
<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.</p> <p>Minor Compliance</p>	<p>The PMUs shall adhere to the 'zero burning' policy for replanting at the estates.</p> <p>During the audit, there were no replanting activities carried out in the IOI Baturong plantation group.</p> <p>Also, 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. The sanitary landfill located at all the estates were located far away from the workers quarters, village and water sources.</p>	<p>Complied</p>
<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).</p> <p>Major Compliance</p>	<p>Environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land were reviewed annually for the POM and estates.</p> <p>Mill gas emissions as monitored online by Department of Environment using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Chart. Verified that the emission is within the permissible limits of Department of Environment.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to Department of Environment regulations.</p>	<p>Complied</p>
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p>Major Compliance</p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer. Their usage has been recorded at the PMU. This has been verified on-site. The PMU has achieved the ISCC EU certification for sustainable biofuels production. Noted that the long term plan</p>	<p>Complied</p>

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	<p>to reduce GHG emissions is to optimise the usage of diesel and fertilizers in the plantation operations.</p> <p>The GHG emissions calculation has been compiled for FY 2017/2018 using PalmGHG v3.0.1. The data used for the calculation of the emissions has been verified correct and represent the actual situation of the mill and estates.</p>	
<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>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available.</p> <p>Tools and systems used include the Department of Environment online CEMS monitoring for air emissions, PalmGHG, water quality at discharge points as per Department of Irrigation and Drainage regulations and SW disposal were adhering to Department of Environment regulations.</p> <p>Dust emission monitoring indicated average dust emission concentration to be within the permissible limit of 0.400 g/Nm² EQ (Clean Air) Reg.1978 – Std C. Smoke monitoring report conducted twice a year and latest report submitted to DOE on 6/7/2018.</p> <p>It was verified that the POME is treated via ponding system, i.e. overall 8 ponds used. (5 ponds being aerobic and anaerobic ponds, one de-oiling pond, one cooling pond and one discharge pond). Geo-tubes were also used in the effluent for the continuous desludging of the effluent.</p> <p>Water samples were taken monthly and tested by mill environment officer in charge and analyzed to ensure compliance to Department of Environment requirements at final discharge point. The discharged water is 100% used for land application into Baturong 1 Estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits.</p>	<p style="text-align: center;">Complied</p>

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

<p>Criterion 6.1 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>At the PMU, the respective Social Impact Assessment reports and Management Plans at all estates and mill were individually documented by the Sustainability Team of IOI. The SIA contains inputs from external stakeholders' consultation with the local communities and employees which was held on 26 June 2018 for the Baturong POM, Baturong 1, Baturong 2 Estate and Baturong 3 Estate. Cantawan Estate conducted their own external stakeholder consultation on 15 June 2018.</p> <p>A total of 41 and 26 external stakeholders took part in the consultation session at POM, Baturong 1, 2 and 3, and at Cantawan Estate respectively. The participants included contractors, suppliers, government agencies, police, neighbouring estate, etc.</p> <p>Gender Consultative Committee and Employee Consultation</p>	<p style="text-align: center;">Complied</p>

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	<p>Committee meetings were conducted at the POM and the estates to collate feedback from the internal stakeholders.</p> <p>Final revision of SIAs for each management units were dated 17 May 2018 and 7 Jul 2018 for Cantawan Estate and POM and Baturong 1,2, 3 estates respectively. These final revisions incorporated inputs from both internal and external stakeholders.</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>The group has considered issues of social impact to employees and communities affected by their activities. Records of meeting with internal and external stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p> <p>In all meeting minutes of ECC and Gender Committee, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. Through verification of entries made in the Complaints & Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</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>A time table of activities identified was sighted with time frame on implementation plans. Latest Social Plans for POM and the estates were sighted. Complaints submitted through ECC meetings, grievance book, etc., received by the management 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 plans are reviewed annually together with affected parties as mentioned especially the workers were consulted during the ECC meetings, daily morning muster and individual reports made in the Grievance Books maintained.</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>There are no smallholders at the PMU. Thus this 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>IOI's Group consultation and communication procedures are available via website link: http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm</p> <p>The PMU has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p>	Complied

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<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>Personnel at the appropriate levels were appointed as Social Liaison Officers with their roles and responsibilities defined in the appointment letters.</p>	<p>Complied</p>
<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 list of stakeholders, communication and actions taken were maintained in Stakeholders File. Consultations with various stakeholders held and meeting minutes have been verified during the audit.</p>	<p>Complied</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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>The PMU had established complaints and grievances procedures and they were all well implemented. Complaints and Grievances logbooks were sighted in at the mill and all audited estates and actively used by workers.</p> <p>Timelines for response to complaints and grievances are either indicated in the logbook were appropriately established and implemented. Generally, the complaints were responded by the following day of the complaint.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For reports which are related to private matters such as sexual harassment reports separate logbooks are prepared and always kept under lock and key locations. Complainants are given the option whether the make the report personally or through nominated workers' representatives.</p> <p>It is verified during on-site interviews that there were no incidents of dispute or grievance of a serious nature.</p> <p>Since Feb 2014, IOI had developed "Dasar Pemberi Maklumat (Whistleblowing)" which was approved by "Jawatankuasa Audit dan Pengurusan Risiko".</p> <p>Training on identification of snake species and safety precautions were conducted. Regular monitoring of grass-cutting was carried out. There had been no sighting of snakes near the mill and the estate buildings. The corrective action taken by the management had been effective in addressing the previous Major non-compliance (NC# JMD-01).</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Minor Compliance</p>	<p>The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.</p>	<p>Complied</p>
<p>Criterion 6.4</p> <p>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</p>	<p>There are no borders adjacent to any village at the estates audited in the PMU.</p>	<p>Not Applicable</p>

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<p>entitled to compensation, shall be in place. Major Compliance</p>	<p>No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion.</p>	
<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. Minor Compliance</p>	<p>The IOI Group has a procedure for calculating and distributing compensation which is available. To date, there has been no dispute by any parties reported at the PMU.</p>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance</p>	<p>To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.</p>	Not Applicable
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.5.1 Documentation of pay and conditions shall be available. Major Compliance</p>	<p>Offer letters and work contracts for local staff and foreign workers are verified. The contracts met the industry minimum standards including included extra pays under the statutory fringe benefits.</p> <p>The pay slips for workers at the estates and mill were verified to contain all necessary information and can easily be understood by the workers, e.g. type and rate of works completed, days offered, days worked, days absent, total deduction, etc.</p> <p>Review of field workers' pay slips showed that the calculation of pay is clearly itemised, for example:</p> <ul style="list-style-type: none"> • Normal day field work wage [Daily Rated or Piece Rated] • Normal working day overtime • Working rest day • Overtime for working rest day • Working public holiday • Overtime for working public holiday • Out-turn incentives [December pay slips only] • Conversion of annual leave into annual payment renewal [December pay slips only] <p>All contracts between the management and the workers are in Bahasa Malaysia, even for foreign workers from Indonesian and Filipino workers. Through interviews it was verified that the contracts were clearly understood by the foreign workers when they were able to give correct response on daily minimum rate, medical entitlement, public holiday entitlement and pay for work during public holiday, etc.</p>	Complied

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<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.</p> <p>Major Compliance</p>	<p>The contract of employment covered all aspects such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, and reasons for dismissal, period of notice made available in Bahasa Malaysia which is understood by the workers.</p> <p>The obligatory Foreign Workers Compensation Scheme [FWCS] for foreign workers were issued by MSIG and will expire on 30 Sep 2018 e.g. for Baturong 3 Estate.</p> <p>At the estates audited a number of field workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism, long holidays and low productivity. These reasons were verified as true during the audit.</p> <p>Workers receiving below minimum wages are identified, counselled and if there is no improvement in the achievement the workers will be offered to take on additional jobs or to work on less difficult tasks.</p> <p>However, evidence is clear that the workers who reached the daily target and working the whole month without absent received the minimum wages and some even much more.</p> <p>All relevant payment as prescribed by the laws, i.e. public holiday, annual leave, sick leave, are paid accordingly.</p> <p>The mill and estates had taken action to file records according to the month they were generated had enabled files of workers to be retrieved in a timely manner and hence addressing the observation (Obs# JMD-01) previously raised.</p>	<p style="text-align: center;">Complied</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>The PMU has provided adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities Act 1990 to the workers. This act is yet to be enforced by Sabah.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estate are provided with free electricity and treated pond water 24 hours daily. The houses had incorporated rain-harvest system for which the water was used for general cleaning. Line site inspection is conducted weekly by the office and the Health Assistant (HA), office staff and RSPO Field Supervisor.</p> <p>During site visit to the housing area, there were no harvesting poles and sickles being kept at the houses. The workers confirmed that the poles and sickles are now kept at the nearby store.</p> <p>During field visit, it was observed sickles, when not in use, were covered with harvesting sickle covers.</p> <p>The previous Minor NC# JMD-01 (2017) raised was addressed and effectively closed.</p> <p>Linesite inspections were conducted by HA and RSPO Field Supervisor. General cleaning around the compounds were organized weekly and it was observed the compounds were in tidy state.</p> <p><u>Schools</u></p> <p>The migrant workers' children received free education in a NGO-managed school, i.e. HUMANA, located in Baturong 1 and Baturong 3 estates. Maintenance of the school building,</p>	

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	<p>furniture, electric and water supplied are is under the purview of the estate management. Children attending the schools are provided with free school bag and stationery annually. Local children are transported to government school in Kunak town at no cost.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>Crèche is available in each estate and they are well maintained. The crèche ayahs are well trained on procedures of using the first aid kits. Depending on the estate management, some crèche are provided biscuits or chocolate drink. Crèche inspection is conducted weekly by the HA.</p> <p>HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which is also managed by HUMANA but built with the help of the PMU.</p> <p><u>Sundry shops</u></p> <p>From interviews with the workers in PMU it was found that most household sundries, including frozen foodstuffs were available on sale. Fresh food, such as fish, chicken, vegetable and meat are also brought in by fresh food suppliers into the estates in food trucks at least twice a week.</p> <p><u>Medical clinics</u></p> <p>Clinic in Baturong 1 Estate is also serving workers from Baturong 2 Estate, Baturong 3 Estate and Baturong POM. The clinics are managed by experienced HA with sufficient number of health assistants. Medical and ambulance services for the PMU is free of charge. Record of visiting medical officer were also sighted. Medical fees for workers sent to local hospital are also covered by the management.</p> <p><u>Sports and Recreational Facilities</u></p> <p>Courts for futsal, sepak takraw, volley ball, badminton and community halls were generally in good state of repair and maintenance.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>The PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within their compounds.</p> <p>The estates visited are located close the Kunak and Lahad Datu towns which are reachable by local transportation. The workers had the options to travel to these towns for their general supplies.</p>	<p>Complied</p>
<p>Criterion 6.6</p> <p>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.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>The published statements of policy which recognises employee's freedom of association, was noted to be available and widely displayed in Bahasa Malaysia.</p> <p>Each of the estates audited in the PMU had formed the ECC as a mechanism to cater the collective bargaining needs of the workers. Results of ECC meetings were minuted and available for verification.</p>	<p>Complied</p>
<p>6.6.2 Minutes of meetings with main trade unions or workers</p>	<p>The PMU has published a statement (in local languages)</p>	<p>Complied</p>

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representatives shall be documented. Minor Compliance	recognizing freedom of association at the POM and estate offices. The representation from the different levels of workers is through the Employees Consultative Council (ECC). These representatives are elected by the workers. In all meetings, minutes of ECC, list of attendance and photos of the sessions were kept in file showing evidence of participation of affected parties. Inputs and request raised during ECC meetings were verified to be included in the continual improvement plans of the mill and estates.	
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	There was no evidence of any child labor being used at the PMU. The Child Labour Policy adopted by estate managements had stated that the minimum age of workers is 19 years. Site inspection of the employment records in all estates confirmed that this has been complied. Inspection of the employment records including site visit to the estates confirmed that this criterion has been complied with.	Complied
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	The policy statements which recognize Equal Job Opportunity were widely available and displayed in local languages and English.	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, migrant workers and review of ECC meeting minutes and Grievance Book, it is verified that there has been no issue of discrimination at 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	The PMU demonstrated that staff and workers are hired and promoted based on specific criteria. However, promotion to higher position sometime take a longer period due to the position sought is not yet vacant. For foreign workers, hiring is based mainly on mandor recommendations. However, it was evident that no discrimination on promotion as both men and women, local and foreign workers have equal opportunity to be promoted. As part of IOI contribution to the community and fair recruitments, Lahad Datu Regional Office had participating in the annual Career Exhibition conducted by JTK at Kunak and Lahad Datu on 21 July 2018 and 28 July 2018 respectively. The following Observation was raised: Location: All estates There was evidence of several female field workers had been promoted to 'Mandore' / Group Leaders. The basis for their promotion and change in their role and	Observation: AL-02

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	responsibilities and wages can be more clearly documented and retained.	
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	The established social policy covered aspects on sexual harassment, gender and women reproductive rights. There are gender committees specifically to address areas of concerns 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. The policy statements on prevention of sexual harassment, protection of gender and women reproductive rights were widely available and displayed in local languages and English. Briefing sessions were conducted together with the GCC meetings in all estates audited as well at the POM for both male and female workers.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche. Female workers were found to have voluntarily resigned from work due to her pregnancy. Local female workers who have given birth are entitled to maternity leave with pay.	Complied
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	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.	Complied
Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.		
Indicators	Findings and Objective Evidence	Compliance
6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	All estates in the PMU have no dealing with smallholders.	Complied
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	The PMU has the pricing mechanism available. Currently, all of their FFB are supplied from within the grouping.	Complied
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	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.	Complied
6.10.4 Agreed payments shall be	The PMU has a policy to ensure agreed payments were made	

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<p>made in a timely manner. Minor Compliance</p>	<p>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.</p> <p>The following Observations were raised: Location: Baturong 3 estate 1) Contract agreement with the FFB/EFB transporter does not clearly state the period of payment after the services has been provided. 2) It was also noted that agreement stated that the load cannot exceed 18 MT per trip but in instances of overloading, what actions will be taken is not clearly stated.</p>	<p>Observation: CBK-01</p>
<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 results of consultation with local communities shall be demonstrated. Minor Compliance</p>	<p>Main contribution of the estates to the local development can be demonstrated in the provision of facilities, services and where feasible, monetary.</p> <p>The PMU had contributed school bags to HUMANA pupils. Free transport are provided by the office management for children to the schools.</p> <p>There were donations in cash and in kind to social organisations and to workers for festive celebrations.</p> <p>There were also contribution of tables to arm forces around the area.</p> <p>Clinics are available in the line sites of both estates audited. From the interviews with the Medical/Health Assistant as well as the teachers from HUMANA schools, the clinics do provide treatment to the school children if it is really necessary especially during emergency. In fact on 20 May 2017, Baturong 3 Estate in collaboration with Ministry of Health, Kunak hosted the celebration of World Malaria Day.</p>	<p>Complied</p>
<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 Minor Compliance</p>	<p>Not applicable</p>	<p>Not Applicable</p>
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance</p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Region 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.</p> <p>The workers kept their own passports. Only when there were needs for renewal of work permits that their passports would be handed over to the management for processing purposes.</p> <p>The workers themselves may opt to have their passports kept at the estate office which they will have 24 hour access to their passports.</p> <p>The Management monitors the expiry of passports and work</p>	

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	permits. The following observation was raised: Location: Cantawan & Baturong 3 estates There should be an acknowledgement of receipt by the management when foreign workers hand over their passports for the purpose of renewal of work permit as being assisted by the estates.	Observation: CBK-02
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 external stakeholders.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	A policy on Equal Opportunity was adopted and implemented by the PMU and verified to have covered all necessary aspects of migrant workers related issues.	Complied
Criterion 6.13 Growers and millers respect human rights.		
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	The Sustainable Palm Oil Policy, Equal Opportunity Employment & Freedom of Associations Policies contain commitment of the Management to respect and uphold rights of workers. These policies were signed by the Plantation Director in October 2017. The “no recruitment fee” policy as stated in Foreign Worker Recruitment Guideline & Procedure in Malaysia was implemented from July 2018. Interview with the workers who confirmed that they were aware that workers will not be charged this “recruitment fee”. Hence the Observation JMD-02 raised during the previous audit was effectively addressed.	Complied
6.13.2 As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. Minor Compliance	The “Sustainability Policy Statement” recently adopted and implemented by the PMU verified to have covered the necessary aspects of human rights related issues, including access to education for the children of foreign workers.	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.

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.

SUMMARY OF NET GHG EMISSIONS

Data below as per the latest summary report generated through **PalmGHG Calculator Version 3.0.1**.

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GHG Table 1: Summary of Net GHG Emissions (12 months: July 2017-June 2018)

Emissions per Product	tCO ₂ e/tProduct
CPO	2.32
PK	2.32

Production	t/year
FFB processed	124,601.19
CPO Produced	25,674.69

Extraction	%
OER	20.61
KER	4.93

GHG Table 2: Summary of Net GHG Emissions

Land use	ha
OP planted area	8,104
OP planted on peat	0
Conservation (forested)	23
Conservation (non-forested)	217
Total	8,344

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	85590.22	10.34	85590.22	10.34	-	-	85590.22	10.34
CO ₂ Emissions from Fertiliser	12712.04	1.54	12712.04	1.54	-	-	12712.04	1.54
N ₂ O Emissions	13585.09	1.64	13585.09	1.64	-	-	13585.09	1.64
Fuel Consumption	3065.61	0.37	3065.61	0.37	-	-	3065.61	0.37
Peat Oxidation	0	0	0	0	-	-	0	0
Sinks								
Crop Sequestration	-65315.79	-7.89	-65315.79	-7.89	-	-	-65315.79	-7.89
Conservation Sequestration	-327.92	-0.04	-327.92	-0.04	-	-	-327.92	-0.04
Total	49309.25	5.96	49309.25	5.96	-	-	49309.25	5.96

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB

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Emissions		
POME	23,329.03	0.19
Fuel Consumption	1,734.73	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Excess Electricity to Grid and Housing	-714.54	-0.01
Sales of PKS	0	0
Sales of EFB	0	0
Total	24,349.22	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		
<p>Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>		
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); • 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>Action plans for continual improvement at the POM and Estates were documented, monitored and implemented.</p> <p><u>At POM:</u></p> <ul style="list-style-type: none"> - Installation of CEMS software in line with development of the DOE. - Installation of new silo to improve heating of the palm kernel - Installation of sterilizer exhaust to reduce noise and to maintain the level at <85dB. - Upgrading boiler emission system to reduce amount of boiler smoke emitted <p><u>At Estates:</u></p> <ul style="list-style-type: none"> - Planting of more cover crops along steep slopes - Ongoing planting of beneficial plants (<i>Turnera subulata</i>, <i>Cassia coganensis</i> and <i>Antigonon leptopus</i>) along the estate main roads; - Fertilizer bags are to be recycled and empty pesticide containers to be returned to supplier. In addition, waste will 	<p>Complied</p>

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	<p>also be segregated accordingly to the plastic and organic materials, and is ongoing.</p> <ul style="list-style-type: none"> - Tractors fitted with side mirrors for safety and light stickers for security. - Repair drainage at labour quarters to improve cleanliness and workers' welfare. - Annual donation to HUMANA school children - Annual rewards for students from the PMU with excellent results in government main examinations. - Absorbing all recruitment fees on foreign workers by the recruitment agents. - New school bus for students from Baturong POM. - Participation in annual Career Exhibition conducted by JTK Lahad Datu and Kunak. <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 Baturong 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
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		

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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
<p>D.1.1</p> <p>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.</p>	<p>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.</p> <p>The CPO Mill is therefore applying the Identity Preserved (IP) module.</p>	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 or book and claim).</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 procedure for IP Module is: RSPOSC/SOP/IP/3 issue 04, 02/01/2015.</p> <p>The procedure 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>Senior Asst. Mill Manager, Mr Mohamad Hairie has the overall responsibility and authority for implementation and compliance with the documented procedure.</p> <p>He and other relevant staff (e.g. Asst. Mill Manager, Mr. Rajesh P Rodricks) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation.</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>SCCS Training for relevant POM employees was conducted on 05 Jan 2018.</p>	<p>Complied</p>
<p>D.3.2</p> <p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>For the period FY 2017/2018, the POM only received and processed FFB mainly from the PMU estates and some FFB from other certified IOI PMUs estates.</p> <p>The PMU did not receive any non-certified FFB from other sources or suppliers.</p>	<p>Complied</p>

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	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.	
D.4 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.	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.	Complied
D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.	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. So far, there is no projected overproduction.	Complied
D.5 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
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.	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.	Complied
D.6 Processing		
Indicators	Findings and Objective Evidence	Compliance
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.	Confirmed from records that the POM only received and processed certified FFB from its own estates and estates in other certified IOI PMUs for FY2017/2018. 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 POM does not produce PKO. The PK is sold to IOI Edible Oil and there is no outsourcing of the PK crush to an independent palm kernel crusher.	Complied
D.6.2 The objective is for 100 % segregated material to be reached.	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.	

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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 (for Jul 2018- Jun 2019)

	Estates	Smallholders	Outgrowers
Number of Production Unit	4	-	-
Number of Individual Smallholders	0	-	-
Certified Area (ha)	8,936.01	-	-
Production Area (ha) / i.e. Mature area	5,725	-	-
HCV Area (ha)	0	-	-
Projected Certified FFB Processed (RSPO Certified) (mt)	149,000	-	-
Projected Certified - CPO Processed (RSPO Certified) (mt)	31,290	-	-
Projected Certified - PK Processed (RSPO Certified) (mt)	7,301	-	-

Table 8B: Summary of Trading volumes

Details required (as per RSPO Palm Trace – Trading volumes submission)		
	CPO (mt)	PK (mt)
Last year's (Projected) – 2018 Certified volume (RSPO Certified)	32,069	7,458
a) Last year's Actual sold volume (RSPO Certified)	24,167.10	5,975.39
b) Last year's Actual sold volume * (Other Schemes Certified)	0	0
c) Last Year's Actual sold volume ** Conventional	1,507.59	164.69
Total of (a) + (b) + (c)	25,674.69	6,140.08
New (Projected) – 2019 Certified Volume (RSPO Certified)	31,290	7,301

Notes:

- Verified that the total Actual sold (for last year) has not exceeded the Projected (for last year)
- * The volumes under 'Other Schemes certified' is basically under ISCC scheme.
- ** Remaining volumes traded are not claimed under 'Certified' and traded as 'Conventional' volume.

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

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

Assessment Type	Year	Noncompliance (NC)	Observations (OBS)	Follow up status
Re-certification Assessment (R1)	2015	Nil	6	All OBS closed during ASA-01.
Annual Surveillance – 1-1	2016	1 Major	1	NC and OBS closed during ASA-02
Annual Surveillance – 1-2	2017	4 (2 Major & 2 Minor)	4	All NCs and OBS closed during ASA-03
Annual Surveillance – 1-3	2018	2 (0 Major & 2 Minor)	4	Next surveillance

3.2.1 Year 2018: 2 Minor NCs

NC#	MYNI Indicator	Details of NC
SH-01 (Minor)	4.4.1	Date issued: 26 July 2018
		Requirement:
		4.4.1 An implemented water management plan shall be in place.
		Statement of Nonconformance:
		The water management plan was not adequately documented and implemented as it had not covered all sources of water being used by the workers.
		Evidence of Nonconformance:
		Location: Baturong 3 Estate The steep slope areas (identified as a HCV area) was noted to serve as another function for the estate community i.e. a source of water collected for domestic use. The action plan taken to enhance this other function has not been adequately documented and effectively implemented. Additionally, the access stairs constructed which leads to the site, is observed to be not sturdy and unsafe. This could potentially lead to safety issues and can affect the proper monitoring needed for the said area
Root Cause and Corrective Action(s): by Auditee representative		



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		<p>Root cause: The action plan pertaining to the management of the water extraction point is actually has been already included in the internal Water Management Plan and HCV Assessment. However, since the water extraction point is located within the estate's steep hill area, the management action point for the extraction point was place under the management plan for the steep hill. Thus, while both sites serve different function/impact, a comprehensive management plan for site specific water extraction point was not prepared by the management.</p> <p>In term of monitoring, the water extraction point is also being included in the SPO Supervisor's patrolling record to the HCV/Conservation Area. However, the previous monitoring does not specifically include the safety condition of the stairs used to visit the extraction point.</p> <p>Corrective Actions: The management plan for the steep hill and water extraction point will be separated into 2 site specific management plans. A detailed and comprehensive management plan for both sites will be included in the Water Management Plan and HCV Assessment. Immediate action has been taken by Baturong 3 Estate to repair the stairs and clear the walkway leading to the water extraction point.</p> <p>Preventive measure: The future monitoring of water extraction point will include the condition of the access pathway (stairs). The frequency of the monitoring will also be increased from one to two times per week. Awareness training which will focus on the HCV and conservation areas, will be conducted for the staff & executive of Baturong 3.</p>
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>
		<p>Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: As submitted via email under the respective CA was additionally verified for the actual implementation on site at the estates. The submitted evidences were:</p> <ol style="list-style-type: none"> 1) Revised section of Water Management Plan and HCV Assessment that is site specific for the water extraction point. 2) Pictorial evidence on repair of the stairs and along the access pathway to the water extraction point. 3) Patrolling record of water extraction point by SPO Supervisor which include specifically the checking of the access pathway and stair's condition. 4) Training done on HCV and Conservation area awareness for the executive & staff of Baturong 3 Estate. <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>
		<p>NC status verified by auditor: Closed by AL & SH Date closed: 10 Sept 2018</p>
		<p>Verification of effectiveness: Next assessment</p>
		<p>NC status verified by auditor: - Date verified: -</p>

NC#	MYNI Indicator	Details of NC
SH-02 (Minor)	5.1.3	Date issued: 26 July 2018
		Requirement:



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	<p>5.1.3 This plan (Environmental Management Plan) shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures.</p>
	<p>Statement of Nonconformance:</p>
	<p>The Environmental Management Plan was not effectively implemented as water sampling points were not correctly identified and water analysis done was inadequate. Thus monitoring of mitigation measures was not effective.</p>
	<p>Evidence of Nonconformance:</p>
	<p>Location:</p> <p>3. At Baturong 1 estate. Water quality analysis was noted to be only conducted at the outlet of the streams flowing out of the estate. No water samples were taken at the inlet points. As such the effectiveness of the mitigation measures taken along the streams was not adequately ascertained.</p> <p>4. Baturong 3 estate One of the streams in the estate passing through field blocks: 93 C & 93 D was noted to be without the clear extent of the riparian zone or markings. There was no evidence of any water quality analysis conducted at the said stream and no identification of water sampling points were indicated on the map from the inlet to the outlet points.</p>
	<p>Root Cause and Corrective Action(s): by Auditee representative</p>
	<p>Root cause: The location of water sampling point located at Baturong 1 and Baturong 3 Estate was determined by the external consultant (Kiwiheng Environmental Consultant) who reported to the local authorities (Sabah's Environment Protection Department). Therefore, it is assumed that the current monitoring mechanism is accepted as there is no feedback from the authorities to say otherwise. In addition to that, the other reason of why there is no water sampling taken at the mentioned stream is because the stream is actually seasonal. It only has running flowing water during the wet/raining season and most of the other time it was just</p> <p>For the streams passing through the field blocks 93 C & 93 D at Baturong 3, the surrounding field areas has just undergone re-planting recently. As the old buffer zone demarcation was painted at the tall palm, the estate has yet to reestablish the marking in the area since the palms were felled.</p>
	<p>Corrective Actions: The management will inform the Kiwiheng consultant to add one more water sampling point at the inlet of the mentioned stream. In the event of the water in the stream is found dried up/stagnant during the scheduled periodical water sampling, then no water sample can be taken. Thus, the record will reflect as such. The riparian reserve at 93D and 93C located at the Baturong 3 Estate will be demarcated accordingly.</p>
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>

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		<p>Corrective actions taken: As stated by Auditee in their RC & CA</p> <p>Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates.</p> <p>The submitted evidences were:</p> <ol style="list-style-type: none"> 1) Map indicating the location of the two new water sampling point 2) Pictures of demarcation of the streams in field blocks 93 C and 93 D 3) Quotation for the additional water sampling point 4) Latest result of the water sampling to the newly added water sampling point will be available on early September 2018 <p>Conclusion:</p> <p>Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL & SH</td> <td>Date closed: 10 Sept 2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	NC status verified by auditor: Closed by AL & SH	Date closed: 10 Sept 2018	Verification of effectiveness: Next assessment		NC status verified by auditor: -	Date verified: -
NC status verified by auditor: Closed by AL & SH	Date closed: 10 Sept 2018							
Verification of effectiveness: Next assessment								
NC status verified by auditor: -	Date verified: -							

3.2.2 Year 2018: 4 Observations

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AL-01	4.1.1	<p>Location: Baturong 2 estate</p> <p>The height and roofing for new notice boards which displayed news & instructions should consider the safe height levels for the viewer. Some of the new ones erected were noted low in height.</p>	26 July 2018	-	Next assessment
OBS: AL-02	6.8.3	<p>Location: All estates</p> <p>There was evidence of several female field workers had been promoted to 'Mandore' / Group Leaders. The basis for their promotion and change in their role and responsibilities and wages can be more clearly documented and retained.</p>	26 July 2018	-	Next assessment
OBS: CBK-01	6.10.4	<p>Location: Baturong 1 & 3 estates</p> <p>1) Contract agreement with the FFB/EFB transporter does not clearly state the period of payment after the services has been provided.</p> <p>2) It was also noted that agreement stated that the load cannot exceed 18 MT per trip but in instances of overloading, what actions will be taken is not clearly stated.</p>	26 July 2018	-	Next assessment
OBS: CBK-02	6.12.1	<p>Location: Cantawan & Baturong 3 estates</p>	26 July 2018	-	Next assessment

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		<p>There should be an acknowledgement of receipt by the management when foreign workers hand over their passports for the purpose of renewal of work permit as being assisted by the estates.</p>		
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3.2.3 Year 2017 ASA-02: 4 NCs (2 Major and 2 Minor)

NCR	MYNI Indicator	Details of NCR
Major OCL-01	1.2.1	Date issued: 27/07/2017
		<p>Nonconformance: 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. During this current assessment at IOI Baturong Grouping, it was found that this revised policy has yet to be communicated to all levels of the workforce.</p>
		<p>Root Cause and Corrective Action(s):</p> <p>Root Cause: The policy was published in IOI website on 12 Jun 2017. However, due to lack of communication awareness internally, not all management levels was aware on the published policy.</p> <p>Corrective Action: Series of trainings and briefing in all levels of the workforce will be conducted in phases in Baturong Grouping. A mechanism on communicating the changes of the company policy will be further developed, focusing on the various platform to ensure the dispersal of information is on point and on time.</p>
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out confirmed the following evidences of implementation of the corrective actions:</p> <p>(1) Flowchart mechanism of communication to all levels that shows how the information is being received from the top management until workforce levels. (2) Records (attendance lists and photos) of briefing on SPOP Policy to all levels of the workforce. Briefing given starting from the top management including mill and all estates in Baturong Grouping. This briefing consisted of the following stages: (a) By Sustainability Palm Oil (SPO) Team to executive levels (All managers accompanied with assistant). (b) By assistant to all staffs. (c) By assistant to workers. (3) Training needs analysis and questionnaire provided after the briefing to evaluate the understanding of all the target groups based on the briefing conducted. Questionnaire was provided to management level while staff and workers provided with training needs analysis. The corrective actions satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 07/09/2017</td> </tr> </table>
NC status verified by auditor: Closed by OCL	Date closed: 07/09/2017	
		Verification (for effectiveness): Verified on-site during assessment ASA-03, and noted to be effectively implemented for closure.

NCR	MYNI Indicator	Details of NCR
Major	6.3.1	Date issued: 27/07/2017

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JMD-01		<p>Nonconformance: In Baturong 2 Estate, the workshop workers reported in the internal stakeholders' consultation that snakes were sighted at their working area. The management responded that the workers should keep away from the snakes and do not provoke the snakes. This action plan is not appropriate to the grievance raised by the workers in order to ensure that no unwanted incident involving the snakes occurred in the workshop.</p>		
		<p>Root Cause and Corrective Action(s): Root Cause: In an estate or plantation environment, biological hazard such as snakes that is non-poisonous is a common sightings and cases involving snake bites is relatively low to none in Baturong Grouping. On the other note, the workshop is located near to river buffer zone where it is damp and with grown bushes that is suitable for the snake's refuge area. This workshop was supposed to be shifted to a new location in mid-September 2017. Thus, when this issue was raised by the workshop workers, the management only provided minimal comments on the raised issue.</p> <p>Corrective Action: A revision of the SIA in terms of the action to be taken for the snake issue will be provided from the estate for the period of using the current workshop until the shift to the new workshop. Application of sulphur on the surrounding area will be continuously conducted until the workshop is shifted to the new location that is away from the river buffer zone. Cleaning, area upkeep and awareness training on handling snakes based on IOI OSH Manual will be conducted for the workers involved in the area at an interval of once every two weeks until shifting to the new workshop. The workshop will be shifted to a new location before 01 Sep 2017.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions: (1) Revised SIA from Baturong 2 Estate with time bound action plan. (2) The receipt for the purchase of Sulphur. (3) Timetable of the application of Sulphur. (4) Grass cutting programme and record (once in two weeks). (5) Training based on IOI OSH Manual on snake species and safety measures ("<i>Prosedur Kerja Selamat Spesies Ular dan Panduan Keselamatan</i>") will be conducted. The target training group are workers in workshop, driver and storekeeper. (6) Photo of new workshop being used. The corrective actions satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 07/09/2017</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 07/09/2017
NC status verified by auditor: Closed by OCL	Date closed: 07/09/2017			
		<p>Verification (for effectiveness): Verified on-site during assessment ASA-03, and noted to be effectively implemented for closure.</p>		

NCR	MYNI Indicator	Details of NCR
Minor OCL-01	1.1.1	<p>Date issued: 27/07/2017</p> <p>Nonconformance: During this current assessment, comments were received from Sabah Forestry Department in a letter dated 13 Jul 2017 relating to the public notification. However, IOI Baturong Grouping has not yet responded to these comments and/or establish an action plan, where necessary.</p>

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		<p>Root Cause and Corrective Action(s):</p> <p>Root cause: The reply letter was sent to IOI Plantation Sustainability Coordinator somewhere on mid-July whilst the coordinator was away from his office due to work commitment. The Sustainability Department at IOI HQ only then received the document on 27 Jul 2017, thus no reply was provided to the Sabah Forestry Department.</p> <p>Corrective Action: A reply letter will be provided with necessary comments and/or action plan (if necessary) for the issues raised in the letter from Sabah Forestry Department.</p>		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out confirmed the following evidence of implementation of the corrective action: Copy of reply letter from IOI Plantation Sustainability Coordinator for Sabah Forestry Department. The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 07/09/2017</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 07/09/2017
NC status verified by auditor: Closed by OCL	Date closed: 07/09/2017			
		<p>Verification (for effectiveness): Verified on-site during assessment ASA-03, and noted to be effectively implemented for closure.</p>		

NCR	MYNI Indicator	Details of NCR
Minor JMD-01	6.5.3	Date issued: 27/07/2017
		<p>Nonconformance: In Baturong 3 Estate, it was found harvesting poles and sickles were kept in front of the house at the linesite and not in the specified store as required. Also, one of the sickle was not properly covered with the standard sickle cover provided by the management.</p>
		<p>Root Cause and Corrective Action(s):</p> <p>Root cause: The said worker was found to have additional sickle and harvesting pole purchased on his own which the management was not informed. During the eventful day, the worker was in a hurry to be present in the office and left the sickle not covered properly.</p> <p>Corrective Action: A designated store with sufficient racks to keep the harvesting pole is expected to be completed by mid-August. Census and spot checks for additional harvesting pole and sickle purchased by the workers will be done once in six months. Linesite monitoring continuously being done by the SPO Field Supervisor and the frequency is increased to twice weekly. The additional sickles and harvesting poles are kept inside the store (old sickles included).</p>
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out confirmed the following evidences of implementation of the corrective actions:</p> <ol style="list-style-type: none"> (1) Photo and report on the new designated building. (2) Copy of warning letter given to the respective harvester as well as counselling session. (3) Record of briefing given to all harvesters specify on the usage of new designated store for harvesting poles and sickles. (4) Monitoring of the line site area and recorded in staff report. (5) Record census for additional harvesting poles and sickles. (6) SOP for the new designated store. <p>The corrective actions satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 07/09/2017</td> </tr> </table>
NC status verified by auditor: Closed by OCL	Date closed: 07/09/2017	

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	Verification (for effectiveness): Verified on-site during assessment ASA-03, and noted to be effectively implemented for closure.
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3.2.4 Year 2017: 4 Observations

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Follow up remarks (if any)
OBS# CBK-01	4.3.3	Baturong 3 Estate	A Road Maintenance Programme was in place that included resources required, length of roads to be repaired or maintained. The process is that before works commence, an inspection was carried out to obtain more accurate information on the condition of the roads. After this inspection, it was decided that most stretches did not require repair and the total stretch to be repaired was actually much less. The record for the road maintenance in Baturong 3 Estate, Division 1, for May 2017 showed the total stretch of road to be maintained was 816 chains. The actual completed repair works was 186 chains and therefore reported as 12.28% completion. This result of 12.28% completion did not reflect an accurate report on status of road repair and maintenance works.	27 Jul 2017	26 Jul 2018	Addressed & closed
OBS# CBK-02	4.7.2	Baturong 3 Estate	At the premix area, water pressure for emergency shower was boosted by an electrical water pump that must be switched on at all times. The potential risk that the pump could fail due to electrical or mechanical failure during an emergency need to be considered in the risk assessment.	27 Jul 2017	26 Jul 2018	Addressed & closed
OBS# JMD-01	6.5.2	Baturong 3 Estate	In Baturong 3 Estate, it was found that sick leave for worker BR30218 on 22 May 2017 was paid based on daily minimum wage, i.e. RM35.38. The requirement of Sabah Labour Ordinance, Section 104E (4) is that payment for sick leave should be based on the ordinary rate of pay [ORP]. Effective ORP in the month of May 2017 for the worker mentioned above is RM102.30. Evidence of correct payment made was not provided in a timely manner for verification.	27 Jul 2017	26 Jul 2018	Addressed & closed
OBS# JMD-02	6.13.1	Baturong PMU	The newly revised Sustainable Palm Oil Policy [SPOP] uploaded in IOI Group website on 12 Jun 2017 stated that the company will absorb all recruitment fees imposed by the agents and sub-agents on new foreign workers hired by the	27 Jul 2017	26 Jul 2018	Addressed & closed

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			company. There is no definite date specified for implementation of this policy in all the operating units. A defined approach and action plan has yet to seen for this implementation.		
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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 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 and sport facilities.
- 3) The PMU has participated in the IOI Sabah region wide stakeholder consultations and meetings held with the Local authorities and communities as part of commitment to CSR activities for the region.

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 Baturong 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 2018

Communication done via email on 12 Jun 2018 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: No new feedback received from the Sabah Forestry Dept and the other Govt. Agencies.	The PMU had taken actions as required by SFD. Ongoing consultations will be maintained.	Verified during on-site assessment that the PMU has held consultations with the Sabah Forestry Department, Sabah as evidenced in stakeholder consultation records of 2017 and 2018.	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.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 26 Jul 2018. A total of 11 stakeholders (3 government agencies, 2 transporter, 3 suppliers, 1 neighbouring estate, 2 shop operators) were present at the consultation. They were interviewed by the			

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<p>auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <p>1. DOE representative: Mill should comply with new requirements in the Environment Quality Act by June 2019. Management should take initiative to comply.</p> <p>2. Police Dept. representative: If there are foreign workers who abscond, these must be reported immediately to the Police and Immigration Departments to assist in the tracking on those workers.</p>	<p>The PMU will internally communicate the concerns as follows:</p> <p>1) HQ & Mill Manager to review and consider the appropriate actions needed.</p> <p>2) Respective Mill & Estates Managers to improve the reporting to internal HR Dept. and externally to the Police & Immigration Depts. On the cases of worker abscondment.</p>	<p>It was verified during on-site audit that there were evidences of some measures are in place which partly addressed the concerns raised.</p> <p>Thus further follow up to be done during the next Assessment.</p>	<p>To be followed up during the next Assessment.</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from: 23-26 Jul 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 10 males, 9 females Estate Offices = 8 males, 12 females Field/sites visit = 22 males, 35 females</p> <p>No issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>
<p>Other Interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>

3.3.2 Feedback Raised by Stakeholders: Previous – Year 2017

Communication done via email on 13 Jun 2017 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 via email dated 13 Jul 2017 from the Forestry Department, Sandakan, Sabah. This feedback gave comments on environmental protection, biodiversity conservation, employment opportunities and community development for consideration by the PMU.</p>	<p>The PMU responded to each of the comments by the Sabah Forestry Department as detailed below:</p>  <p>Response to Sabah Forestry Dept 27 July.</p>	<p>The PMU has provided the responses after a non-conformance was raised. (see Minor NC# OCL-01) Subsequent verification found the corrective action to be satisfactory.</p>	<p>Nil</p>

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<p>Details of the feedback are in the attached document below:</p>  <p>Comments-Forestry Dept. Sabah.pdf</p>			
<p>Non-Governmental Organizations: No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 26 Jul 2017. A total of 14 stakeholders (6 government agencies, 1 transporter, 3 suppliers, 4 neighbouring estates) 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"> 3. Monitoring system on students' attendance to the respective schools by the PMU. 4. School buses are generally speeding while on the road with school children on board. Reminder should be given to drive according to speed limit. 5. Achievement of students from Baturong PMU are generally low. SMK Madai offered to conduct extra classes within the PMU during weekends for students who will be taking the examination. 6. Better communication between estate fertilizer stores with the fertilizer 	<p>The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting.</p>	<p>To be followed up during the next Assessment.</p>	<p>Verified that appropriate actions were taken during on-site assessment in 2018.</p>



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suppliers. Estate fertilizer store keepers should give clear instruction whether to delay or expedite the delivery.			
Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 24 to 27 Jul 2017 at the PMU: Staff/Workers sampling: POM = 13 males, 9 females Estate Offices = 20 males, 20 females Field/sites visit = 22 males, 33 females No 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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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Baturong 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 Baturong Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Augustine Loh
Lead Assessor
Date: 5 Oct 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 Plantation Services Sdn Bhd

Mr. S.S. Ragupathy
Senior General Manager (Sabah Region)
Date: 7 Oct 2018

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4.2 INTERTEK- RSPO P&C Certificate details for IOI Baturong Grouping

Certificate No:	RSPO 930788
Original Issue date:	08 Oct 2010
Expiry date:	07 Oct 2020
New PalmTrace License Start date:	08 Oct 2018
PalmTrace License End date:	07 Oct 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:	IOI Baturong Grouping
Address of POM:	KM 52, Jalan Kunak-Tawau, Off Road KM3, 91109 Lahad Datu, Sabah.
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 Area (Ha)	Certified (Titled) Area (ha)
		Latitude	Longitude		
Baturong Palm Oil Mill (Capacity: 30 MT/hour)	MDLD 5123, KM3 Jalan Segama, Lock Bag No 15, 91109, Lahad Datu, Sabah <u>Location Address</u> KM 52, Jalan Kunak-Tawau, Off Road KM3, 91109 Lahad Datu, Sabah.	N 04° 45' 18.94"	E 118° 05' 19.25"	-	-
Baturong 1 estate	KM 52, Jalan Kunak-Tawau, Off Road KM6, 91109 Lahad Datu, Sabah.	N 04° 44' 9.66"	E 118° 04' 15.55"	2,366	2,992.87
Baturong 2 estate	KM 52, Jalan Kunak-Tawau, Off Road KM25, 91109 Lahad Datu, Sabah.	N 04° 45' 55.59"	E 118° 01' 41.68"	1,414	2,434.52
Baturong 3 estate	KM 52, Jalan Kunak-Tawau, Off Road KM14, 91109 Lahad Datu, Sabah.	N 04° 45' 27.80"	E 118° 00' 07.71"	992	2,056.21
Cantawan Estate	KM 20, Jalan Tungku-Lahad Datu, Off Road KM6, 91109 Lahad Datu, Sabah.	N 05° 03' 56.46"	E 118° 26' 51.50"	953	1,452.41

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

Baturong POM	Annual Tonnages (MT)
Certified FFB	149,000
Certified CPO	31,290
Certified PK	7,301
Supply chain module	Identity Preserved (IP)

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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. Sazali Hasni (SH) – Assessor / Technical Expert

(Environment, Conservation and HCV area)
- Bachelor of Science (Forestry)

Mr. Sazali Hasni has over 25 years work experience in the forestry sector. He is an IRCA Auditor for ISO 9001 and auditor for the PEFC Chain-of-Custody Certification. He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He was a member in the stakeholder consultation and development of the Malaysian Criteria & Indicators (MC&I) for Forest management Certification. He has been involved in the auditing of Forest Management Certification for the Perak State Forestry Department and Pahang State Forestry Department. He has also been involved with a German based company in testing their criteria for carbon tracing in an oil palm plantation in 2011. He had also acted as the regional consultant to International Tropical Timber Organization (ITTO) for the Asia Pacific region in the Evaluation and Monitoring of Projects funded by the organization from 1994 to 1998. Projects funded are mainly forestry related such as reforestation, conservation, community forestry apart from other research based projects. He is a member of the RSPO CB 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.

Mr. Chin Bit Kee (CBK) – Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management and Social)
– BSc in Food Technology, University of Reading, UK

Mr. Chin Bit Kee has more than 20 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals 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 successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He is a member of the RSPO CB 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		
23 July 2018 (Day 1)	8.00 am – 1.00 pm	Travel to Baturong 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	CBK	SH
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at POM • P8 Continual Improvement • SCC for POM 	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"> • P1 Transparency • P2 Laws & regulations • P5 Environmental, Conservation & HCV • 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 on Multiple Management Units 		
	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		
		OCL	CBK	SH
24 July 2018 (Day 2)	8.30 am – 12.30pm	Site assessment at Baturong 1 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates • P8 Continual Improvement 	Site assessment at Baturong 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Baturong 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P7 New Planting • P8 Continual Improvement
		Lunch Break		
	1.30 pm - 5.30 pm	Site assessment at Baturong 2 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates 	Site assessment at Baturong 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Baturong 2 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P7 New Planting • P8 Continual Improvement

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		• P8 Continual Improvement		
	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	CBK	SH
25 July 2018 (Day 3)	8.30 am – 12.30pm	Site assessment at Baturong 3 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates • P8 Continual Improvement 	Site assessment at Baturong 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Baturong 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Site assessment at Cantawan Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates • P8 Continual Improvement 	Site assessment at Cantawan Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Cantawan Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P7 New Plantings • P8 Continual Improvement
	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	CBK	SH
26 July 2018 (Day 4)	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 • P4 Best Practices at POM • 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	

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	11.00 am – 12.30 pm	Site assessment at POM or estates to follow up on any specific criteria/areas
	12.30 pm – 1.30 pm	Lunch Break
	1.30 pm – 3.30 pm	Preparation for Closing Meeting
	3.30 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office
	5.30 pm – 6.30 pm	Travel to Hotel at Sandakan

Date	Time	Assessors and Assessment Activity		
27 July 2018 (Day 5)	8.30 am onward	AL	CBK	SH
		Flight back to KK / KL		

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Appendix C-1:

Location Map of IOI Baturong Grouping, Lahad Datu, Sabah
Scale 1: 200 km



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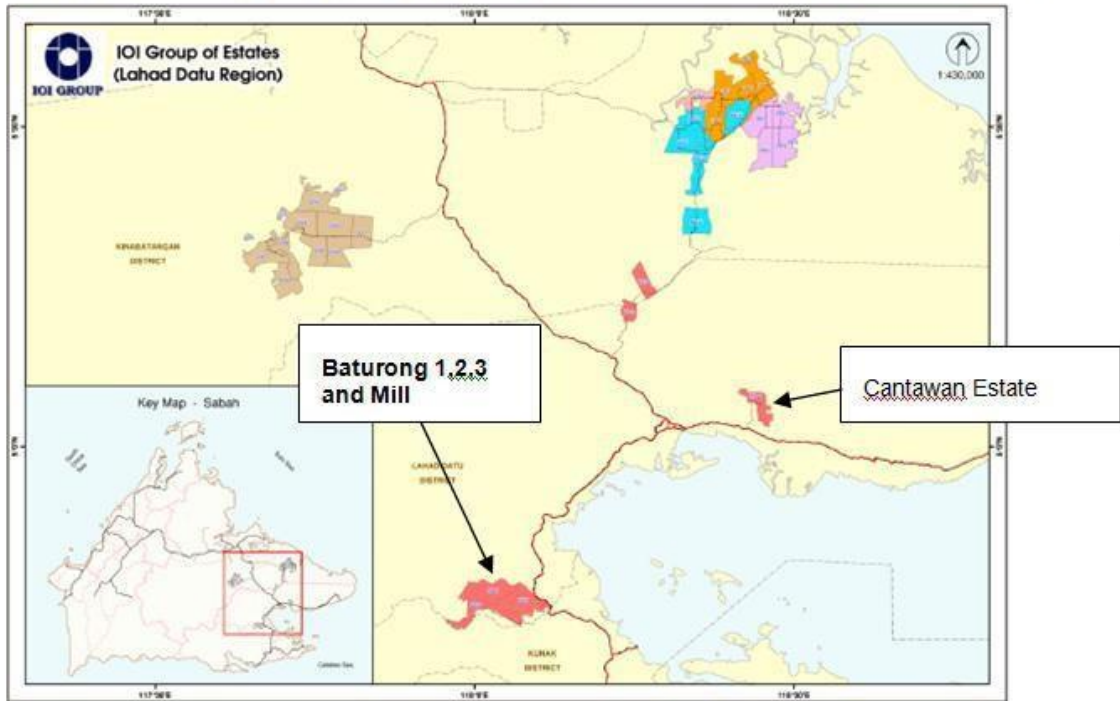
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Appendix C-2:

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

LOCATION OF IOI ESTATES IN LAHAD DATU REGION

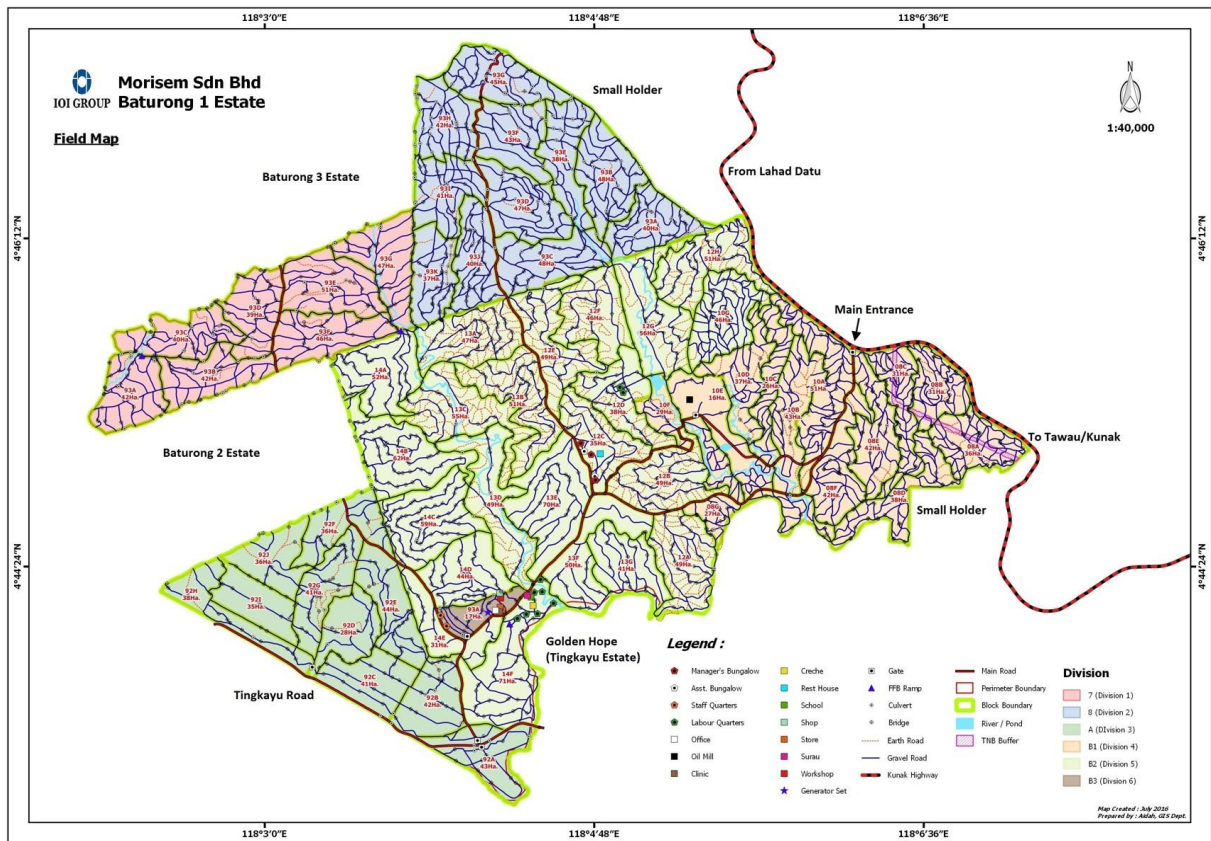


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Appendix C-2-1: Map of Baturong 1 Estate

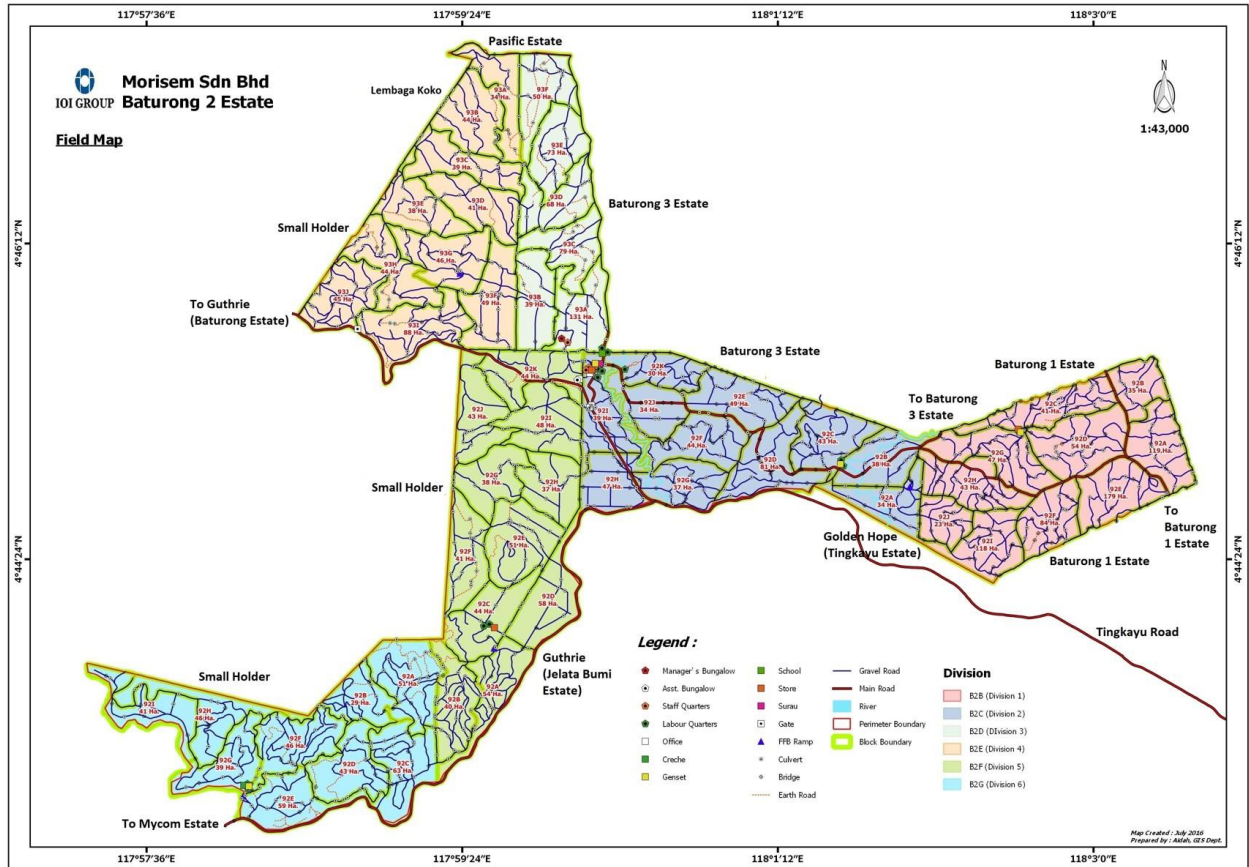


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Appendix C-2-2: Map of Baturong 2 Estate

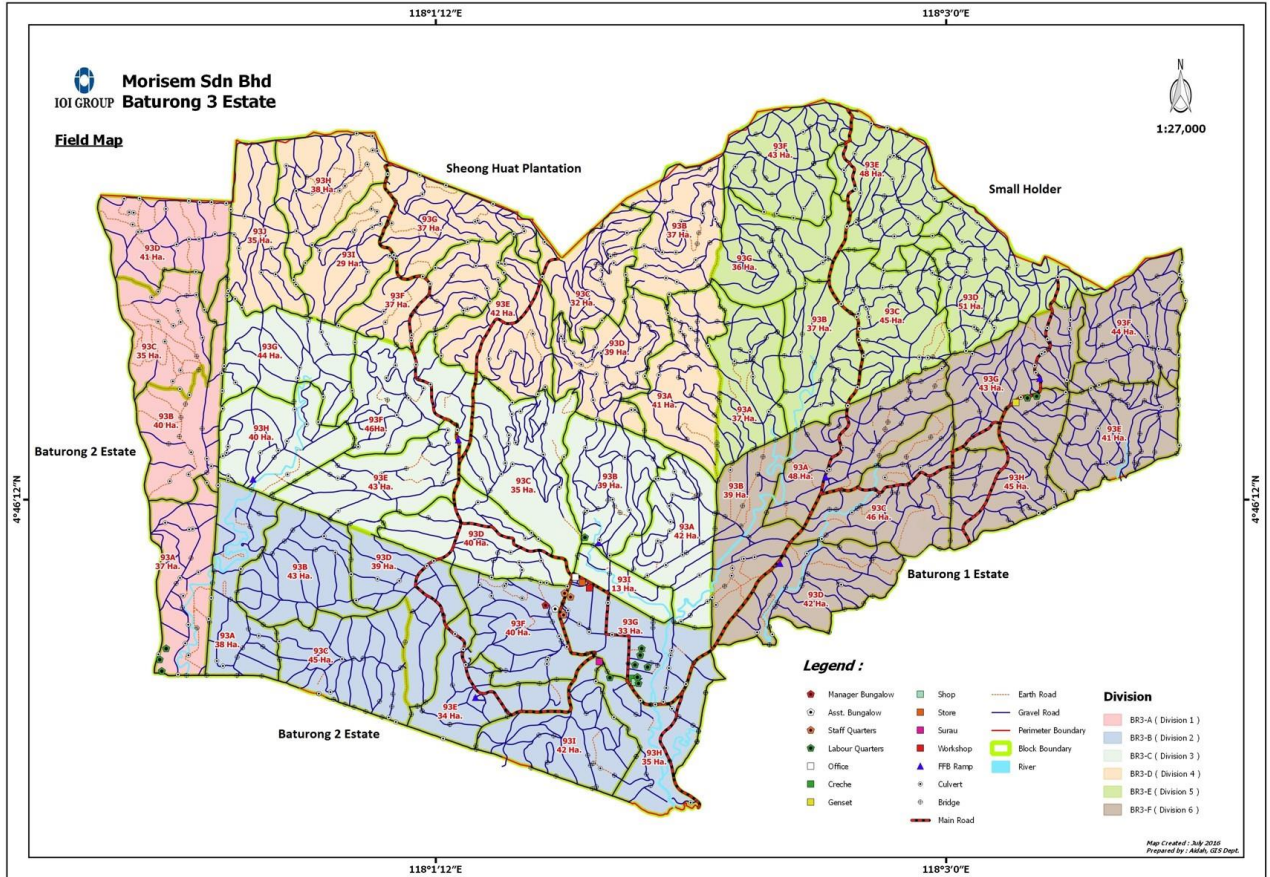


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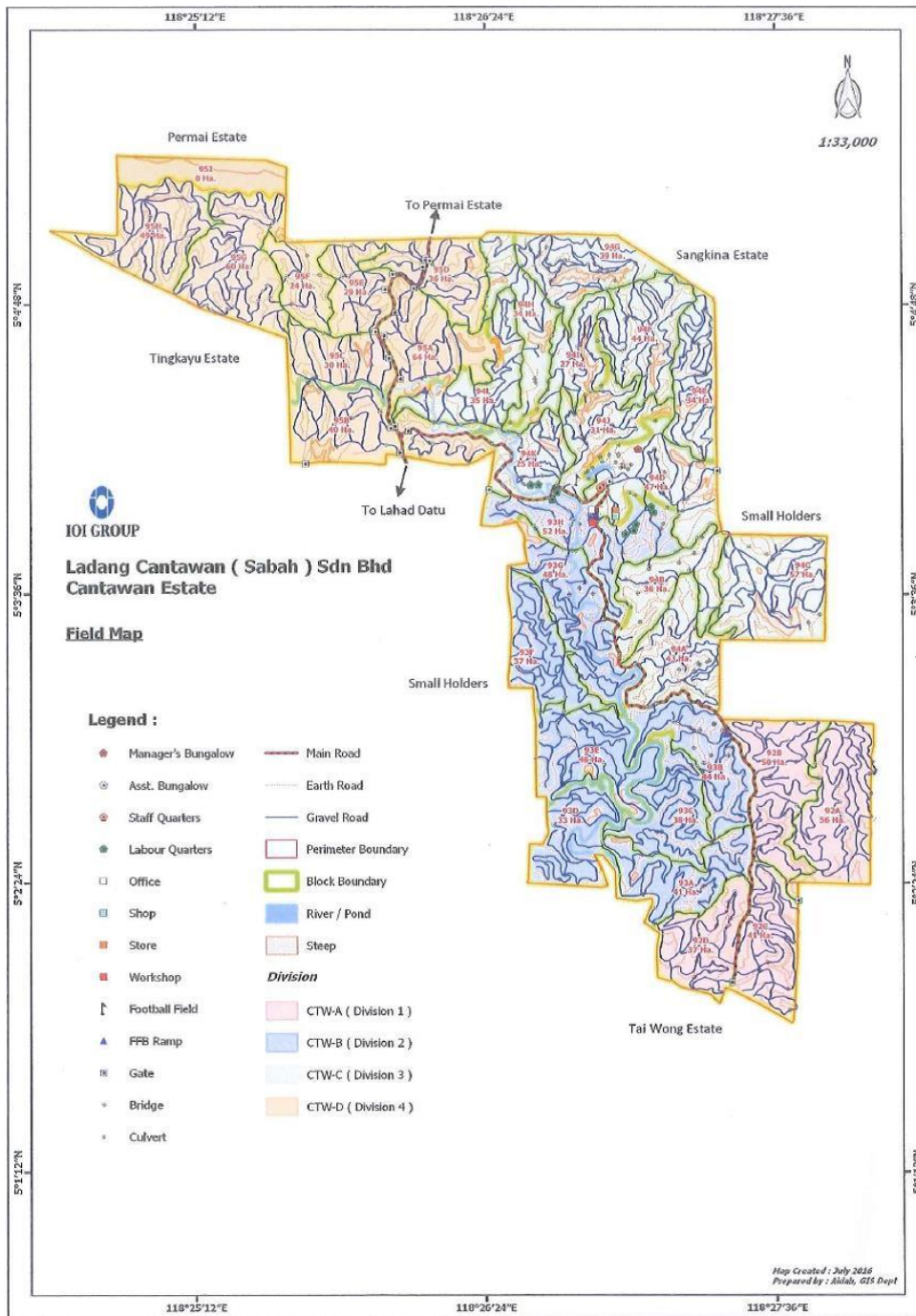
Appendix C-2-3: Map of Baturong 3 Estate



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Appendix C-2-4: Map of Cantawan Estate



Appendix D:

Photographs of Assessment findings at Baturong PMU



Buffer signages maintained at Baturong 1 estate



PPE worn by sprayers at Baturong 1 estate



Planting of Beneficial plants at Baturong 3 estate



PPE worn by the manurers at Baturong 3 estate



Stakeholder consultations conducted with representatives of Local communities.

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Appendix E:

Time Bound Plan

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

1) Monitoring by RSPO Complaints Panel (CP)

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

2) Latest updates (according to RSPO complaint case tracker) 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), IOI Group

Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>

24 January 2018 (CP Meeting):

The verification exercise is taking place on 25–29 Jan 2018. Secretariat to follow up with the verification team. The Secretariat will also be having a post verification meeting with the team on 31 Jan 2018.

ii) RSPO Case Tracker on: IOI Pelita Sdn Bhd, Sarawak

Weblink: <https://www.rspo.org/members/complaints/status-of-complaints/view/4>

24 January 2018 (CP Meeting):

Secretariat to proceed with a meeting with the Company and Grassroots to discuss the revision to the Action Plan.

3) Updated IOI Group Newsletters and Corporate Communications

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

IOI Corporation further updates its Sustainability Palm Oil Policy
12/06/2017, Corporate Communications

<http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845>

IOI Corporation Berhad (IOI) has further revised its Sustainability Palm Oil Policy (SPOP) to reflect their serious intent towards sustainability and sustainability practices.

Revised SPOP: <http://www.ioigroup.com/Content/S/PDF/IOISPOPwithTPSAnnex.pdf>

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 Pelita 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

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

-End-