

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Morisem Grouping

Lahad Datu, Sabah, Malaysia



Valued Quality. Delivered.

Assessment Report

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(188296-W)

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Morisem Grouping: Re-Certification Assessment

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RECERTIFICATION ASSESSMENT REPORT
ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Morisem Grouping
Lahad Datu, Sabah, Malaysia

Certificate No:

Original Start date:

New Start date:

Expiry date:

RSPO 928588

18 Dec 2013

18 Dec 2018

17 Dec 2023

Assessment Type

Re-Certification

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Re-Certification

Assessment Dates

24 - 28 Sep 2018

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This **Re-Certification Assessment** was conducted on the Plantation Management Unit (PMU) Morisem Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **24–28 Sep 2018**, to assess the organization's operation of the mill and its supply base for compliance against the **RSPO Principles and Criteria (Apr 2013)**, **Malaysian National Interpretation (MYNI 2014)** and the **RSPO Supply Chain Certification Standard (Jun 2017)** for the 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 base which are made up of estates owned by IOI.

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

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

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

Name	Address	GPS Reference	
		Latitude	Longitude
Morisem POM (Capacity: 105 MT/hour)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E
1. Morisem 1 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E
2. Morisem 2 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E
3. Morisem 3 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E
4. Morisem 4 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E
5. Leepang 2 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E
6. Leepang 3 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E
7. Leepang 4 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E

Note: After the previous assessment, Ladang Asas (Tas & Halusah) Estate had been transferred from IOI Morisem Grouping to IOI UNICO Grouping.

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1.3 Description of supply base (fruit sources)

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

Details of the planted hectareage for the FFB supply to the PMU are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous (Year 2017)		Area Summary (ha) – Current (Year 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 1 Estate	2032.00	1896.00	2032.00	1896.00
Morisem 2 Estate	2042.14	1886.00	2042.14	1852.00
Morisem 3 Estate	2013.70	1819.00	2013.70	1812.00
Morisem 4 Estate	2023.00	1896.00	2023.00	1887.00
Leepang 2 Estate	2159.19	1962.00	2159.19	1962.00
Leepang 3 Estate	1914.43	1838.00	1914.43	1838.00
Leepang 4 Estate	1425.21	1354.00	1425.21	1354.00
Ladang Asas Estate (Tas & Halusah)	2021.85	1909.00	-	-
Total:	15,631.52	14,560.00	13,609.67	12,601.00
Percentage:	100 %	93.15%	100%	92.59%

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
3. After the previous assessment, Ladang Asas (Tas & Halusah) Estate had been transferred from IOI Morisem Grouping to IOI UNICO Grouping.

1.4 Summary of plantings and cycle

The 7 estates had been developed beginning from 1990 and replanting (2nd cycle) had started in 2007 onwards at the various estates. The age profile is as shown in Table 3.

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

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Morisem 1 Estate	2007-2010	2 nd Cycle	1896	0	1896
Morisem 2 Estate	2008-2014	2 nd Cycle	1852	0	1852
Morisem 3 Estate	1990-1991 2014-2018	1 st Cycle 2 nd Cycle	1331	481	1812
Morisem 4 Estate	1991-1992 2013-2018	1 st Cycle 2 nd Cycle	1504	383	1887
Leepang 2 Estate	1995-1999	1 st Cycle	1637		1862

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	2016-2017	2 nd Cycle		325	
Leepang 3 Estate	1996-1997	1 st Cycle	1838	0	1838
Leepang 4 Estate	1996-2003	1 st Cycle	1354	0	1354
		Total	11,412	1,189	12,601

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

1.5 Summary of Land Use, Conservation and HCV Areas

The summary of Conservation and HCV Areas as identified in Morisem Grouping during this assessment is as per Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	Year 2017 Hectarage – Ha	Year 2018 Hectarage – Ha
1	Planted Area (ha) – Oil Palm	14,567	12,601
	- Mature (Production)	12,224	11,412
	- Immature (Non-Production)	2,343	1,189
2	Conservation Area (ha)		
	- Comprising unplanted areas such as steep & hilly areas and swampy areas.	430.62	366.32 (Note 1)
3	HCV Area (ha)		
	- comprising buffer areas near river riparian, forest reserves, water catchments, burial & religious sites.	97.50	97.50

Note 1. Reduction in conservation area due to Ladang Asas (Tas & Halusah) Estate been transferred from IOI Morisem Grouping to IOI UNICO Grouping after the previous assessment,

1.6 Other certifications held and Use of RSPO Trademarks

Currently, the other certification held by IOI Morisem 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 Head / Coordinator
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IOI Resort City, 62502 Putrajaya, Malaysia.
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Fax: +603-8947 8822
Email: raymond.alfred@ioigroup.com

At Morisem Grouping - PMU:

Mr. S.S Ragupathy,
General Manager (Sabah Region)
IOI Plantation Services Sdn Bhd
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Fax: 089 509100
Email: ioi.ldro.sabah@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 Morisem Grouping based on the actual tonnages is as in Table 5 below:

Table 5: Tonnages Verified for Certification (Jan - Dec 2017)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Morisem 1 estate	52,519.25	Morisem POM	Intertek
2.	Morisem 2 estate	33,564.73	Morisem POM	Intertek
3.	Morisem 3 estate	25,600.43	Morisem POM	Intertek
4.	Morisem 4 estate	31,682.33	Morisem POM	Intertek
5.	Leepang 2 estate	41,323.80	Morisem POM	Intertek
6.	Leepang 3 estate	34,272.37	Morisem POM	Intertek
7.	Leepang 4 estate	33,961.80	Morisem POM	Intertek
	Sub-total for PMU estates	252,924.71		
8.	Other IOI PMUs Estates:	0	-	-
9.	Outside Crop Producers (OCP):	0	-	-
	Grand total	252,924.71		

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

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

Estate / Supplier	FFB Processed in Year 2017 - Actual		FFB Processed in Year 2018 - Actual & Projected		FFB for Processing in Year 2019 - Projected	
	MT	%	MT	%	MT	%
Morisem PMU Estates	252,924.71	100	259,646.11	100	269,984	100
Other certified IOI PMUs	0	0	0	0	0	0
Certified FFB	252,924.71	100	259,646.11	100	269,984	100
Non-certified FFB	0	0	0	0	0	0
SCCS Model for POM	IP		IP		IP	

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1.8.3 The annual certified tonnages of CPO and PK production by the POM from the supply base / suppliers as verified during this current assessment are detailed as shown in Table 7 below:

Table 7: Annual Certified Tonnages of CPO and PK

POM	Year 2017 - Actual		Year 2018 - Actual + Projected		Year 2019 - Projected	
Total certified FFB Processed (MT)	252,924.71		259,646.11		269,984	
Total certified CPO Production (MT)	51,181.20	OER: 20.24%	52,924.78	OER: 20.38%	57,747	OER: 21.39%
Total certified PK Production (MT)	12,025.81	KER: 4.75%	12,103.10	KER: 4.66%	12,899	KER: 4.78%
SCCS Model for POM	IP		IP		IP	

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

1.9 Time Bound Plan and Multiple Management Units

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

To date IOI Group manages a total of 19 Plantation Management Units (PMU) which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia.

Currently, 12 of its PMUs have been certified with another 7 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	StOP	Standard Operating Procedure

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since **14 Aug 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 Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From **24 to 28 Sep 2018**, the Assessment Team of Intertek conducted the current assessment in which **4 out of the 7 estates of Morisem Grouping**, namely Morisem 1, Morisem 3, Leepang 3 and Leepang 4 Estates as well as the Palm Oil Mill were assessed for compliance against the RSPO requirements.

The number of estates sampled was based on the sampling methodology provided under the **RSPO Certifications Systems for Principles & Criteria (Jun 2017)** i.e. **minimum sample of x estates = $(0.8\sqrt{y}) \times z$** , where **y** is the number of estates and **z** is the multiplier as defined by the risk assessment. The **z** multiplier value was determined as High Risk (**$z = 1.4$**) 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, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

Morisem 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.

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

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

Details of the findings and actions taken are provided in **Section 3.2 of this report**.

2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment to be carried out within a 12-month period prior to the annual certificate anniversary expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organization dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO SCC, ISCC,

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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.

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, NGOs, 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)

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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
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. Sabah Wetlands Conservation Society (SWCS)
54. SEPA – Sabah Environmental Protection Association
55. SUARAM – Suara Rakyat Malaysia
56. SUHAKAM – National Human rights Society – Persatuan Kebangsaan Hak Asasi Manusia
57. Tenaganita Sdn Bhd
58. TRAFFIC – the wildlife trade monitoring network
59. Transparency International – Malaysian Chapter
60. Treat Every Environment Special Sdn Bhd (TrEES)
61. United Nations Development Programme – UNDP Malaysia
62. Wetlands International (Malaysia)
63. Wild Asia Sdn Bhd
64. World Wide Fund (WWF) - HQ
65. World Wide Fund (WWF) - Sabah

Local community (On-site interviews)

66. Consultative Committee & Gender representatives
67. Workers & Workers representatives
68. Village Heads & representatives
69. Suppliers & Contractors representatives

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1		
<p>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.</p>		
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 14 Aug 2018.</p> <p>As at the time of assessment, there were no additional requests for information from stakeholders for this PMU.</p>	<p>Complied</p>
<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 estates conducted a joint external stakeholders’ consultation on 04/09/2018.</p> <p>The POM and estates had conducted their respective internal stakeholders’ consultations in Sep 2018.</p> <p>Records of participants and feedback given were maintained and appropriate follow up actions were taken.</p>	<p>Complied</p>
Criterion 1.2		
<p>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

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<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <p>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 08 Aug 2016, IOI 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. IOI 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>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 include approved budgets for social, environmental improvements and crop productivity.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Safety Policy and HIRARC documented were reviewed for the POM and estates.</p> <p>Occupational Safety and Health Plans have been established and documented for the POM and estates.</p> <p>Annual review was conducted by the Group Safety & Environmental Manager (Sabah region) together with the respective Safety Officers for POM and estates.</p> <p>The OSH Programme 2018 include the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings 4x/year, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, 	<p>Complied</p>

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

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	Refer also to details in Section 1.9: Timebound Plan.	
• Continual improvement plans (Criterion 8.1);	Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented.	Complied
• Public summary of certification assessment report;	Public summary of certification assessment reports are available from the company upon request.	Complied
• Human Rights Policy (Criterion 6.13).	<p>The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised on 12 Jun 2017. The said policy was further revised in Oct 2017 - refer to:</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.</p>	Complied
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</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.</p> <p>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> <p>Refer also to:</p> <p>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</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	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.

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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 the POM and estates on 02/07/2018 for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</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. For example, JKPP8 for the reporting of incidences and accidents to DOSH and the Quarterly Return Form as per First Schedule of the</p>	<p>Complied</p>

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	Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977.	
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p>	<p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.</p>	Complied
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> <p>The PMU had conducted an internal audit on 30/07/2018 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained.</p> <p>Location: Leepang 3 Estate and Leepang 4 Estate Application for work permits for seven workers in Leepang 3 Estate and four workers in Leepang 4 Estate are still in progress since Sep 2017 and the workers are already working at the time of audit.</p>	<p>Minor NC# JMD-01</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>	Complied
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance</p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</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>	Complied
<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 use.</p> <p>Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the POM and estates.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied

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<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).</p> <p>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>Complied</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.</p> <p>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).</p> <p>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.</p> <p>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).</p> <p>Major Compliance</p>	<p>Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the POM and Estates were available and maintained.</p> <p>The lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area.</p> <p>The existing estates are not encumbered by any customary land rights and therefore the process of participatory mapping is 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, 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</p>	<p>The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>

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<p>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>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</p>		
<p>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> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); (7) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.). <p>The Mill and Estate Managers monitor the operational performance against Key Performance Indications and targets (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 Regional GM of Lahad Datu.</p>	<p>Complied</p>

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<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 2026/2027 for the estates. A replanting cycle of 25 years has been adopted by the Group.</p> <p>The replanting areas (ha) at the estates audited are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Estate</th> <th style="text-align: center; border-bottom: 1px solid black;">2017/18</th> <th style="text-align: center; border-bottom: 1px solid black;">2018/19</th> <th style="text-align: center; border-bottom: 1px solid black;">2019/20</th> <th style="text-align: center; border-bottom: 1px solid black;">2020/21</th> <th style="text-align: center; border-bottom: 1px solid black;">2021/22</th> <th style="text-align: center; border-bottom: 1px solid black;">2022/23</th> </tr> </thead> <tbody> <tr> <td>Morisem 1: No replanting until 2029 (all palms are in 2nd cycle)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Morisem 3:</td> <td style="text-align: center;">-</td> <td style="text-align: center;">283</td> <td style="text-align: center;">351</td> <td style="text-align: center;">318</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Leepang 3:</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">378</td> <td style="text-align: center;">359</td> <td style="text-align: center;">390</td> </tr> <tr> <td>Leepang 4:</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">296</td> <td style="text-align: center;">648</td> <td style="text-align: center;">205</td> <td style="text-align: center;">42</td> </tr> </tbody> </table> <p>The replanting program was annually reviewed by the GM together with the respective Estate Managers.</p>	Estate	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Morisem 1: No replanting until 2029 (all palms are in 2 nd cycle)							Morisem 3:	-	283	351	318	0	0	Leepang 3:	-	-	-	378	359	390	Leepang 4:	-	-	296	648	205	42	<p>Complied</p>
Estate	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23																															
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Leepang 4:	-	-	296	648	205	42																															

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 the following SOPs:</p> <ul style="list-style-type: none"> - SOP for FFB Receiving Station - SOP for Loading Ramp - SOP for Steriliser - SOP for Threshing Station - SOP for Pressing Station - SOP for Depericarperzation Station - SOP for Oil Room Station - SOP for Boiler Station - SOP for Engine Room Station - SOP for Laboratory - SOP for Water Treatment Plant - SOP for Shovel - SOP for Threshing Station - SOP for Effluent Treatment Plant - SOP for Workshop <p>The Estates has the following documented Standard Operating Procedures and these were verified to be in order:</p> <ul style="list-style-type: none"> - SOP for Oil Palm DxP Seed Production - SOP for Oil Palm Planting Density - SOP for Pre Nursery Seedlings - SOP for Pre Large Polybag Nursery - SOP for Land Clearing - SOP for Land Preparation for new planting and replanting - SOP for Tidal Gates - SOP for Planting Technique - SOP for Leguminous cover plant - SOP for Manuring - SOP for Weeding - SOP for Pest and disease - SOP for harvesting - SOP for road maintenance - SOP for workshop 	<p>Complied</p>

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	<ul style="list-style-type: none"> - SOP for buffalo healthcare - SOP for foliar sampling <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	
<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records would be checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit.</p> <p>Corrective action for the previous assessment (2017) Minor NC# AL-01 found to be effectively implemented.</p>	Complied
<p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates.</p> <p>During field visits at the estates, daily spraying records indicated the chemicals used.</p>	Complied
<p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	<p>The POM maintained records on the origins of all Fresh Fruit Bunches (FFB), and it had been verified to be satisfactory.</p> <p>It had been verified from the records that the mill did not receive any FFB from third parties. The entire crop was supplied by the certified estates of IOI group.</p>	Complied
<p>Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p>	<p>GAP for minimization of soil erosion and maintenance of soil fertility is maintained via the frond stacking and fertilizer application as per the recommendation provided by the Agronomist of IOI Research Centre, Sabah.</p> <p>These had been verified through the records for fertilizer application and observation during field visit. Evidence provided were verified as following good agricultural practices.</p> <p>Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels.</p> <p>During field assessments at the estates the mandore and field workers were interviewed and able to demonstrate their work related knowledge and competency levels.</p> <p>Noted that proper herbicide spraying had also been done.</p>	Complied
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>Records of fertilizer application have been verified to be in order.</p>	Complied
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p>	<p>Leaf and soil sampling and analysis had been carried out annually to determine the nutrient levels.</p>	Complied

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	<p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactory.</p>	
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>EFB mulching had been carried out with the EFB spread along inter-row and POME was applied. Records verified to be satisfactory. EFB were spread in one row layer.</p> <p>Corrective action for the previous assessment (2017) Minor NC# AL-02 found to be effectively implemented.</p>	Complied
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Estate soil maps showed there was no existence of fragile or marginal soil. The maps indicated the soil types were typically bangawah, buran, juak, litong, lumpangan, stom and kretam.</p>	Complied
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>Planting terraces constructed on land with slope more than 6°. Terraces constructed had been verified on the estates during field visits.</p> <p>Best Management Practices were followed for controlling and minimizing soil erosion and degradation during replanting or any activities involving earth disturbance. Steps taken for erosion control included soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There was no soil erosion noted during the visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	Complied
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Estate roads were maintained in good and satisfactory condition. Road maintenance programme verified to be established and implemented as seen in the records and identified in the field maps.</p>	Complied
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p>	<p>A Water and Ground Cover Management Plan has been documented. Monitoring of the subsistence of the peat soil was implemented and recorded. Water table levels were maintained at the minimum of 50 cm level.</p> <p>It was confirmed during assessment on site that there are peat soils in Leepang 3 estate only and no peat soil in the other estates.</p>	Complied
<p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p>	<p>There is no replanting yet at Leepang 3 estate which has peat soil. Replanting is only due in year 2020. Drainability assessment is therefore not yet applicable.</p> <p>There was no peat soil on the other estates as confirmed by auditor's on-site assessment.</p>	Not Applicable
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p>	<p>Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on these estates.</p>	Not Applicable
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		

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Indicators	Findings and Objective Evidence	Compliance
<p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p>	<p>Documented water management plan verified to be in place for the palm oil mill and estates. The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways (streams/rivers).</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. 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>The water supply for domestic use to staff and workers' housing is piped water from the water treatment plant in the mill and estates. It is a requirement to ensure that tests are carried out on parameters to meet the Ministry of Health Specification for Drinking Water Quality, which include the requirement of 0 in 100 ml for E.Coli.. The results of the water analysis were reviewed by the Managers and the results complied with the requirements.</p> <p>Rainfall data found to be monitored as part of the water management plan.</p>	Complied
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p>	<p>Buffer zones had been 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 were aware of the non-usage of chemicals within the buffer zone. No evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p>	Complied
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p>	<p>The water at the final discharge point of the palm oil mill effluent pond was analyzed at monthly intervals 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 11.4 to 18.6 ppm for the period Jun 2017 to Jul 2018. The current allowable upper limit specified by D.O.E. is < 20 ppm.</p> <p>Effluent was discharged to irrigation system at Morisem 2 estate as specified by DOE in the license.</p>	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 averaged at 1.20 m³/tonne FFB. The level of water usage is slightly higher than the industry norm.</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. Beneficial plants such as <i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> were grown in the estates. Records of planting of new areas and</p>	Complied

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	<p>maintenance of existing areas of beneficial plants and location maps are available.</p> <p>Rodent baiting was carried out when the summary of grading of FFB showed rodent damage exceeded 5%. Rodent Baiting Record showed application of Brodifacoum at Field Block 09B and 09D (Morisem 1 estate) in Jan and Feb 2018. Action taken had reduced the incidents of rodent damage to required level.</p> <p>No reported infestation by other pests such as bagworms and rhinoceros beetles.</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>Justifications for the use of Glyphosate Isopropyl Amine, Metsulfuron Methyl, Glufosinate Monoammonium, 2,4-D Dimethylamine, Brodifacoum and Floccumafen were documented and had been reviewed and updated. These were found acceptable.</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 is the policy of the estates to minimize the use of pesticides in accordance with IPM plan.</p> <p>The use of pesticides was monitored by the Estates.</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.</p> <p>Alternatives such as Round up (Glyphosate Isopropylamine) and Ally (Metsulfuron Methyl) had replaced paraquat.</p>	Complied

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<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	<p>All pesticide operators (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 overalls) 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 toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</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. 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>It is the policy of the company not to carry out aerial application of pesticides. This policy has been followed by the estates.</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</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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and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	Records of scheduled waste collection at the mill verified to be satisfactory.	
4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Annual medical surveillance for all pesticide operators had been implemented. 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 estates during the latest 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, clinical records were also monitored.	Complied
4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	Verified during field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator.	Complied
Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.		
Indicators	Findings and Objective Evidence	Compliance
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	Occupational Safety, Health and Hygiene plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. The management had reviewed and established Occupational Safety, Health and Hygiene Policy which now included commitment to hygiene at the POM and estates. The Policy was 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.	Complied
4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	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. Procedures and actions implemented to mitigate the hazards. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 8 May 2018 and 3 July 2018. The audiometric reports of some employees indicated as having hearing impairment and recommended to wear hearing protector. One worker required to be re-tested in October 2018, which the management at the POM had made arrangement. The audiometric re-test report stated that there is no noise induced hearing loss (NIHL) and recommendation to reduce noise exposure for this worker. The Doctor will only refer worker with Induced Hearing Loss to SOCSO for benefits in accordance with the regulations. Baseline audiogram and occupational and medical history records of workers maintained.	Complied

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	<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>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) 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 muffers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents are replenished and 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.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP 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>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p>	<p>Training programme planned for year 2018 includes 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, - 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>The above trainings were conducted for year 2018 and records were available.</p> <p>Appropriate PPE (safety helmets) had been provided to FFB harvesters and loaders at the place of work to cover all potentially hazardous operations.</p>	<p>Complied</p>
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	<p>The responsible persons were the Mill Manager and the Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	<p>Complied</p>

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<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 and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily. Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH). Location: Leepang 4 Estate During the interview, a harvester confirmed that he carried the harvesting pole to the field while riding on a motorcycle. This is not in accordance with “Prosedur kerja Selamat Memotong Buah Sawit / Pelepah (Doc: IOI-OSH 3.2.2)” where it is stated that motorcycle is not allowed to be used for carrying harvesting pole, sickle or lance.</p>	<p>Minor NC# CBK-01</p>
<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	<p>Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance Bhd.</p>	<p>Complied</p>
<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	<p>Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory.</p>	<p>Complied</p>
<p>Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance</p>	<p>A formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.</p>	<p>Complied</p>
<p>4.8.2 Records of training for each employee shall be maintained. Minor Compliance</p>	<p>Records of training for each employee, including new employees were maintained.</p>	<p>Complied</p>

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

<p>Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment for the POM was conducted and documented on 12/09/2018. It had included assessment on all polluting activities such as potential pollution to water, gaseous emissions to air and contamination on land. Environmental Aspect and Impacts Assessment for the assessed estates were conducted and documented on 13/09/2018. It had included the identification of aspects and</p>	<p>Complied</p>

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	impacts from field activities that includes fertilizing, spraying, transportation of FFB, domestic waste disposal and also road maintenance.	
<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 management plan. The management plan shall identify the responsible person/persons.</p> <p>Minor Compliance</p>	<p>The impacts have been identified and plans were developed to mitigate the issues.</p> <p>Environmental Management Action Plans have been established and implemented at both the mill and estates.</p> <p>The Action Plan identified the responsible person/persons for monitoring and taking the appropriate action.</p> <p>The plans had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as reducing dust emission by installing a wet scrubber and bio-polishing to reduce BOD for the POM, together with other conservation activities applicable to the estates.</p>	Complied
<p>5.1.3 This plan shall incorporate a The monitoring of the documented environmental improvement plans is ongoing. Implementation and monitoring of the documented environmental improvement plans were reviewed on an annual basis.</p> <p>The review took into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation 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.</p> <p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis.</p> <p>The review took into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams, maintenance of the fencing for the water ponds, electrical fencing and signages.</p>	Complied
<p>Criterion 5.2</p> <p>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 Sustainability Team and documented in reports dated 13/09/2018 for Morisem 1, Morisem 3, Leepang 3 Estates and in a report dated 12/09/2018 for Leepang 4 Estate. It was found that although Ladang Asas (Tas & Halusah) Estate had been transferred from IOI Morisem Grouping to IOI UNICO Grouping, the reports still mentioned this estate.</p> <p>The HCV reports incorporated feedbacks provided by the various governmental agencies such as Department of Forestry,</p>	<p>OBS# OCL-01</p>

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	<p>Department of Irrigation and Drainage, Sabah Wildlife Department and Environmental Protection Department.</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, buffer zones, steep slopes, forest reserve boundaries and was documented.</p> <p>Site visits to HCV areas and environmentally sensitive areas were carried out and these areas were found to be satisfactorily maintained and monitored.</p> <p>Morisem 1 Estate is bordered with the Lower Kinabatangan Wildlife Sanctuary on the west side and surrounded by oil palm estates on other sides. Conservation areas/ environmentally sensitive areas, i.e. buffer zones along the stretches of tributaries of Sungai Sukau, which pass through the Estate had been identified and being monitored.</p> <p>Morisem 3 Estate is bordered with the Lower Kinabatangan Wildlife Sanctuary and Pangi Forest Reserve on the west side and surrounded by oil palm estates on other sides. The estate has a few patches of steep hills (totaling 56.31 ha) that were left unplanted and for natural vegetation to grow. There are tributaries flowing out to the Sungai Kinabatangan located outside the estate.</p> <p>Leepang 3 Estate is surrounded by oil palm estates on all sides (Malbumi Estate on the north side, Leepang 4 Estate on the west side, Leepang 5 Estate on the east side, Leepang 5 Estate and Leepang 2 Estate on the south side). .</p> <p>Leepang 4 Estate has the Pangi Forest Reserve and the Lower Kinabatangan Wildlife Sanctuary on its west boundary. Other sides are borders with neighboring palm oil estates. Sungai Sipasidom passes through the estate and lead to Sungai Kinabatangan. Riparian buffer zones were clearly demarcated and monitored.</p>	
<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p>Major Compliance</p>	<p>Overall, the recommendations and feedback provided by the various parties during their 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 proboscis monkeys, estuarine crocodiles, pygmy elephants, orangutans, long and short tailed macaque, white beaked hornbills 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> <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>Trenches have been dug and electric wire fencing built along the boundaries to deter wildlife from going into the estates. These measures were taken as proposed by the Sabah Wildlife Department to mitigate the incidences of incursions by wild elephants which had been reported in the patrols conducted by the estate personnel.</p> <p>Verified that regular patrols have been carried out by both the estate executives and the auxiliary patrol personnel on a weekly basis to monitor the conservation / buffer zone areas. Sightings, if any were recorded in the patrolling record book.</p>	<p>Complied</p>

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	In addition, the 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>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 instigated 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>The program to regularly educate the workforce and community about the status of these RTE species was also established with ongoing consultation with the relevant authorities at the estates and disseminated to all in the estate community and surrounding areas.</p> <p>The estates has taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estates. 'Conservation Zone' signages and "no hunting" policy were prominently displayed and verified to be maintained during field visits.</p> <p>Information on RTE species have been disseminated to the workers through trainings conducted by all the audited estates (Morisem 1 Estate on 01/06/2018, Morisem 3 Estate on 23/05/2018 & 06/08/2018, Leepang 3 Estate on 25/07/2018 & 17/08/2018, Leepang 4 Estate on 24/05/2018).</p> <p>In addition, several Estate Managers and personnel has attended training and were appointed as Honorary Forest Warden by the Forestry Dept. to assist in the monitoring and liaison with other relevant departments.</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>Ongoing monitoring of the management plan on the status of HCV and RTE had been carried out and evidences of reporting verified to be available and updated.</p> <p>Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification at sites were made and found to be satisfactory implemented at the estates assessed.</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 estates assessed. Thus negotiated agreement of such nature is not applicable.</p>	Not applicable
<p>Criterion 5.3</p> <p>Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
Indicators	Findings and Objective Evidence	Compliance
<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 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 materials e.g. EFB, POME, Stack emissions and boiler ashes were maintained and monitored at the POM and estates.</p> <p>Scheduled Waste identified include spent hydraulic oil (SW 305), spent lubricant oil (SW 306), 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 available at both the mill and estates.</p>	Complied

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	Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the POM and estates. Proper storage areas were identified for the storage of the recyclable wastes at the POM and estates.	
<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 regulatory requirements.</p> <p>Stores for scheduled waste were inspected. The mill and estates have proper Scheduled Waste Stores for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Records of e-Consignments are in order. Latest disposal was done on 13/09/2018 by Lagenda Bumimas Sdn Bhd.</p>	Complied
<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 at both the POM and estate were documented and implemented.</p> <p>Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory practiced. Proper storage areas were identified for the storage of the recyclable wastes at the POM and estates.</p> <p>Scheduled waste disposal was done by an appointed contractor that is licensed by the Department of Environment, i.e. Lagenda Bumimas Sdn Bhd. Records on the usage and disposal were well recorded and documented.</p> <p>The solid waste management and disposal plan using landfills was also available at all the estates assessed. The mill is also using the landfill located at Leepang 3 Estate for their domestic waste. The collection of domestic waste is twice a week.</p> <p>Corrective action for the previous assessment (2017) Minor NC# SH-01 found to be effectively implemented.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management of EFB application plans and progress reports were verified to be satisfactory.</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>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p>	Complied
<p>Criterion 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
Indicators	Findings and Objective Evidence	Compliance
<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>Monthly records on energy consumption for both renewable fuel (palm fiber and PK shell) and non-renewable fuel (diesel) were maintained at the POM. Data compiled (5 years) for comparison and monitored to optimize the use of renewable energy.</p> <p>Location: Morisem 3 Estate</p> <p>Data were compiled for 5 years (from FY2013/2014 to FY2017/2018) for comparison and monitoring to improve efficiency of the use of diesel at the estates.</p> <p>The data used by Morisem 1, Leepang 3 and Leepang 4 Estates were based upon the volumes of litres of diesel used per MT of FFB used in FFB transportation. However, the data used by Morisem 3 Estate was different in that it included diesel used for other purpose such as road</p>	<p>Minor NC# OCL-01</p>

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	<p>maintenance vehicles and gen set. The same basis for data must be used for consistency in comparison.</p> <p>Apart from use of diesel for electricity, palm fiber and PK shells were used as renewable energy/fuel to generate electricity through steam turbine and boiler. The shell is also sold as bi-products to other agencies/clients, whereas the EFB is used for mulching at the estates.</p>	
<p>Criterion 5.5</p> <p>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.</p> <p>Major Compliance</p>	<p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates.</p> <p>Field inspections made at estates assessed showed no evidence of open burning.</p>	Complied
<p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003.</p> <p>Minor Compliance</p>	<p>During the audit, there were no replanting activities carried out at the estates. Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estate during on-site field assessment. Sanitary landfill was used and available at the estates. The landfill area is located far away from the village, line site and water sources.</p>	Complied
<p>Criterion 5.6</p> <p>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 was conducted and reviewed on 12/09/2018. Mill gas emissions also monitored online by DOE, Sandakan using the Continuous Emissions Monitoring System (CEMS) and it is verified to be within the permissible limits of DOE.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations. Land application of POME was channelled to nearest estate.</p>	Complied
<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 usage have been documented at the PMU. Their usage have been recorded and documented at both the POM and estates. Plan to reduce and minimise the emissions were implemented.</p> <p>The POM has achieved the ISCC EU certification for sustainable biofuels production.</p> <p>The GHG emissions calculation has been compiled for FY 2017/2018 using the Palm GHG calculator v3.01. The GHG calculation report has also been submitted to RSPO Secretariat.</p>	Complied
<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>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer usage have been documented at the POM. This has been verified on-site.</p> <p>In addition, the POM has achieved the ISCC EU certification for sustainable biofuels production. Thus the GHG emissions</p>	Complied

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	<p>calculation is up to date and has been compiled for FY Jul 2017/Jun 2018.</p> <p>GHG calculation report has also been submitted to RSPO on 19/09/2018.</p> <p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered to.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements.</p> <p>The daily CEMS reporting summary chart indicated a maximum of <40% max opacity (DOE permissible limit) and an average opacity of 12.27%.</p> <p>It was verified that the POME is treated using aerobic and anaerobic ponds (total of 8 ponds, consisting of 7 effluent ponds and 1 bio polishing pond)</p> <p>Water samples were regularly taken monthly and tested by mill environment officer in charge and analysed to ensure compliance to DOE requirements at the final discharge point. The discharged water is 100% used for land application into Leepang 2 Estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD < 20 ppm).</p> <p>Water samples collected and analysis carried out at twice a year for treated water. The treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Quarterly report on the environmental monitoring was also done and submitted to DOE.</p>	
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Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mills

<p>Criterion 6.1</p> <p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>Social impacts in IOI Morisem group operations were assessed using various method including consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment (SIA) for each operating unit in IOI Morisem grouping has been reviewed in Sep 2018 and conducted together with relevant external and internal stakeholders. External stakeholders' consultation was conducted for the whole grouping on 04/09/2018 and the consultation was properly documented. More than 45 participants attended the external stakeholder consultation including local communities, suppliers, contractors, government agencies and NGOs.</p> <p>Internal stakeholders consultations however conducted separately in each operating unit, e.g. in Morisem 1 Estate it was conducted on 7/9/2018 and in Morisem POM on 8/9/2018. Internal stakeholders consultations in each operating unit were attended by different categories of workers, e.g. different scope</p>	<p>Complied</p>

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

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	<p>open and transparent method of communication and consultation when dealing with relevant parties, e.g. their workers, government agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation.</p> <p>At IOI Morisem Grouping level, the procedure mentioned made public to all workers. Furthermore the procedures were also explained carefully to all level of workers and this was verified through individual interviews with sampled workers during the audit. This procedures were also socialised with external stakeholders during the consultation session and personal interviews conducted by the management.</p>	
<p>6.2.2 A management official responsible for these issues shall be nominated. Minor Compliance</p>	<p>In most cases, nominated person responsible as social liaison officers are the Assistant Managers of the operating units. Social liaison officers are responsible in handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties. For example Mr. Jamuih Kulipang, AM is identified in the SIA as Social Liaison Officer in Morisem POM, Mr. Herche Saidi in Leepang 3 Estate, Muhammad Faqhrul Radzi in Leepang 4 Estate and Mr. Nirwan Moo, AM in Morisem 1 Estate.</p> <p>Names of these nominated officers are made public to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviewed conducted with workers during the audit verified that the workers especially have easy access to these social liaison officers.</p>	<p style="text-align: center;">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. Minor Compliance</p>	<p>The maintenance of the list of stakeholders at the IOI Morisem grouping is adequate and has ensured that the list is kept current. Noted that there are open and transparent methods for communication and consultation which has taken into consideration the local mechanisms including migrant workers and languages.</p> <p>The lists of stakeholders are and was used to send invitation to external stakeholders during the external consultation mentioned in 6.1.1.</p>	<p style="text-align: center;">Complied</p>
<p>Criterion 6.3 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. Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Morisem Grouping. Among others, the affected parties have several options to register their complaints and grievances, e.g. Grievance Book, annual stakeholder consultation, morning muster, during ECC, GCC and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanation on how to utilise this system were given and verified by the auditor.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance are addressed or resolved in timely</p>	<p style="text-align: center;">Complied</p>

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	<p>and appropriate manner. Actions taken to address the complaints and grievances received are recorded appropriately. The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the supervisors. The workers also allowed to elect their own representatives in the JCC as opposed to the representatives being dictated by the management.</p> <p>Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature but since Feb 2013 IOI grouping had adopted "Whistleblowing Policy" available at https://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf which was approved by Audit and Risk Management Committee revised in Nov 2017. It was also evident that if no mutual resolution found between the complainants, esp. external stakeholder, the issue will be brought to RSPO and the local authorities.</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>All complaints and grievances received are documented either in the form of log book as in the Grievance Book, meeting minutes for the JCC, GCC, Safety meetings and annual stakeholder consultations or respond forms. Decisions and action as responds to the complaints and grievances received also very well documented with sufficient supporting documents as proofs. For example latest entry in the Grievance Book in Morisem POM was received on 25/7/2018 with regards to repair of his quarters which was immediately attended to by the management and completed on 8/8/2018 the after replacement parts were delivered. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public.</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 entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>There were no borders at estates in Morisem grouping which were adjacent to any villages or native land. Therefore there has been no records of any negotiation or compensation pertaining to this criteria. No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion.</p>	<p>Complied</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</p>	<p>IOI as a group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. To date, there has been no dispute by any parties reported at the IOI Morisem Grouping.</p>	<p>Complied</p>

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<p>into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>		
<p>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.</p> <p>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>	<p>Complied</p>
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>In IOI Morisem Grouping, most of the workers in the estates, as stated in the workers contract, are considered as "general workers" with piece rated pay. In Morisem POM, however, the workers are paid with daily rate. These pay conditions and other benefits are sufficiently spelt in the workers contract. Decision on workers' wages were based on a memorandum dated 20 June 2016 to all IOI groups in Sabah including Morisem grouping. According to this memorandum monthly minimum wages had to be RM920/month or RM35.38/day, provided that all qualifying conditions are satisfactory fulfilled. These conditions were then clearly outlined in the "IOI Plantation Minimum Wages & Leave Pay Policies in Malaysia" dated Oct 2017 signed by Mr. N.B. Sudhakaran, Plantation Director (https://www.ioigroup.com/Content/S/PDF/Minimum Wage Policy.pdf). Content of this policy is verified to be satisfactorily understood by workers in the PMU and fulfilled common industry standard as it is in accordance with the MAPA-NUPW agreement 2015 and Minimum Wages Order 2016.</p>	<p>Complied</p>
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p>	<p>Pay conditions are clearly detailed in the workers contracts which include pay system used, working hours, overtime, holiday entitlements, etc. no deductions sighted in the pay slip for foreign workers.</p> <p>Workers contract is in Bahasa Malaysia which could be understood with no difficulty by the foreign workers who majority are Indonesian.</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order 2016 and other relevant regulations are satisfactorily complied with. Monthly analysis is conducted on workers who received less than stipulated minimum wage. It was verified these occurred mainly due to non-attendance without prior permission and/or working less than the required hours. Jabatan Tenaga Kerja (JTK) (Labour Department) Sandakan and JTK Kunak, consulted by IOI Sustainability team and verified by the auditor, confirmed that these group of workers are not covered under the Minimum Wages Order</p>	<p>Complied</p>

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	<p>2016. Thus it is not require by the law for the management to top up the wages of workers who are having these issues.</p> <p>Currently wages to the foreign workers in IOI Morisem Grouping are paid by issuing cheques. In order to cash the cheques the workers will acquire the assistance from sundry shops owners in the group with no charge.</p> <p>To date, JTK have never received any complaints from local nor foreign workers against IOI Morisem Grouping with regards to unjust pay and working conditions. There was also no complaint raised during any meeting and stakeholder consultation nor recorded in any Grievance Book.</p>	
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 (Workers’ Minimum Standards of Housing and Amenities – Act 446). However, this act, as informed by JTK, is yet to be enforced in Sabah, thus IOI Morisem Grouping only implements relevant parts of the act.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are provided with adequate free accommodation at workers quarters with free electricity and treated water. The workers quarters ware clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are located in a safe distance from the houses.</p> <p><u>Schools</u></p> <p>The migrant workers’ children are given free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are is under the purview of the operating unit management.</p> <p>HUMANA are mainly for children between 6-13 years old and Community Learning Centre (CLC) is for teenagers up to 15 years old. School children, both local and foreign, are transported with no charge from the operating units in suitable vehicles. A number of school buses sighted during the audit were used to transport the school children.</p> <p><u>Sundry shops</u></p> <p>Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>Crèche is available in each operating unit and they are well maintained. The crèche caretakers are well trained on procedures of using the first aid kits as well as fire extinguisher. Depending on the operating unit management, some crèche are provided with biscuits or formulated milk powder. During the audit, children were found in good health and the surrounding of the crèche are all well maintained. No overcrowded crèche found and ratio between caretakers with children are well balanced.</p> <p><u>Clinics</u></p> <p>Clinics are located in within the vicinity of the estates and the POM. Together with the staff, the Health Attendance (HA) are also responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings</p>	<p>Complied</p>

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	<p>maintenance, rubbish collection, drainage system, children education, etc. inspection by the staff conducted weekly, whilst inspection by HA conducted monthly. VMO make a monthly visit to the estates and check upon a few areas, e.g. referred patients and purchase of the medicines at the clinics, workers quarters, and crèche.</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>IOI Morisem Grouping has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p> <p>It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon specific request.</p> <p>Workers interviewed expressed that the prices at the sundry shops are still affordable.</p> <p>Corrective action for the previous assessment (2017) Minor NC# CBK-01 found to be effectively implemented</p>	Complied
<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>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>Published statement recognising freedom of association is mentioned in Sustainability Policy adopted by the IOI group in 2017.</p> <p>As an alternative to workers union, IOI Morisem Grouping formed the JCC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of JCC are representatives elected by the workers including both local and foreign. JCC meetings are scheduled quarterly and each meeting is minuted. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. From sampled JCC meeting minutes, there was no major issue raised by the workers. Meeting minutes selected for verification was for Morisem POM conducted on 20/8/2018 and in Leepang 3 Estate meeting was conducted on 8/8/2018. This practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p>	Complied
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is properly documented and filed complete with photographic evidence. Participants in JCC meetings involved workers representatives from different categories of workers such as general workers, sprayers, manure applicators, harvesters, drivers both locals and foreign citizens.</p> <p>The meeting minutes are accessible to all members in the JCC and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised.</p>	Complied
<p>Criterion 6.7</p> <p>Children are not employed or exploited.</p>		
Indicators	Findings and Objective Evidence	Compliance

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<p>6.7.1 There shall be documentary evidence that minimum age requirements are met. Major Compliance</p>	<p>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in Sustainability Policy adopted by the IOI group in 2017.</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 was built with the help of the group. Inspection of the employment records including site visit to the estates and this practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p>	<p>Complied</p>
<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance</p>	<p>Published statement on equal opportunities is mentioned in Sustainability Policy adopted by the IOI group in 2017.</p> <p>This policy clearly state that IOI Group including IOI Morisem prohibits and will actively prevent any discrimination based on race, nationality, religion, or gender.</p>	<p>Complied</p>
<p>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</p>	<p>Based on interviews and feedback from the employees, foreign workers, review of JCC meeting minutes and grievance records, it is verified that there has been no issue of discrimination at the PMU. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p>	<p>Complied</p>
<p>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</p>	<p>All operating units audited in IOI Morisem Grouping kept and maintained records of their workers, including credentials and medical history. Credentials for foreign workers are mostly referring to the travel documents, whilst credentials for local staff have more details. Records of medical history for both local and foreign workers are considerably comprehensive kept in the medical clinics within the group.</p> <p>Recruitment and promotion are verified based on skills, capabilities, qualities, and medical fitness necessary for the job. Before hiring, each new foreign workers are required to pass FOMEMA medical check-up as required by law and probation period to evaluate level of skills and the workers attitude towards the new surroundings.</p>	<p>Complied</p>
<p>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>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</p>	<p>Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainability Policy adopted by the IOI group in 2017.</p> <p>GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to sexual harassment. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also</p>	<p>Complied</p>

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	<p>conducted in each operating unit audited. Examples are in Morisem 1 Estate, latest GCC meeting was on 9/7/2018 and on 27/6/2018 in Leepang 4 Estate. Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p>	
<p>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</p>	<p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals. Medical checkup is conducted monthly on workers handling chemicals and this process ensure that pregnant workers are identified as early as possible. However, in most cases based on the advice from the management and the HA, female workers found to be voluntarily resigned from work due to their pregnancies until they have completed weaning their babies. A standard operating procedure (SOP) is being developed to include all women workers for medical checkup. This SOP also will provide guidelines on appropriate actions to be taken if the women are found pregnant, e.g. transfer into another job types, when the women should completely stop working.</p>	Complied
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are inaccessible to the public.</p>	Complied
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance</p>	<p>FFB prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available for public to access at MPOB website.</p>	Complied
<p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance</p>	<p>Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p>	Complied
<p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance</p>	<p>Based on employee contracts and meeting minutes (between the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored to follow safety requirements during the work in progress.</p>	Complied

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<p>6.10.4 Agreed payments shall be made in a timely manner.</p> <p>Minor Compliance</p>	<p>The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of 60-day grace period. This was verified during interview with the stakeholders including the contractors.</p>	<p>Complied</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.</p> <p>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> <ul style="list-style-type: none"> • Involvement in ensuring the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. • Free transportation to schools for primary, secondary and Humana students. • Free housing for Humana teacher and contractor workers. • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • Involvement in Department of Health activities, e.g. immunisation programme and Hepatitis B vaccination. • New workers quarters in Morisem 1 Estate. 	<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</p> <p>Minor Compliance</p>	<p>The certification scope covered during the audit does not include the smallholder. Thus this criteria is not applicable. In addition, the PMU have no dealings with smallholders.</p>	<p>Not applicable</p>
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>Major Compliance</p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Regional office (LDRO).</p> <p>All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates.</p> <p>IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the passport and work permit expiry dates, FOMEMA tests until collection of work permit from the Immigration Office. Contractor workers were also verified to keep their own passports.</p> <p>It was also verified, workers are aware that legalising process of their dependents are their own responsibilities. The PMU</p>	<p>Complied</p>

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	provided necessary assistance such as reference address, transportation, supporting documents, advance payment, etc. for the workers who opted to legalise their dependents. It was verified some invoices from recruitment agency did include charges for renewal of dependent passports.	
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 mainly with internal 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	Published statement and procedures on migrant workers is covered in IOI Plantation Foreign Workers Recruitment Guideline & Procedure In Malaysia adopted by the IOI group was revised in June 2018. Implementation of this policy is evident as explained above, for example, all decisions related to hiring of new workers shall be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender. Also mentioned above that the equal opportunity policy was adopted and implemented by the PMU and verified to have covered all necessary aspects of including migrant workers related issues. Freedom of association as earlier mentioned permitted not only to the local workers but also to the foreign workers. This policy is communicated to all workers during annual refresher training and to all new intakes.	Complied
Criterion 6.13		
Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Published statement on human rights is covered in Sustainability Policy adopted by the IOI group in 2017. This policy is verified to be communicated to all workers during annual refresher training and to all new intakes.	Complied
6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	A non-compliance was raised under this criteria as it was found that measures taken by the plantation management to ensure children of foreign workers attending school is inadequate. Evidence sighted was a few children were found not attending school during school day for no apparent reasons. Parents and teacher of the children were interviewed and no satisfactory answers provided.	Minor NC# JMD-02

Principle 7: Responsible development of new plantings

Today the PMU has not carried any new plantings after Nov 2005 which may be applicable under requirements of the RSPO New Planting Procedure.

The requirements of Principle 7 were verified to be 'Not applicable' to this PMU during this assessment.

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The PMU had submitted the GHG data to the RSPO Secretariat on 19 Sep 2018.

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

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

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SUMMARY OF NET GHG EMISSIONS

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

GHG Table 1: Summary of Net GHG Emissions (12 months: Jan – Dec 2017)

Emissions per Product	tCO ₂ e/tProduct
CPO	2.99
PK	2.99

Production	t/year
FFB processed	266202.2
CPO Produced	53348.828

Extraction	%
OER	20.04
KER	4.81

GHG Table 2: Summary of Net GHG Emissions

Land use	ha
OP planted area	12590
OP planted on peat	1748.83
Conservation (forested)	97.5
Conservation (non-forested)	366.32
Total	14801.58

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	125759.95	10.1					125759.95	10.1
CO ₂ Emissions from Fertiliser	27051.71	2.18					27051.71	2.18
N ₂ O Emissions	35587.71	2.85					35587.71	2.85
Fuel Consumption	6248.34	0.5					6248.34	0.5
Peat Oxidation	95486.12	7.58					95486.12	7.58
Sinks								
Crop Sequestration	-98016.54	-7.88					-98016.54	-7.88
Conservation Sequestration	-511.9	-0.04					-511.9	-0.04
Total	191605.39	15.29					191605.39	15.29



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GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	9243.6	0.03
Fuel Consumption	1671.91	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Excess Electricity to Grid and Housing	-4814.59	-0.02
Sales of PKS	0	0
Sales of EFB	0	0
Total	6100.93	0.02

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 %

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

Criterion 8.1		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
Indicators	Findings and Objective Evidence	Compliance
<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • 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>There were action plans implemented for continual improvement in the POM and estates.</p> <p><u>Continual improvements for the POM:</u></p> <ol style="list-style-type: none"> 1. Big impact wrenches to improve maintenance works. 2. Lutron digital tachometer for preventive maintenance monitoring and record to check machine speed. 3. Laboratory equipment for the final effluent analysis. 4. Executive quarters and SPO Manager house. 5. Installation of 20 units of rubbish traps at labour quarters drainage system to avoid environmental pollution. <p><u>Continual improvements for Estates:</u></p> <ol style="list-style-type: none"> 1. Increased planting of all 3 types of beneficial plants. 2. Waste reduction (segregation and recycling). 3. Water treatment plant with bio-filter to improve water quality. 4. New metal ramp and tipping tractor at Leepang 4 Estate. 5. Passenger trailer for safe transportation of workers. 6. Involvement in ensuring to the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. 7. Free transportation to schools for primary, secondary and Humana students. 8. Free housing for Humana teacher and contractor workers. 9. Free ambulance service to nearest government medical clinic. 10. Maintenance of places of worships, e.g. mosque and chapel. 11. Involvement in Department of Health activities, e.g. immunisation programme, Hepatitis B vaccination 12. New workers quarters in Morisem 1 Estate. 13. Ongoing RiLeaf project for the planting of forest tree species along river banks at Leepang 4 Estate. <p>Evidence of progress monitoring and completion updates were available for the above continuous improvement action plans.</p>	<p>Complied</p>

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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at IOI Morisem 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		
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

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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

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).</p> <p>It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.</p>	<p>Complied</p>
D.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance
<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. 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.</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.</p> <p>The actual tonnage produced has been recorded in each annual surveillance report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	<p>Complied</p>
<p>D.2.2</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform). Currently the platform used is known as RSPO Palm Trace.</p>	<p>Complied</p>
D.3 Documented procedures		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented RSPO Supply Chain procedure for IP Module is: RSPO/SOP/CoC/3 issue 05 dated 01 Jan 2018 covered the implementation of all elements of IP Module.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	<p>Complied</p>

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<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>Mill Manager, Mr. Zulkarnain Abd. Rahman (contact no: 012-7222514) has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Asst. Mill Manager, Mr. Harry Danial) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification Standard requirements for the respective areas of operations. The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	<p>Complied</p>
<p>D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>For the period Jan 2017 to date, the POM only received and processed FFB from the PMU estates. The PMU did not receive any non-certified FFB from other sources or suppliers. All supplies of FFB were subjected to verification of documents and quality checks by the weighbridge personnel. The POM has 4 CPO storage tanks that stored the IP quantities.</p>	<p>Complied</p>
<p>D.4 Purchasing and goods in</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional Office and weekly to the Head Office at Putrajaya.</p>	<p>Complied</p>
<p>D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. There is no projected overproduction as to date.</p>	<p>Complied</p>
<p>D.5 Record keeping</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p>	<p>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.</p>	<p>Complied</p>
<p>D.6 Processing</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.6.1 The site shall assure and verify through documented procedures and record</p>	<p>Confirmed from records that the POM only received and processed certified FFB from its own estates for the last 12 months as to date.</p>	<p>Complied</p>

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<p>keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.</p>	<p>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.</p> <p>The POM does not produce PKO. The PK is sold to IOI Edible Oils Sdn Bhd (Refinery) at Sandakan and there is no outsourcing of the PK crush to an independent palm kernel crusher.</p>	
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3.1.2 Status on Supply Chain on POM:

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

3.1.3 Monitoring of Certified Sustainable Palm Products traded:

Trading of the CSPO and CSPK was monitored by the POM via RSPO Palm Trace including RSPO GreenPalm and ISCC. The records maintained at the POM relied on internal communications of the trading done by the HQ, Putrajaya on the CSPO delivered to IOI Edible Oils Sdn Bhd (Refinery). The volumes traded as verified during assessment are as follows:

Details as per RSPO Certification System Document		
	CPO (MT)	PK (MT)
Last year's (Projected) – Certified volume (RSPO Certified) Sep 2017- Aug 2018	50,562.59	12,097.82
(1) Last year's Actual sold volume (RSPO Certified)	48,737.44	11,566.67
(2) Last year's Actual sold volume *(Other Schemes Certified)	0	0
(3) Last Year's Actual sold volume **Conventional	830.52	0
Total for Last Year's volume – Actual (1+2+3)	49,567.96	11,566.67
New (Projected) Certified Volume (RSPO Certified) Sep 2018- Aug 2019	57,747.00	12,899.00

Notes:

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

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

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Assessment	2013	1 (1 Minor)	5	Actions taken on the NCRs and OBS verified to be effective during ASA-01.
Annual Surveillance-01	2014	2 (2 Minor)	2	Actions taken on the NCRs and OBS verified to be effective during ASA-02.

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Annual Surveillance-02	2015	3 (3 Minor)	1	Actions taken on the NCRs and OBS verified to be effective during ASA-03.
Annual Surveillance-03	2016	1 (1 Minor)	0	Actions taken on the NCR was verified to be effective during ASA-04.
Annual Surveillance-04	2017	4 (4 Minor)	0	Actions taken on the NCR was verified to be effective during Re-Certification.
Re-Certification Assessment	2018	4 (0 Major, 4 Minor)	1	Next assessment (ASA-01)

3.2.1 Year 2017: Surveillance Assessment ASA-04: 0 Major NCR

3.2.2 Year 2017: Surveillance Assessment ASA-04: 4 Minor NCRs

NCR	MYNI Indicator	Details of NCR
Minor AL-01	4.1.2	Date issued: 28 Sept 2017
		Nonconformance: Monitoring mechanism of Road Tax, Driving license and Insurance is available. However, the monitoring of driving license of a driver (RBA) under the contractor Uniharvest Sdn Bhd, which expired on 8 August 2017 was not detected.
		Root Cause: Monitoring form of contractor documents was implemented by Morisem Palm Oil Mill. However, mill management was overlooked to detect the expired driving license on 08 August 2017 by UniHarvest Sdn. Bhd
		Corrective Action: A latest monitoring form with valid contractor's documents was provided by the mill management. This form will be updating every month. At entrance point of MPOM, there is a Palm Kernel Trailer & Safety checklists document to be check by the security. Trainings are also given to the security and as well as to the mill management personnel which includes the critical control point operators (weighbridge, office and security) to ensure that the checklist will be used before any of the contractors enter the mill. The monitoring form will be counter checked by the mill's executive.
		Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017: 1) Copy of the updated monitoring form of contractor's documents which includes details such as Driver's license and valid Road Tax. 2) Palm Kernel Trailer & Safety Checklists as implemented. 3) Record of training given to Assistant Managers & Mill Executives and critical control point. (<i>Latihan "Palm Kernel Trailer and Safety Checklist" dan Pemantauan Lesen Memandu Pemandu dan Cukai Jalan Lori/Trailer</i>). 4) Supporting photos of usage of monitoring form for contractor at security and weighbridge points. The corrective actions satisfactorily addressed the non-conformance.
NC status verified by auditor: Closed by AL		Date closed: 1 Nov 2017
Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.		

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	NC status verified by auditor: OCL	Date verified: 28/09/2018
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NCR	MYNI Indicator	Details of NCR	
Minor AL-02	4.2.4	Date issued: 28 Sept 2017	
		Nonconformance: During field visit it was noted that several heaps of EFB for mulching were left as it was at Leepang 2 estate for quite some time and has not been attended to accordingly.	
		Root Cause: The EFB was not mulched/leveled due to the shortage of the workers for the said activity at the estate. Corrective Action: The identified locations of EFB heaping has been leveled immediately. The SPO supervisor was instructed to include the EFB mulching status into their daily report. Further planning and instructions will be given by the Estate management for the levelling of the offloaded EFB heaps. A work programme for EFB levelling using the backhoe has been developed to ensure that all EFB offloaded for field application is leveled promptly.	
		Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017: <ol style="list-style-type: none"> 1) Copy of Daily report for SPO field supervisor to include EFB mulching / levelling status. 2) Copy of Work programme of backhoe which matches with the field block at which the EFB is applied. The corrective actions satisfactorily addressed the non-conformance.	
		NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017
		Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.	
		NC status verified by auditor: OCL	
		Date verified: 28/09/2018	

NCR	MYNI Indicator	Details of NCR
Minor SH-01	5.3.3	Date issued: 28 Sept 2017
		Nonconformance: Landfill Management: The access road leading to the Landfill site at Morisem 1 estate has not been properly maintained. The condition of the road is poor and may lead to potential issues such as spillages, driver and vehicle safety.

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		<p>Root Cause: The poor road condition is due to rainy season in September 2017. This has prevented the road repairing to be done by the management on time according to the planning</p> <p>Corrective Action: The poor road condition observed during the audit has already been repaired by the management. A road maintenance plan/record that focused and emphasized on the main road and that are frequently used has also been made available. These roads include the road to the landfill, ramp, labour quarters etc.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017:</p> <ol style="list-style-type: none"> 1) Copy of Record of rainfall book for September. 2) Copy of Record of road maintenance done at the field block of the landfill. 3) Copy of Record of work done and road maintenance programme at the road to the Landfill block (09L) 4) Supporting photo of road maintenance done at Block 09L. <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 AL</td> <td style="width: 30%;">Date closed: 1 Nov 2017</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017
NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017			
		<p>Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: OCL</td> <td style="width: 30%;">Date verified: 28/09/2018</td> </tr> </table>	NC status verified by auditor: OCL	Date verified: 28/09/2018
NC status verified by auditor: OCL	Date verified: 28/09/2018			

NCR	MYNI Indicator	Details of NCR
Minor CBK-01	6.5.4	Date issued: 28 Sept 2017
		<p>Nonconformance:</p> <p>At Morisem 4 Estate, price checks at the sundry shop located in the estate were conducted twice in 2017 where prices of food items were recorded by the Social Liaison Officer. The records did not have any dates to indicate historical sequence. The information thus obtained were not able to form basis to conclude whether prices had increased or decreased significantly that could impact on affordability. The price checks did not include items such as fish, meat, vegetables, chicken and did not include other shops or places that the workers obtained their foods from.</p>
		<p>Root Cause: The estate management overlooked to put the date on the price list items in Morisem 4 Estate. The price items also does not include fresh produce such as fish, meat, vegetables, and chicken due to the fact that it is only occasionally available in sundry shop. The price list also did not include the price other shops or places that the workers could obtain their foodstuff from.</p> <p>Corrective Action: A new list of price items has been prepared which able to show the comparison prices for every six months starting on the month of October 2017 and subsequent 6 months till April 2018. This price items included fresh produce such as fish, meat, vegetables, and chicken. A separated lists of price items also prepared that shows the comparison of both price sold in estate shop and outside estate to ensure price offers by the estate shop is affordable by the workers. Training on shop inspection was given to SLO and SPO Staff to ensure the responsible person is well aware on the shop price and its whole condition.</p>

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		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017:</p> <ol style="list-style-type: none"> 1) Copy of the new Lists of Price items on the month of October 2017 and next 6 months till April 2018. The price items had included pricing items such as fish, meat, vegetables and chicken. 2) A Tabulated lists of price items sold in Morisem 4 Estate and outside estate showing the price comparison between the estate shop and outside shops. 3) Training record given to Social Liaison Officer (SLO), Executive level and SPO Staff on Inspection of Shops items and reasonably affordable pricing at estates. <p>The corrective actions satisfactorily addressed the non-conformance.</p>	
		NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017
		<p>Verification of effectiveness: Verified at Re-certification Assessment that the implementation of corrective action is effective.</p>	
		NC status verified by auditor: OCL	Date verified: 28/09/2018

3.2.3 Year 2017: Surveillance Assessment ASA-04: 0 Observation

3.2.4 Year 2018: Re-certification Assessment: 0 Major NCR

3.2.5 Year 2018: Re-certification Assessment: 4 Minor NCRs

NCR	MYNI Indicator	Details of NCR
Minor JMD-01	2.1.3	Date issued: 28/09/2018
		<p>Indicator requirement:</p> <p>A mechanism for ensuring compliance shall be implemented.</p>
		<p>Statement of Nonconformance:</p> <p>Valid work permits are not available for a few workers at time of audit.</p>
		<p>Evidence of Nonconformance:</p> <p>Location: Leepang 3 Estate and Leepang 4 Estate</p> <p>Application for work permits for seven workers in Leepang 3 Estate and four workers in Leepang 4 Estate are still in progress since Sep 2017 and the workers are already working at the time of audit.</p>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: All the mentioned workers are actually have undergone legalization program under the government's 3+1 and Rehiring program. The related documents such as <i>Permohonan Membawa Masuk Pekerja Asing, Akuan Penerimaan Penyerahan, Penyerahan Dokumen Kompaun</i>, etc. from Immigration Department are all available on-site as the evidences that the workers has really gone through the program.</p> <p>It is important to take note that these workers is already residing in Sabah for years. The reason why they did not acquire the legal status is probably because they have been moving from one company to another, or their previous employer did not employ them through a proper channel, or fail to retain their legal status (e.g. passport or work permit renewal). This is currently one of the biggest challenges faced by the industry player in Sabah, not in just in the mentioned estates.</p> <p>Due to the long period needed for the legalization process to be completed, the management had decided to allow the workers to work during this processing period to ensure the workers can sustain their source of income. Otherwise, the workers are not going to be able to secure any income needed for maintain their daily subsistence cost along with their dependents who are currently depending on them.</p> <p>This decision is made in consideration of human right and humanitarian basis to ensure all workers who are employed by the company will be well taken care and their welfare are secured and properly looked after.</p> <p>Corrective Action: The process is still on-going and as per the latest update, the workers are currently in the process to undergone FOMEMA health check. Subsequent to this, the process for the issuance of the work permit will be continuing which will be further guided by Immigration Department. The whole process usually will take one to two years period despite all the procedure for renewal of work permit had been taken and completed by the company.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. Document of <i>Permohonan Membawa Masuk Pekerja Asing</i> from Immigration Department. 2. Document of <i>Akuan Penerimaan Penyerahan</i> Document from Immigration Department. 3. Document of <i>Penyerahan Dokumen Kompaun</i> from Immigration Department. 4. Official receipt of <i>Permohonan Baru Pas Khas – Tujuan lain-lain</i>. <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/11/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018			
		Verification (for effectiveness): Next assessment.		

NCR	MYNI Indicator	Details of NCR
Minor CBK-01	4.7.5	Date issued: 28/09/2018
		<p>Indicator requirement: 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.</p>

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		<p>Statement of Nonconformance: Training on safety for harvesters is not effective as seen from lack of understanding by the worker concerned.</p>		
		<p>Evidence of Nonconformance: Location: Leepang 4 Estate During the interview, a harvester confirmed that he carried the harvesting pole to the field while riding on a motorcycle. This is not in accordance with “Prosedur kerja Selamat Memotong Buah Sawit / Pelepah (Doc: IOI-OSH 3.2.2)” where it is stated that motorcycle is not allowed to be used for carrying harvesting pole, sickle or lance.</p>		
		<p>Root Cause and Corrective Action: Root Cause: Lack of understanding of the workers although already been given training and training analysis on the SOP of Harvesting. Various safety signboard and continuous monitoring from the Safety Officer and SPO Supervisor have also already put in place to avoid such practice by the harvester. Corrective Action: The management will conduct a refreshment training to all harvesters on SOP harvesting which also including the transporting of harvesting poles using tractors instead of motorcycle. Increase the frequency of morning briefing to the workers especially harvester to twice a week. Addition of signboard on prohibition of transporting harvesting poles by motorcycle. Monitoring of SPO supervisor/ AP during workplace inspection on the transport of harvesting pole Warning letter will be issued to the harvester if spotted doing so.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out. Following supporting evidences submitted: 1. Training record for SOP harvesting 2. Record of morning briefing twice a week 3. Pictorial evidence of addition new signboards at linesite or strategic locations in field. 4. Record of workplace inspection by SPO supervisor/ Auxiliary police 5. Sample of warning letter to be issued to harvester. The corrective action satisfactorily addressed the non-conformance.</p>		
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NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018			
		<p>Verification (for effectiveness): Next assessment.</p>		

NCR	MYNI Indicator	Details of NCR
Minor OCL-01	5.4.1	Date issued: 28/09/2018
		<p>Indicator requirement: A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p>
		<p>Statement of Nonconformance: Comparison of diesel usage per MT FFB is not consistent.</p>

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		<p>Evidence of Nonconformance:</p> <p>Location: Morisem 3 Estate</p> <p>Data were compiled for 5 years (from FY2013/2014 to FY2017/2018) for comparison and monitoring to improve efficiency of the use of diesel at the estates.</p> <p>The data used by Morisem 1, Leepang 3 and Leepang 4 Estates were based upon the volumes of litres of diesel used per MT of FFB used in FFB transportation. However, the data used by Morisem 3 Estate was different in that it included diesel used for other purpose such as road maintenance vehicles and gen set. The same basis for data must be used for consistency in comparison.</p>		
		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <p>The diesel usage record in Morisem 3 is the total amount of diesel usage by both Morisem 3 Estate and Engineering Lahad Datu (ELD). The ELD lorries often help the sister estate to transport FFB to Morisem Mill as well as road maintenance activities which cause the high diesel usage in the diesel usage record.</p> <p>Corrective Action:</p> <p>The diesel usage by the ELD will be excluded from Morisem 3 Estate. The five years diesel usage for the estate will be breakdown to reflect the actual usage of the estate, and how much is being used for other purposes (by ELD). This will be able to ensure a more accurate presentation of the data.</p>		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. Record of new amended diesel usage record of Morisem 3 Estate. 2. The movement record of ELD lorries as well as the diesel used. 3. The diesel record of estates that included the diesel usage by ELD lorries <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/11/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018			
		<p>Verification (for effectiveness): Next assessment.</p>		

NCR	MYNI Indicator	Details of NCR
Minor JMD-02	6.13.2	Date issued: 28/09/2018
		<p>Indicator requirement:</p> <p>As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.</p>
		<p>Statement of Nonconformance:</p> <p>Measures taken by the plantation management to ensure children of foreign workers attending school is inadequate.</p>
		<p>Evidence of Nonconformance:</p> <p>Location: Morisem 03 Estate</p> <p>A few children were found not attending school during school day for no apparent reasons. Parents and teacher of the children were interviewed and no satisfactory answers provided.</p>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: This is due to the lack of awareness from some of the parents who does not prioritize their children education. Some of the parents prefer their children to do house chores or babysitting their younger sibling/relatives at home.</p> <p>Corrective Action: Management has conducted a meeting session with the parents who not sent their child to HUMANA and discuss the importance of education and to encourage the parent to send their kids to school. To further improve the attendance of the children to HUMANA, the operating unit shall monitor the name list of the children at the schooling age and verify their attendance at the school from time to time.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. The meeting with the parents who not sent their child to HUMANA regarding the importance of education. 2. New Registration record of HUMANA children. <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/11/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018			
		Verification (for effectiveness): Next assessment.		

3.2.6 Year 2018: Re-certification Assessment: 1 Observation

Ref No:	RSPO P&C Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS# OCL-01	5.2.1	Morisem 1, Morisem 3, Leepang 3, Leepang 4 Estates	HCV assessment was conducted by the Sustainability Team and documented in reports dated 13/09/2018 for Morisem 1, Morisem 3, Leepang 3 Estates and in a report dated 12/09/2018 for Leepang 4 Estate. It was found that although Ladang Asas (Tas & Halusah) Estate had been transferred from IOI Morisem Grouping to IOI UNICO Grouping, the reports still mentioned this estate.	28/09/2018		Follow up at next assessment

3.2.7 Identified Positive Elements

- 1) The PMU has contributed towards the education of children of estate migrant workers. On overall, IOI Corporation Berhad has continued to provide educational assistance in terms of school building and associated facilities for more than 2000 estate children of migrant workers both at the primary and secondary level under the Borneo Childcare (Social NGO) based HUMANA educational programme.
- 2) The PMU has contributed towards the local economy a in terms of business and job opportunities nd provided proper infrastructure such as road access, housing, sports and recreational facilities.

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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 Morisem 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 (Surveillance Assessment ASA-04 – Year 2017)

Communication was done via email 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 during current assesement in 2017.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that the PMU had maintained implementation of feedbacks obtained from previous assessments.	No further action required.
Non-Governmental Organizations: No new feedback received during current assesement in 2017.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that the PMU had maintained implementation of feedbacks obtained from previous assessments.	No further action required.
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 28 Sep 2017. A total of 12 stakeholders: (3 from neighbouring estates, 1 smallholder, 2 from school, 2 contractors & 4 suppliers) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations: 1. Request for contribution in the maintenance of classrooms at SK Ladang Sg. Bendera	The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting	To be followed up during the next Assessment.	-
Local Communities & Workers Interviews: Additional feedbacks received include: 1. Sundry suppliers confirmed improved services for goods receiving and delivery. 2. SK Ladang Sg. Bendera, Permodalan 2 Estate	Ongoing consultations will be maintained. 1. No response needed. 2. Continued monitoring actions for any stray dogs	No response needed. Monitoring to continued during next assessment.	-

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<p>confirmed control of stray dogs and proper disposal of garbage and waste at the school.</p> <p>3. Interviews of sampled staff and workers were also conducted by the auditors during field visits during ASA-04 at the PMU. Staff / Workers interviewed: POM = 9 males, 8 females Estate Offices = 12 males, 13 females Field/sites visit = 18 males, 39 females Confirmed that complaints & requests for improvements has been attended in a timely manner. No new issues raised by the sampled staff and workers.</p>	<p>and domestic waste collection.</p> <p>3. No response needed.</p>		
<p>Other Interested parties: No other feedback received.</p>	No response needed.	No response needed.	Nil

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

Communication done via email on 14 Aug 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Non-Governmental Organizations: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 28/9/2018. A total of 5 stakeholders (including school, HUMANA and government agency) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Collaboration between schools and the group to conduct Perintis Industri Menengah Atas (PIMA). 2. Collaboration between the schools and the group to 	<p>PMU responded that this matter will be reviewed by the management</p>	<p>To be followed up during the next Assessment.</p>	-



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<p>conduct Mud Ball Programme (environmental protection programme).</p> <p>3. Estate Health Assistants to assist in malaria and dengue detection programme among workers.</p> <p>4. Workers with infectious diseases confirmed during FOMEMA process must be sent back to the country of origins and not staying at the workers quarters.</p> <p>5. External drinking water lab result should be submitted to Unit Kawalan Mutu Air Minuman, Kementerian Kesihatan Manusia for drinking water quality monitoring by the government.</p> <p>6. Fund collection among workers for children measles immunisation. Measles found to have spread in certain years and could lead to mortality cases.</p> <p>7. Improve ferry landing area for the convenience of the passengers.</p> <p>8. Increase the number of signages from ferry to Morisem Mill to prevent visitors from straying to other places.</p> <p>9. Improve security at HUMANA schools especially during school holidays. The schools are always found to have been broken into during school holidays.</p> <p>10. Generally in plantations along Kinabatangan River child labours are observed. Management should take a concerted efforts to prevent this from happening in IOI estates.</p>			
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Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 24 to 28 Sep 2018 at the PMU: Staff/Workers sampling: POM = 12 males, 13 females Estate = 45 males, 43 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 Morisem 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 Morisem Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Dr. Ooi Cheng Lee
Lead Assessor
Date: 27 Nov 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI CORPORATION BERHAD

Mr. S.S. Ragupathy
General Manager (Sabah Region)
Date:

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4.2 INTERTEK- RSPO P&C Certificate details for the PMU

Certificate No:	RSPO 928588
Original Start date:	18 Dec 2013
New Start date (Re-cert):	18 Dec 2018
Expiry date:	17 Dec 2023
Organization	IOI Corporation Berhad
Address of Head Office:	Level 27, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Malaysia.
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Morisem Grouping
Address of POM:	MDLD 5123, KM 2, Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model at POM	Identity Preserved (IP)

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

Name	Address	GPS Reference		Certified (Titled) Area - ha	Mature Planted Area - ha
		Latitude	Longitude		
Morisem POM (Capacity:105 MT/hour)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E	13, 609.67	Not applicable
Morisem 1 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E		1896
Morisem 2 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E		1852
Morisem 3 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E		1331
Morisem 4 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E		1504
Leepang 2 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E		1637



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Leepang 3 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E	1838
Leepang 4 Estate	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E	1354

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

Morisem POM	Annual Tonnages (MT)
Certified FFB	269,984
Certified CPO	57,747
Certified PK	12,899
Supply chain module	Identity Preserved (IP)

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Appendix A:

Qualifications of Lead Assessor and Assessment Team

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certification (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

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

(Good Agriculture Practice, Integrated Pest Management and Social)

– Degree in Food Technology from University of Reading, United Kingdom

Mr. Chin Bit Kee has more than 5 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 is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.

Mr. Jumat Majid (JMD) – Assessor – Social Responsibility and Workers Welfare

– BSc (Social Science)

Mr Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010.

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
23 Sept 2018 Sunday	8.30 am onward	OCL	JMD	CBK
		Travel - Flight to Sandakan Travel from Sandakan airport to Morisem		

Date	Time (Note 3)	Assessors and Assessment Activity		
		Assessment Team		
24 Sept 2018 Monday (Day 1)	8.30 am - 9.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	9.30 pm – 10.30 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
	10.30 am – 12.30 pm	OCL	JMD	CBK
		Site assessment at Palm Oil Mill	Site assessment at Palm Oil Mill	Site assessment at Palm Oil Mill
		<ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement • SCC for POM 	<ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	<ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement
	<ul style="list-style-type: none"> • Verification of effectiveness of Corrective actions for previous non-conformances • Review of Time Bound Plan • Verification for compliance on Minimum requirements on Multiple Management units 			
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 5.00 pm	Continue site assessment at POM		
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		
25 Sept 2018 Tuesday (Day 2)	8.30 am – 12.30pm	OCL	JMD	CBK
		Site assessment at Morisem 1 Estate	Site assessment at Morisem 1 Estate	Site assessment at Morisem 1 Estate
		<ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	<ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	<ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Morisem 1 Estate		

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

Date	Time	Assessors and Assessment Activity		
26 Sept 2018 Wednesday (Day 3)	8.30 am – 12.30pm	OCL	JMD	CBK
		Site assessment at Morisem 3 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Morisem 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Morisem 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Morisem 3 Estate		
	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		
27 Sept 2018 Thursday (Day 4)	8.30 am – 12.30pm	OCL	JMD	CBK
		Site assessment at Leepang 3 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Leepang 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Leepang 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 5.30 pm	Site assessment at Leepang 4 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Leepang 4 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Leepang 4 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement
5.30 pm – 6.30 pm	Travel to Hotel & Break			

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	6.30 pm – 7.30 pm	Team Meeting and Discussion
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Date	Time	Assessors and Assessment Activity		
		OCL	JMD	CBK
28 Sept 2018 Friday (Day 5)	8.30 am – 10.30 am	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community Notes: 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement	
	10.30 am– 12.30 pm	Follow up on potential issues for POM and Estates		
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 2.30 pm	Preparation for Closing Meeting		
	2.30 pm - 4.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
	4.00 pm onward	Travel to Hotel, Sandakan (for overnight)		

Date	Time	Assessors and Assessment Activity		
		OCL	JMD	CBK
29 Sept 2018 Saturday	8.30 am onward	Travel - Flight back to KL		

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Appendix C-1:

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

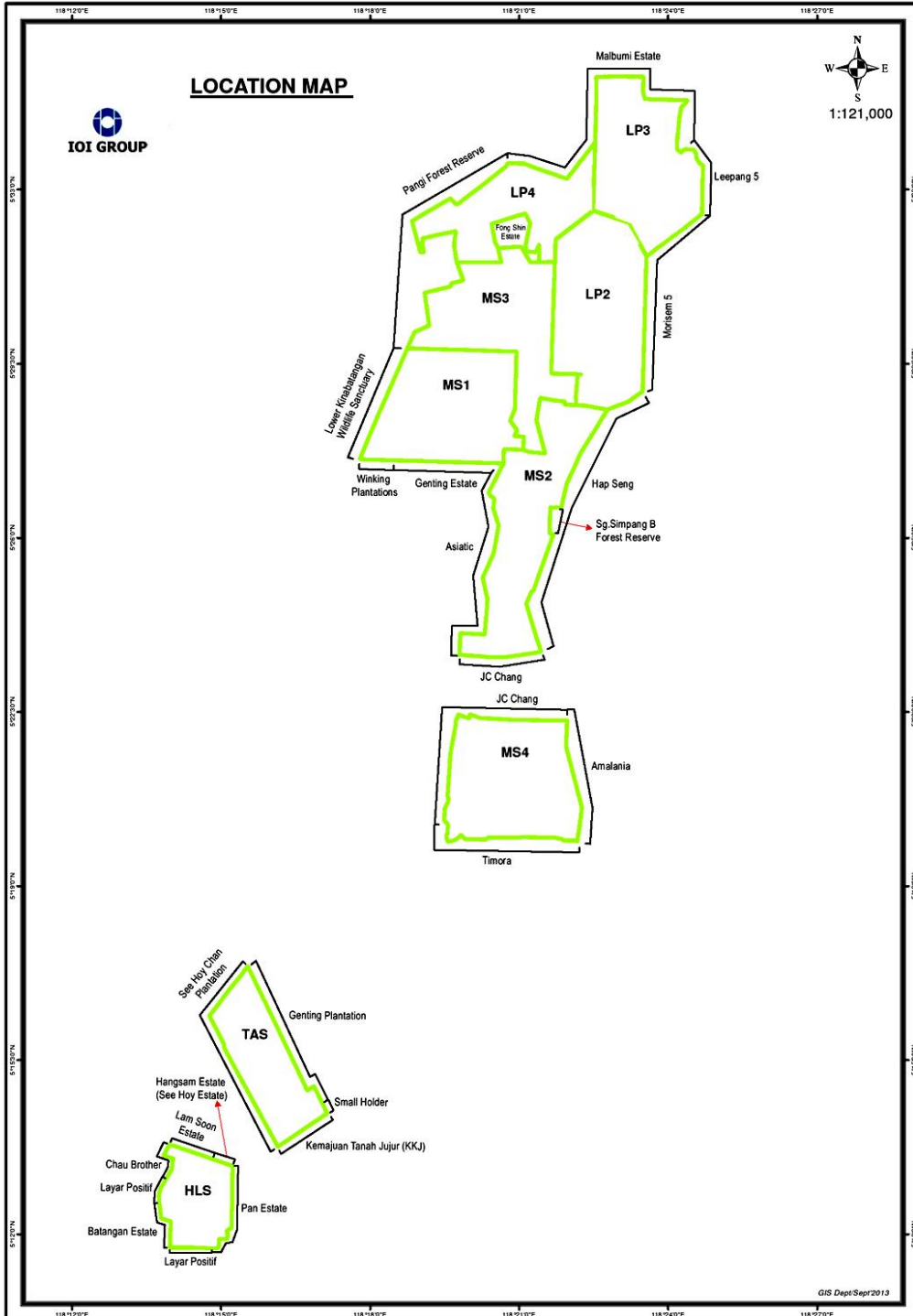


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Appendix C-2:

Location Map of IOI Morisem Grouping, Lahad Datu, Sabah, Malaysia

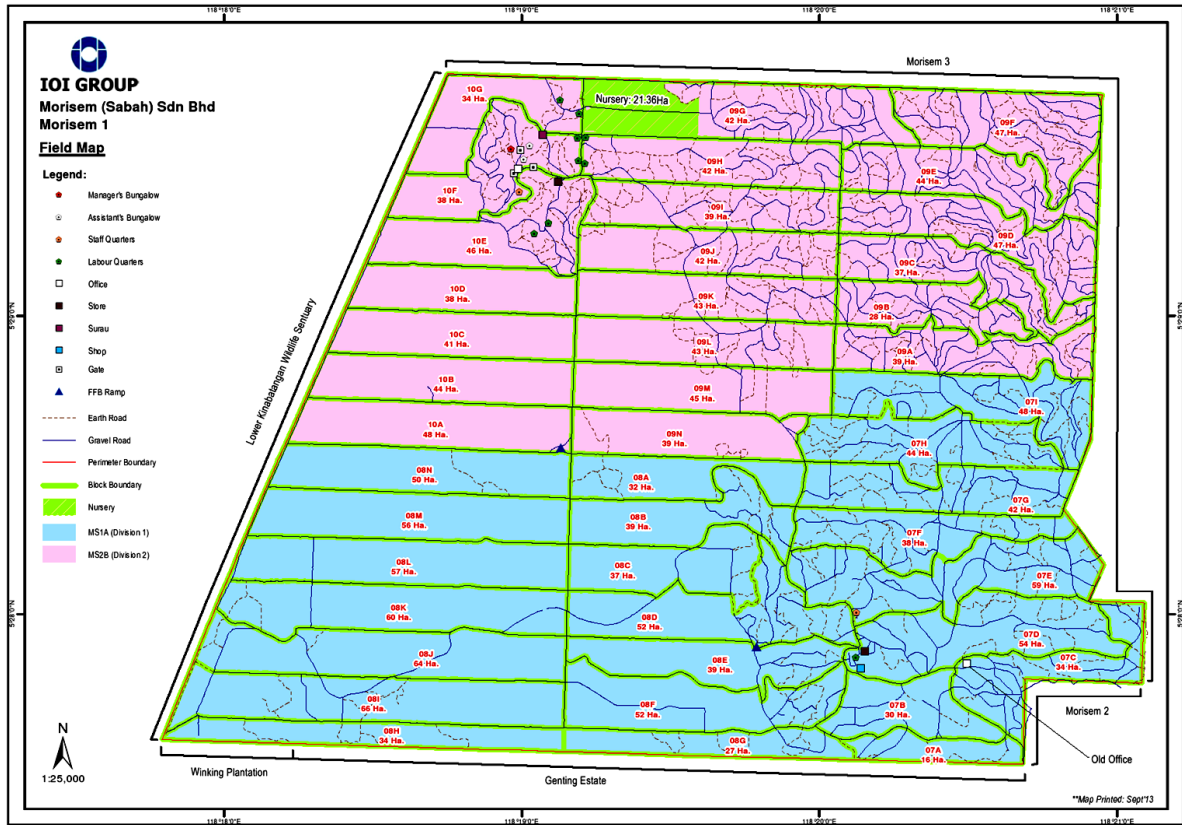


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Appendix C-3-1: Morisem 1 Estate

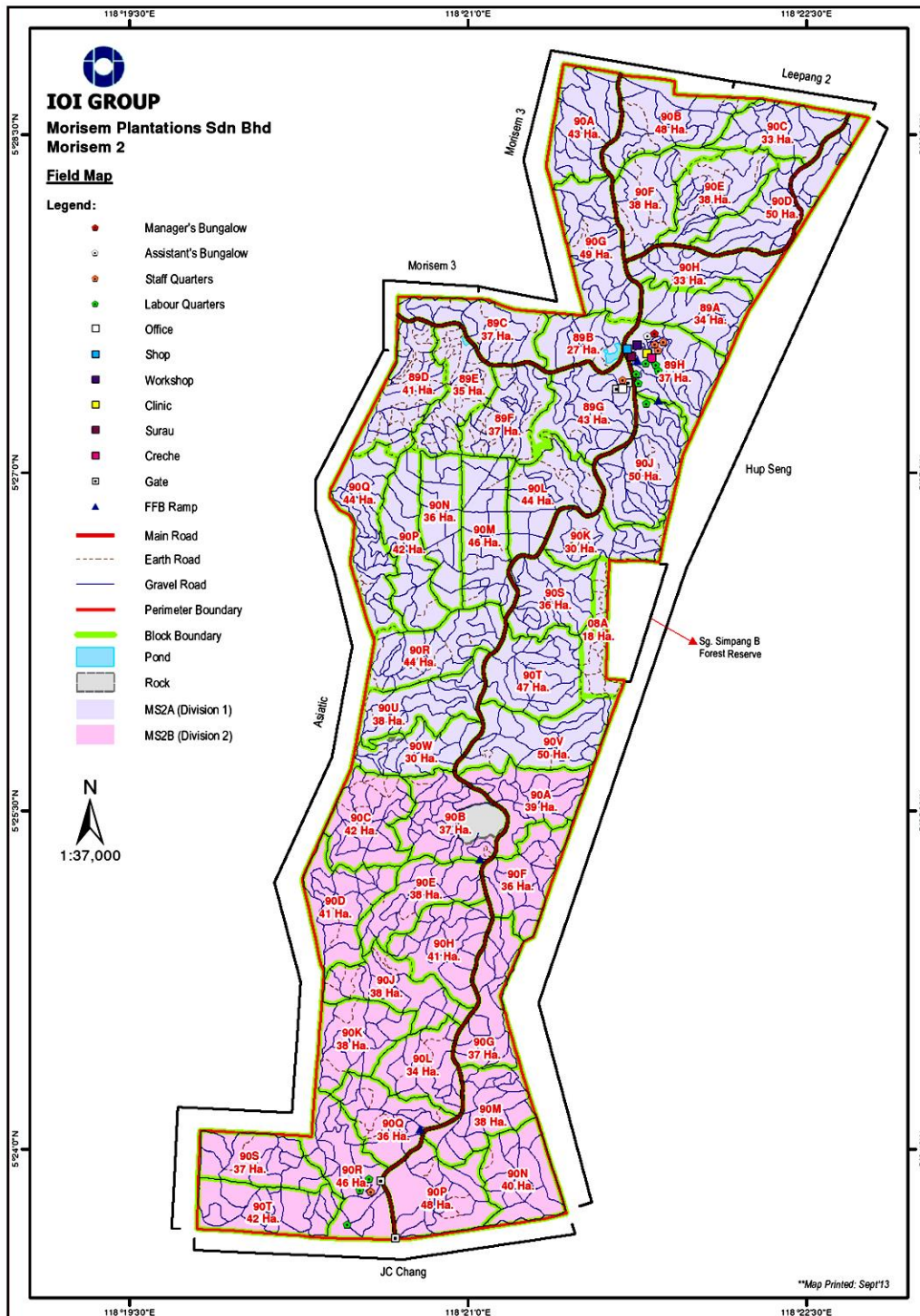


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Appendix C-3-2:

Morisem 2 Estate



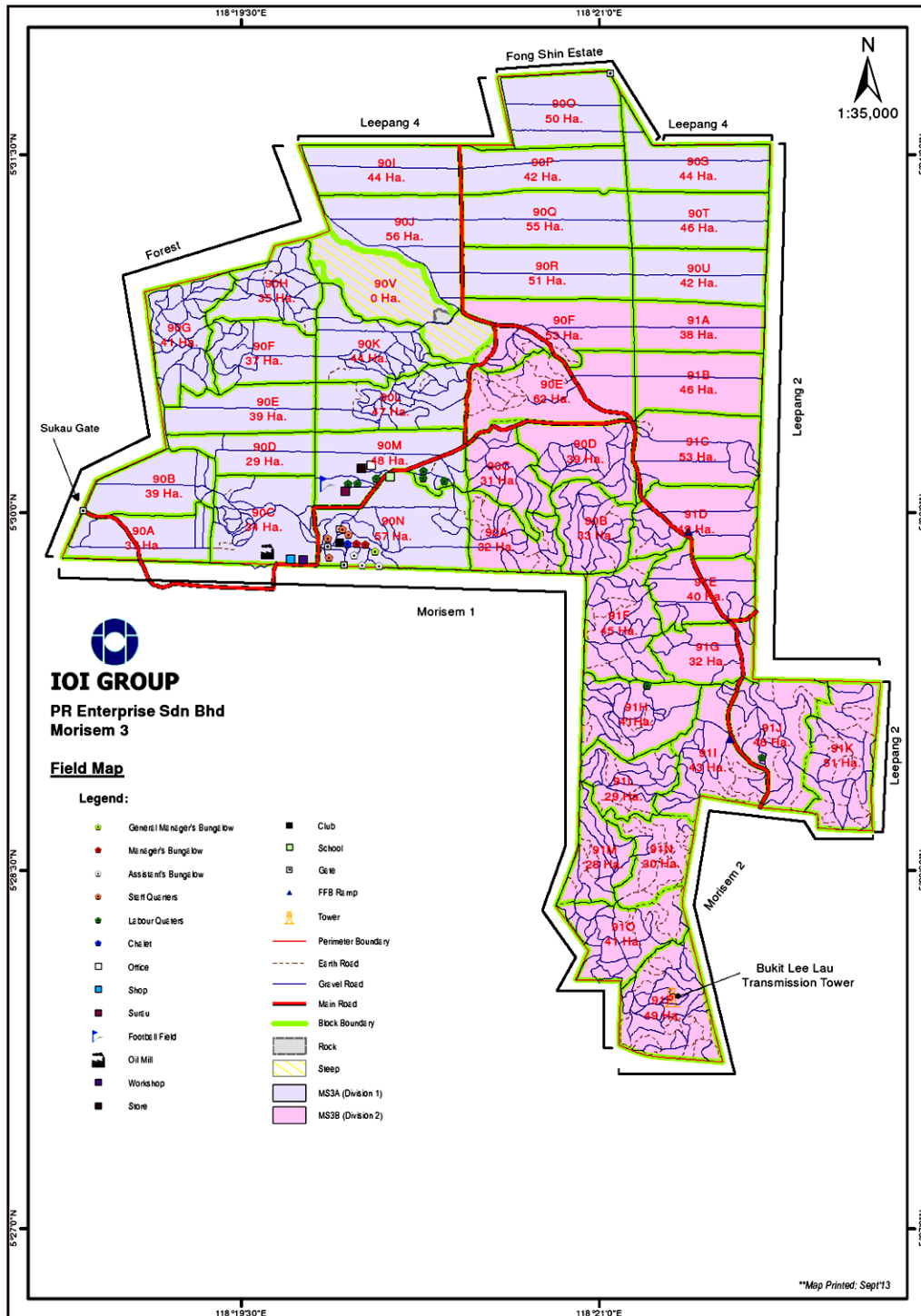
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Appendix C-3-3:

Morisem 3 Estate



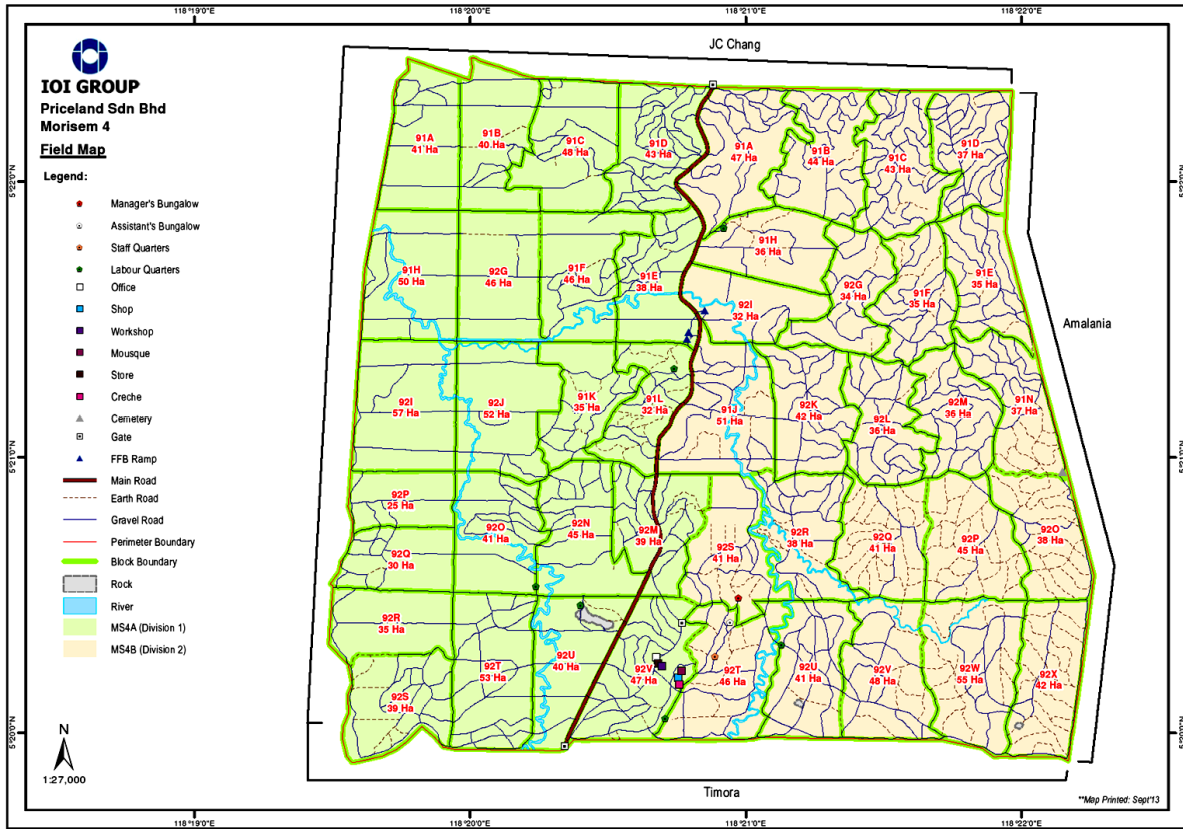
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Appendix C-3-4:

Morisem 4 Estate



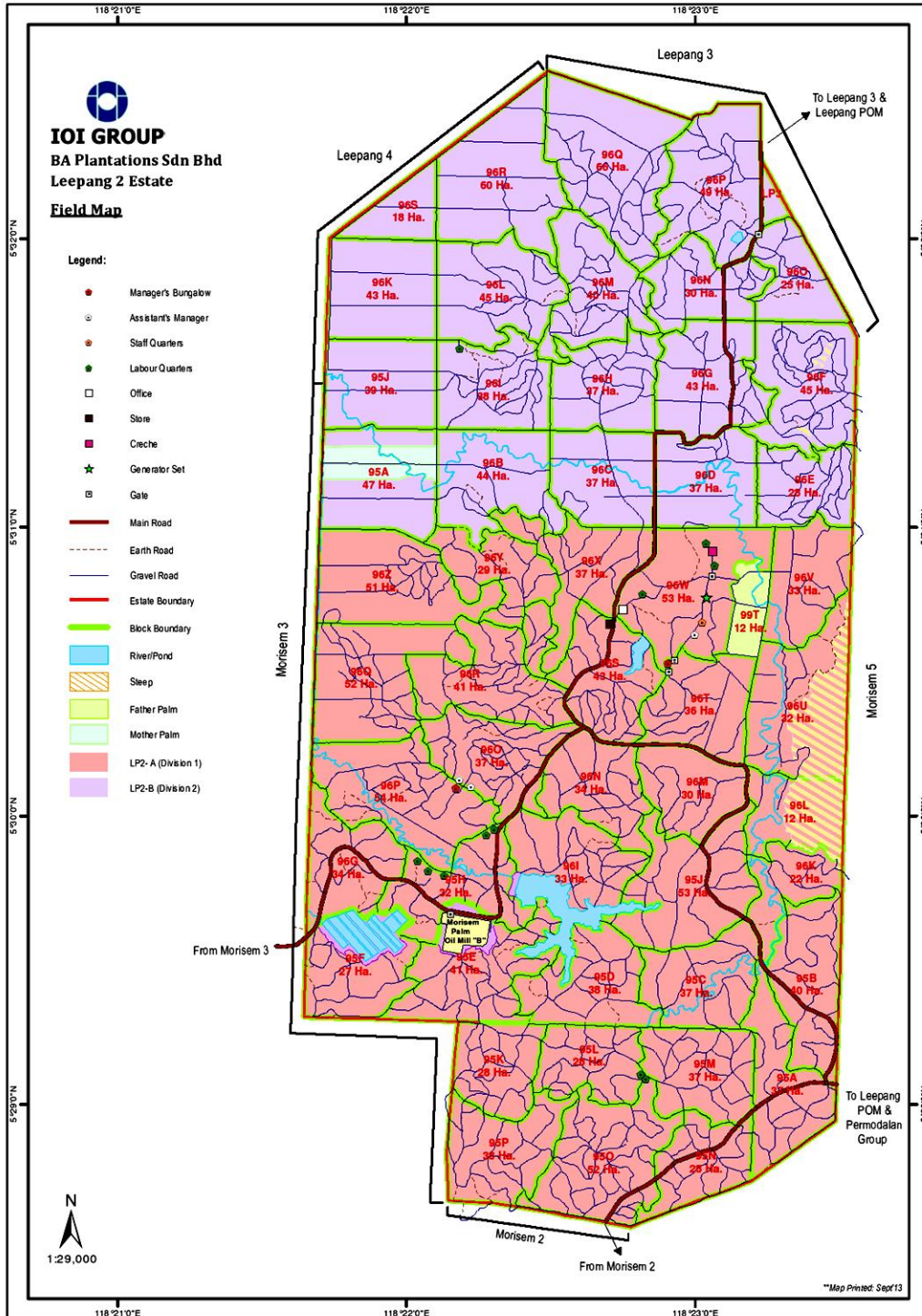
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Appendix C-3-5:

Leelang 2 Estate



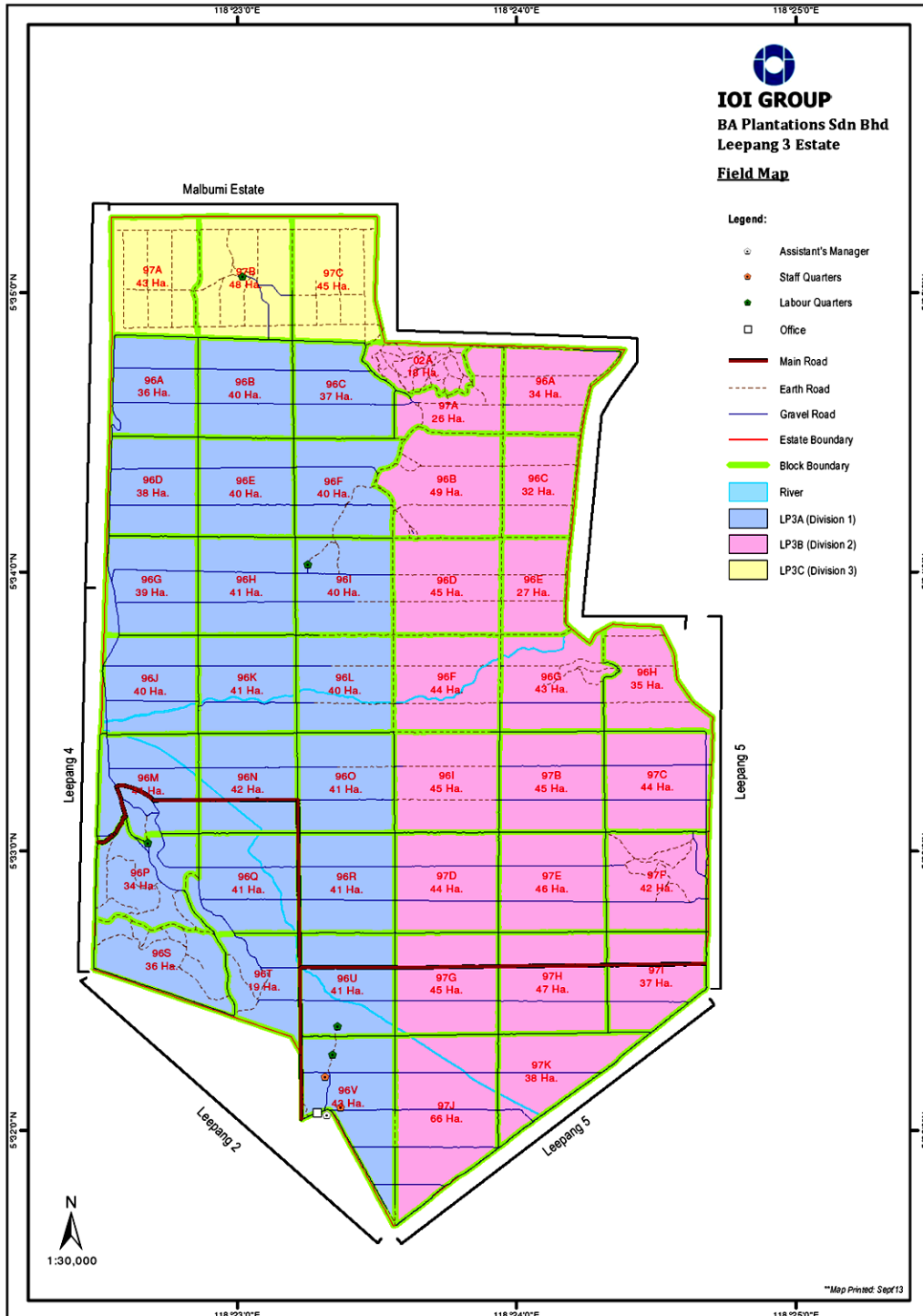
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Appendix C-3-6:

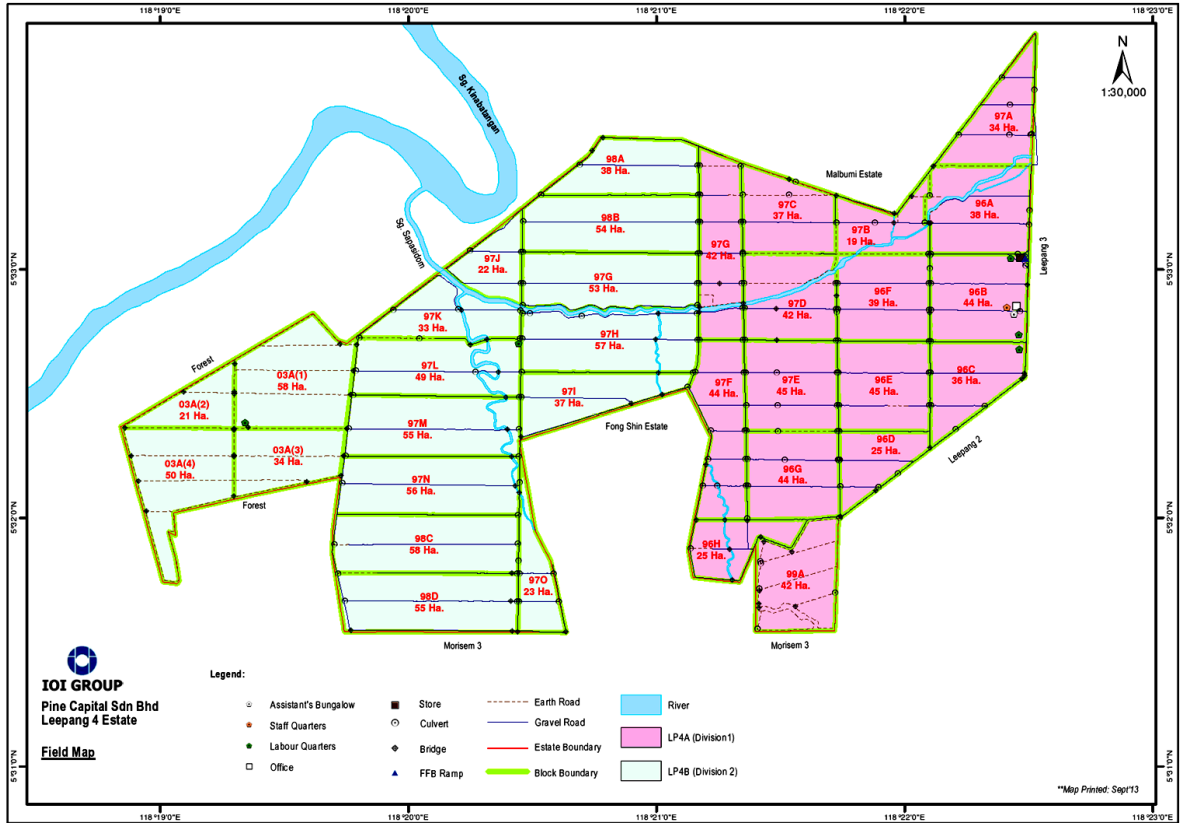
Leepang 3 Estate



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Appendix C-3-7:
Leepang 4 Estate



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Appendix D:

Photographs of Assessment findings at Morisem PMU

<p>Morisem 1 Estate – Boundary to the Lower Kinabatangan Wildlife Sanctuary</p>	<p>Morisem 1 Estate – Facility for the segregation of wastes at landfill site</p>
<p>Morisem 1 Estate – Signages at the riparian zone along the tributary flowing out of the estate</p>	<p>Morisem 3 Estate – Signages at the boundary to the Lower Kinabatangan Wildlife Sanctuary</p>
<p>Morisem 3 Estate – Boundary to the Pangli Forest Reserve</p>	<p>Morisem 3 Estate – Steep slope left unplanted as conservation area for growth of natural vegetation</p>

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Appendix E:

Time Bound Plan

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

No	PMU	Main Assessment	Certification Status	Current Status	Updated Information for Multiple Management Units as per RSPO Certification Systems for Principles & Criteria (approved on 14 th 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	Sugut estate (uncertified) has been included for audit into the Pamol (Sabah) grouping. The estate is now certified under the PMU. 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-02 completed for Jun 2018	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-02 completed in Jul 2017	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	Transferred to new CB (BSI) in Jan 2018. Certification in progress
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>

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14.	Unico POM-1, Sabah	Planned - 2018	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005).	Audited in April 2018. Certification in progress.
15.	Unico Desa POM-2, Sabah	Dec 2017	Certified in May 2018	ASA-01 planned in 2019	No outstanding issues.
16.	PT SKS, Indonesia	Planned - 2017	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 - 2017	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.

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Appendix F:

Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group

1) Monitoring by RSPO Complaints Panel (CP)

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

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 January 2018. Secretariat to follow up with the verification team. The Secretariat will also be having a post verification meeting with the team on 31st January 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.

2) Updated IOI Group Newsletters and Corporate Communications

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

8 Aug 2016: IOI Launches Revised Palm Oil Sustainability Policy and Sustainability Implementation Plan

Weblink: <http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=813>

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