

MSPO CERTIFICATION
INITIAL AUDIT
SUMMARY REPORT

IOI CORPORATION BERHAD
Gomali Oil Palm Estates Grouping
At Melaka, Negeri Sembilan and Johor, Malaysia

Certificate No:	INTERTEK MSPO 004B
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Initial / Stage 2	28 May – 2 Jun 2018
Annual Surveillance - 01	
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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TABLE OF CONTENTS

Section	Content	Page No
1.0	SCOPE OF AUDIT	3
1.1	Introduction	3
1.2	Location (address, GPS and map) mill, estates and hectarge	3
1.3	Description of FFB supply base	3
1.4	Year of plantings and cycle	4
1.5	Summary of Land Use – Conservation and HCV Areas	5
1.6	Other certifications held and Use of MSPO Trademarks	6
1.7	Organizational information/contact person	6
1.8	Tonnages Verified for Certification	7-8
1.9	Abbreviations Used	9
2.0	AUDIT PROCESS	10
2.1	Audit Methodology, Plan & Site Visits	10
2.2	Date of next scheduled visit	10
2.3	Qualifications of the Lead Auditor and Audit Team	10
2.4	Certification Body	10
2.5	Process of Stakeholder consultation	11-12
3.0	AUDIT FINDINGS	13
3.1	Summary of findings	13-33
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	34-44
4.0	AUDIT CONCLUSION AND RECOMMENDATION	45
4.1	Acknowledgement of Internal Responsibility and Confirmation of Audit Findings	45
4.2	Intertek MSPO Certification Details for the Estates	46-47

APPENDICES		
Appendix A	Qualifications of the Lead Auditor and Audit Team	48
Appendix B	Audit Plan	49-51
Appendix C	Maps of Estates Locations	52-59



1.0 SCOPE OF AUDIT

1.1 Introduction

This Initial Audit was conducted on the Gomali Oil Palm Plantations / Estates of IOI Corporation Berhad (hereafter abbreviated as IOI), from **28 May – 2 Jun 2018**, to assess the organization's operations of the Palm Oil Mill and its FFB supplying plantations / estates are in compliance against the **MSPO Standard for Palm Oil Mills (MSPO MS 2530-3: 2013)**.

The Gomali Oil Palm Plantation is made up of a grouping of estates supplying FFB to the Gomali Palm Oil Mill, which are owned by IOI Corporation Berhad (IOI) and 1 associated outgrower estate.

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

Gomali Grouping consists of one (1) palm oil mill, namely Gomali Palm Oil Mill and eleven (11) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and 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
Gomali POM (Capacity: 90 MT/hour)	5th Mile, Jalan Gemas Batu Anam, K.B. No. 102, 85100 Batu Anam, Segamat, Johor, Malaysia	2°36'37.68" N	102°40'45.44" E
1. Gomali Estate	5th Mile Jalan Gemas Batu Anam, KB. No 102, 85100 Batu Anam, Segamat, Johor, Malaysia	2°36'48.94" N	102°39'21.12" E
2. Paya Lang Estate	Batu Anam, 85100 Segamat, Johor.	2°36'28.53" N	102°41'41.36" E
3. Bahau Estate	Batu 5 Jalan Bahau Rompin 72100 Bahau Negeri Sembilan	2°48'30.75" N	102°26'44.47" E
4. Bertam Estate	Bertam Estate, 76100 Durian Tunggal, Melaka.	2°17'55.6" N	102°17'30.11" E
5. Bukit Dinding Estate	1 1/2 Miles, Jalan Mentakab, 28600 Karak, Pahang	3°22'39.8" N	102°05'31.36" E
6. Kuala Jelei Estate	Kuala Jelei Estate, 5km Jalan Tampin, 72109 Bahau, Negeri Sembilan.	2°46'21.56" N	102°22'52.27" E
7. Tambang Estate	Tambang Estate, Batu Anam, Segamat, 85100 Johor.	2°38'26.33" N	102°42'53.17" E
8. Regent Estate	2 nd Mile Jalan Batang Melaka 73200 Gemencheh, Negeri Sembilan	2°30'29.81" N	102°24'8.23" E
9. Sagil Estate	Sagil Estate, 8 Milestone, Jalan Tangkak - Segamat, 84900 Tangkak, Johor.	2°19'33.84" N	102°38'6.56" E
10. Jasin Lalang Estate	5km from 15 th Mile, Air Merbau Jalan Jasin Bemban, Jasin, Melaka	2°15'4.13" N	102°24'44.81" E
11. Sembilan Tani Estate (associated outgrower)	Kampung Kuala Gemas, Gemas, Negeri Sembilan	2°38'15.97" N	102°37'03.81" E



1.3 Description of FFB supply base

The supply base i.e. FFB sources to the POM at Gomali Grouping PMU are from the abovementioned 11 estates of which 10 are owned by IOI whilst the Sembilan Tani Estate is owned by an Associated Outgrower. Verification done on site during current assessment confirmed that there has been no change in the supply base of FFB to the said PMU since the previous year assessment.

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
Gomali Estate	2555.75	2177	2555.75	2171
Paya Lang Estate	2426.79	1971	2426.79	1971
Bahau Estate	2835.50	2639	2835.50	2639
Bertam Estate	448.80	413	448.80	411
Bukit Dinding Estate	1660.43	1442	1660.43	1442
Kuala Jelei Estate	679.26	634	679.26	634
Tambang Estate	2019.85	1881	2019.85	1881
Regent Estate	2300.27	2139	2300.27	2137
Sagil Estate	2547.02	2177	2538.60	2169
Jasin Lalang Estate	1569.67	1496	1569.67	1496
Sembilan Tani Estate (associated outgrower)	256.87	212	256.87	212
Total:	19300.21	17181	19291.79	17163

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation areas including any HCV areas (if any) marked out at the 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 any high conservation value areas.
3. Changes in the Land titled / Certified areas and Planted areas are verified to be updated in current audit in 2018.



1.4 Summary of plantings and cycle

The 11 estates been developed since 1990s and most are presently in the 2nd cycle of planting. The age profile is as shown in Table 3.

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

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) – Planted
Gomali Estate	1994-2013	1 st & 2 nd	2171	0	2171
Paya Lang Estate	1998-2014	1 st & 2 nd	1971	0	1971
Bahau Estate	1990-2017	1 st & 2 nd	2187	452	2639
Bertam Estate	2001-2002	1 st	411	0	411
Bukit Dinding Estate	1990-2017	1 st & 2 nd	1378	64	1442
Kuala Jelei Estate	1997-2012	1 st & 2 nd	634	0	634
Tambang Estate	1994-2017	1 st & 2 nd	1539	342	1881
Regent Estate	1993-2017	1 st & 2 nd	1750	387	2137
Sagil Estate	1993-2017	1 st & 2 nd	2042	127	2169
Jasin Lalang Estate	1991-2015	1 st & 2 nd	1352	144	1496
Sembilan Tani Estate (Associated outgrower)	1994-1998	1 st	212	0	212
		Total	15,647	1,516	17,163

1.5 Summary of Land Use

The summary of Land use as identified in the PMU during this assessment is as shown in Table 4 below:

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

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2018)
1	Planted Area (ha) – Oil Palm	
	Mature (Production)	15,647
	Immature (Non-Production)	1516
2	Conservation Area (ha)	
	Comprising unplanted areas such as steep & hilly areas and swampy areas.	2.18
3	HCV Area (ha)	
	Comprising buffer areas near river riparian, forest reserves, water catchments, burial & religious sites.	82.72



**Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2**

1.6 Other certifications held and Use of MSPO Trademarks

Currently, the other certification held by IOI Gomali POM and Estates Grouping are the RSPO P&C Certification and also the ISCC certification which are valid.

The MSPO trademarks and logo are not used by the POM / Estates audited. Instructions for use were provided and acknowledged by the POM / Estates through a signed Memorandum of commitment agreeing to adhere to the latest "MSPO Rules on Use of Logos and Trademarks; provided prior to the Audit.

1.7 Organizational information / Contact Person

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At Gomali Grouping – Management Unit:

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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 Gomali Grouping based on the reporting period for current assessment are as shown in Table 5 below:

Table 5: Tonnages Verified under Certification (2018)
Actual (Jan - April 2018) + Projected (May - Dec 2018)

#	Estate /Supplier	FFB Processed (MT)	Main Processing Palm Oil Mill	Certification By CB
1	Gomali Estate	55250.13	Gomali Mill	Intertek
2	Paya Lang Estate	44246.81	Gomali Mill	Intertek
3	Bahau Estate	54544.88	Gomali Mill	Intertek
4	Bertam Estate	13853.06	Gomali Mill	Intertek
5	Bukit Dinding Estate	36911.71	Gomali Mill	Intertek
6	Kuala Jelei Estate	17481.23	Gomali Mill	Intertek
7	Tambang Estate	48211.00	Gomali Mill	Intertek
8	Regent Estate	53344.46	Gomali Mill	Intertek
9	Sagil Estate	59187.83	Gomali Mill	Intertek
10	Jasin Lalang Estate	36076.01	Gomali Mill	Intertek
11	Sembilan Tani Estate (Associated outgrower)	2543.86	Gomali Mill	Intertek
	a) Sub-total by PMU estates:	421,650.98		
	External under Parent group (certified):			
	-	-		
	b) Sub-Total other certified estates:	-		
	External / Other supplies (non-certified)			
	-	-		
	c) Sub-total non- certified estates:	-		
	Grand total:	421,650.98		



1.8.2 Total annual tonnages of FFB supplied to Gomali Grouping POM during the previous period, current assessment and projected period are as shown in Table 6 below:

Table 6: Annual Tonnages of FFB (3 year Monitoring)

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	%
Grouping estates: (certified)	366,852.45	97.76	421,650.98	100.0%	405,171	100.0%
External Suppliers: (certified)	8,421.1	2.24	-	-	-	-
External Suppliers: (non-certified)	-	-	-	-	-	-
Total	375,273.55	100.0%	421,650.98	100.0%	405,171	100.0%
SCCS Model for POM	IP		IP		IP	

1.8.3 The annual certified tonnages of CPO and PK production by the PMU as assessed and verified during the current assessment are detailed as shown in Table 7 below:

Table 7: Annual Certified Tonnages – FFB, CPO & PK

POM	Year 2017 - Actual		Year 2018 - Actual & Projected		Year 2019 - Projected	
Total FFB Processed (MT)	375,273.55		421,650.98		405,171	
Total CPO Production (MT)	78,688.9	OER: 20.97%	90,655	OER: 21.50%	89,134	OER: 22.00%
Total PK Production (MT)	18,688.56	KER: 4.98%	21,083	KER: 5.00%	22,284	KER: 5.50%



1.9 Abbreviations Used

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



2.0 AUDITING PROCESS

2.1 Auditing Methodology, Plan and Site Visits

Since 25 Apr 2018, Intertek has initiated stakeholder communications and notifications via emails to the relevant stakeholders before the audit to provide feedback and comments on their concern (if any) on the Gomali Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 28 May - 2 Jun 2018, the Assessment team conducted the current assessment in which 4 out of the 11 estates of Gomali Grouping, namely **Bahau, Bertam, Jasin Lalang and Tambang estates, as well as the Palm oil mill** were assessed for compliance against the MSPO requirements.

The number of estates sampled was based on the sampling methodology with reference to the MSPO Certification Scheme i.e. minimum sample of x estates = $(\sqrt{y}) \times z$, 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 Low Risk ($z = 1.0$) for this POM and Estates grouping considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

Note: The risk level for the estates sampled has also considered the achievement of other sustainability certifications.

During the on-site audit, 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 Audit 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 audit and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

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

Intertek has also performed the evaluation of conformity against the MSPO Certification System requirements for CBs. The audit report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Review and the External Peer Reviews prior to the approval of this report and decision on certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the annual Surveillance Audit which will be carried out within a 12-month period of the certificate anniversary date.

2.3 Qualifications of the Lead Auditor and Audit Team

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



2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming audit via e-mails sent to the relevant stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual audit and stakeholder's response and feedback received were followed up accordingly.

During the audit, stakeholders (who were available) were interviewed and their feedbacks were recorded and followed up during audit. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, suppliers and contractors.

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. Department of Environment, Johor
11. Department of Forestry, Johor
12. Department of Immigration, Johor
13. Department of Irrigation & Drainage, Johor
14. Department of Labour, Johor
15. Department of Occupational Safety & Health, Johor
16. Department of Wildlife & National Parks, Johor
17. Land and Mines Office, Johor
18. Pertubuhan Keselamatan Sosial (SOCSO), Johor
19. Department of Immigration, Pahang
20. Department of Irrigation & Drainage, Pahang
21. Department of Labour, Pahang
22. Department of Occupational Safety & Health, Pahang
23. Department of Wildlife & National Parks, Pahang
24. Land and Mines Office, Pahang

Statutory Bodies (by emails)

25. Malaysian Palm Oil Board (MPOB)
26. Malaysian Palm Oil Board (MPOB) - Northern Region
27. Malaysian Palm Oil Board (MPOB) - Central Region
28. Malaysian Palm Oil Board (MPOB) - Southern Region
29. Malaysian Palm Oil Board (MPOB) - Eastern Region
30. Malaysian Palm Oil Board (MPOB) - Sarawak Region
31. Malaysian Palm Oil Board (MPOB) - Sabah Region
32. Malaysia Palm Oil Association (MPOA)
33. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
34. Malaysian Union for Plantation Workers (NUPW)
35. All Malayan Estates Staff Union (AMESU)

NGOs (by emails)

36. All Women's Action Society (AWAM)
37. BCSDM - Business Council for Sustainable Development in Malaysia
38. Borneo Child Aid Society (Humana)
39. Borneo Resources Institute Malaysia (BRIMAS)
40. Borneo Rhino Alliance (BORA)
41. Center for Orang Asli Concerns COAC
42. Centre for Environment, Technology and Development, Malaysia - CETDEM
43. Eco Knights



44. ENO Asia Environment
45. Environmental Management and Research Association of Malaysia (ENSEARCH)
46. Environmental Protection Society Malaysia (EPSM)
47. Friends of the Earth, Malaysia
48. Future in Our Hands Society, Malaysia
49. Global Environment Centre
50. HUTAN - Kinabatangan Orang-utan Conservation Programme
51. Institute of Foresters, Malaysia (IRIM)
52. JUST - International Movement for a Just World
53. Malaysian CropLife & Public Health Association (MCPA)
54. Malaysian Environmental NGOs - MENGO
55. Malaysian National Animal Welfare Foundation – MNAWF
56. Malaysian Nature Society Johor
57. Malaysian Nature Society Pahang
58. Malaysian Plant Protection Society (MAPPS)
59. National Council of Welfare & Social Development Malaysia - NCWSDM
60. National Union of Plantation Workers (NUPW)
61. Partners of Community Organisations (PACOS)
62. Pesticide Action Network Asia and the Pacific (PAN AP)
63. Proforest - South East Asia Regional Office
64. R.E.A.C.H. - Regional Environmental Awareness Cameron Highlands
65. SUARAM - Suara Rakyat Malaysia
66. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
67. Sustainable Development Network Malaysia (SUSDEN)
68. Tenaganita Sdn Bhd
69. The Malaysian Forum of Environmental Journalist (MFEJ)
70. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
71. Transparency International - Malaysian Chapter
72. Treat Every Environment Special Sdn Bhd. (TrEES)
73. United Nations Development Programme - UNDP Malaysia
74. Wetlands International (Malaysia)
75. Wild Asia Sdn Bhd
76. World Wide Fund for Nature (WWF) Malaysia

Local community (On-site interviews)

77. Consultative Committee & Gender representatives
78. Workers & Workers representatives
79. Village Heads & representatives
80. Suppliers & Contractors representatives



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: Gomali Oil Palm Estates Grouping
Auditor/s: Augustine Loh (AL), Sazali Bin Hasni (SH) and Mohd Nazib Marwan (MNM)
Audit Dates: 29 May – 2 Jun 2018

P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: A policy for the implementation of MSPO shall be established.	IOI Corporation Berhad has documented the Group Sustainable Palm Oil Policy (SPOP) dated 12 Jun 2017 alongside a detailed Sustainability Implementation Plan (SIP). The company has documented its MSPO Policy to comply with all applicable legislation and codes of practice within the SIP.	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize commitment to continual improvement.	The policy had also clearly stated the company's commitment which included continual improvement in the overall aspects of plantation management and community development.	Complied
4.1.2	C2: Internal audit		
4.1.2.1	Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	There is a documented procedure for conducting Internal audit. Audit was planned on to be held on annual basis which is conducted by the SPO Team.	Complied
4.1.2.2	Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	A procedure for internal audit was established and documented, i.e. SOP 8 Issue 1 Rev 0 (17/02/2018). Internal audits on Bukit Serampang Estate, Segamat Estate and Gomali Estate were conducted on 29/01/2018, 30/01/2018 and 31/01/2018 respectively. There were 45, 32 and 25 non-conformances raised for the internal audits on Bukit Serampang Estate, Segamat Estate and Gomali Estate respectively. Audit results evaluated and corrective actions taken on the non-conformances.	Complied
4.1.2.3	Indicator 3: Report shall be made available to the management for their review.	The audit reports were documented and made available for Management review.	Complied
4.1.3	C3: Management review		
4.1.3.1	Indicator 1: The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	Management review for the Estates was conducted together with the POM on 12 Apr 2018 and minutes of meeting maintained. The status of the implementation of MSPO was noted to be discussed. Appropriate improvement actions were recommended for the management system of the Estates and POM.	Complied
4.1.4	C4: Continual improvement		
4.1.4.1	Indicator 1: The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.	Action plans for continual improvement have been specified and documented for the Estates and POM.	Complied
4.1.4.2	Indicator 2: The company shall establish a system to improve practices in line with new information and techniques or new industry standards and	Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company. Portable Palm Data Device was used at the field of estates for FFB bunch checking, counting and reporting.	Complied



	technology, where applicable, that are available and feasible for adoption.		
4.1.4.3	Indicator 3: An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.	Training to workers in various aspects of plantation management were conducted throughout the year. Training was provided to Field Supervisors and Mandores on the use of the Portable Palm Data Device.	Complied

P2: Transparency

Clause	Requirements	Evidence	Conformity
4.2.1	C1: Transparency of information and documents relevant to MSPO requirements		
4.2.1.1	Indicator 1: The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.	The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings. Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.	Complied
4.2.1.2	Indicator 2: Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Management documents such as Policies, Stakeholder consultation processes, Financial Annual Reports are available upon request and at the IOI website: http://www.ioigroup.com/Content/S/S_Policy Any commercially confidential information will need special request before being provided.	Complied
4.2.2	C2: Transparent method of communication and consultation		
4.2.2.1	Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.	The management had established procedures and mechanisms to conduct stakeholders consultations, handle complaints and grievances through stakeholders meetings, Gender Consultative Committees (GCC), Employee Consultative Committees (ECC), Safety & Health Committees (SHC).	Complied
4.2.2.2	Indicator 2: A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	The Estate Managers are responsible for issues raised by local communities and other affected or interested parties. Social Liaison Officers are nominated to coordinate activities of the stakeholders, GCCs, ECCs and SHCs. Appointments letters as issued to the respective Social Liaison Officers.	Complied
4.2.2.3	Indicator 3: List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	The lists of stakeholders at the Estates are adequately maintained and kept current. The lists of stakeholders were used for inviting external stakeholders during external stakeholders' consultation. Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes. Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.	Complied
4.2.3	C3: Traceability		
4.2.3.1	Indicator 1: The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).	The IOI Group has established, implemented and maintained a procedure for traceability of FFB from the estates to the CPO and PK produced by the POM. Documented SOP on Traceability: SOP/COC/3 Issue No. 05 dated 01/01/2018.	Complied
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with	Compliance with the traceability system determined via regular inspections, checking of records and internal audits.	Complied



	the established traceability system.		
4.2.3.3	Indicator 3: The management should identify and assign suitable employees to implement and maintain the traceability system.	The Palm Oil Mill and Estates Organization Charts and job responsibilities of employees (Mill Manager, Estate Managers, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined for the implementation and maintenance of the traceability procedure. Interviews of the relevant staff confirmed their knowledge of the traceability requirements for their respective areas of operations.	Complied
4.2.3.4	Indicator 4: Records of sales, delivery or transportation of FFB shall be maintained.	All records of FFB harvested, transported and delivered to the POM were maintained and verified to be traceable via the Delivery Note, Lorry Ticket and Weighbridge Ticket which were maintained at the respective estate offices.	Complied

P3: Compliance to legal requirements

Clause	Requirements	Evidence	Conformity
4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	<p>The Legal Requirements Register covering the applicable local and international laws and regulations is available at the estates.</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. Levy and other deductions have been taken with the consent of the workers in accordance with the Employment Act 1955, 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. Compliance with these regulations, especially Employment Act 1955, by contractors engaged with the PMU was verified as satisfactory. In addition to the interview session conducted with the contractors, pay slips, working permits and passports of the contractor workers, were examined and verified to be all in order.</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>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Medical history records of the workers were available and noted to be maintained.</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>Land Assessment and statutory returns to relevant authorities found to be in compliance.</p>	



**Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2**

4.3.1.2	Indicator 2: The management shall list all laws applicable to their operations in a legal requirements register.	The organization has listed all local and international laws applicable to their operations in a Legal Requirements Register (LRR).	Complied
4.3.1.3	Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented. The Legal Requirements Register was verified to be reviewed for the estates on 02 May 2017 for any relevant updates. All relevant updates noted to be communicated by the IOI HQ to all estates within the IOI group. Listing of laws and regulations monitored with updated changes included the Employment Act 1955, 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. which were noted to be satisfactorily adhered.	Complied
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Tracking of regulatory requirements and communication of changes is performed by the Senior General Manager at the IOI Group HQ, Putrajaya, Federal Territory. The mechanism of tracking the law changes as identified from IOI Group HQ, would be distributed to all POMs and Estates via email. Monitoring of compliance is done by the Sustainability, Safety and Health (Peninsular) Manager and Sustainability Team, who are based on site.	Complied
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	Communities surrounding the estates are able to move freely without any issues or problems. Verified during site inspection that no such limitations had occurred.	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group. The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for the cultivation of oil palms and agricultural use. 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 audit.	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palms and agricultural use except for conversion of certain area of Segamat Estate for housing development being done in accordance with legal requirement. Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the estates. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.	Complied
4.3.2.4	Indicator 4: Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	There were some borders of the estates immediately adjacent to local villages. However, there has been no land disputes. As such, the process of fair compensation and FPIC is currently not required to be applied.	Complied



4.3.3	C3: Customary rights		
4.3.3.1	Indicator 1: Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	Not applicable as the lands are titled lands which are not encumbered by customary rights.	Not applicable
4.3.3.2	Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the estates were available and maintained. The lands at Gomali Grouping are legally owned or leased by IOI Group and it is verified that there were no other users or affected parties in the land areas.	Complied
4.3.3.3	Indicator 3: Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	Not applicable as the titled lands are not encumbered by customary rights.	Not applicable

P4: Social responsibility, health, safety and employment condition

Clause	Requirements	Evidence	Conformity
4.4.1	C1: Social impact Audit (SIA)		
4.4.1.1	Indicator 1: Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	Social Impact Assessment report and Management Plans at the estates were documented by the Sustainability Team. The plans included monitoring of negative impacts and enhancement of positive ones. Social impact assessment [SIA] for the year 2017 for IOI Gomali Grouping has been conducted together with relevant external and internal stakeholders in separate sessions. For example, external consultation session for Gomali Estate was conducted on 22 Feb 2017. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc. Monitoring records were retained and made available as evidence that actions had been taken.	Complied
4.4.2	C2: Complaints and grievances		
4.4.2.1	Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	The management had established the Prosedur Aduan and Carta Alir Laporan Aduan on 21 Aug 2017. In addition, since Feb 2014, IOI had developed "Dasar Pemberi Maklumat (Whistleblowing)" [www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf] which was approved by "Jawatankuasa Audit dan Pengurusan Risiko".	Complied
4.4.2.2	Indicator 2: The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and be acted upon by the Social Liaison Officers who will investigate the matter and resolve with the affected parties. 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.	Complied
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	All complaints and grievances received are documented either in the form of log book as in the Grievance Book, meeting minutes for the ECC, GCC, Safety meetings and annual stakeholder consultations or respond forms. Decisions and action as responds to the complaints and grievances received also very well documented with sufficient supporting documents as proofs. Other than reports made to the gender representatives, all other	Complied



		complaints and grievances are accessible to public. However, it was noted that numbers of grievances recorded from workers in the grievance books are declining. This decline is mainly due to many different avenues for the workers to raise their concerns to the management, especially through frequent meetings between workers and the management.	
4.4.2.4	Indicator 4: Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	The Management informed the invited employees and surrounding communities at the internal and external Stakeholders consultations regarding the complaint / grievance procedure and feedback mechanism. For example external consultation session for Gomali POM and Gomali Estate was conducted on 22 Feb. 2017. Participation of external stakeholders were verified from contractors, suppliers, government agencies, police, neighbouring estate, etc.	Complied
4.4.2.5	Indicator 5: Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	The Complaint and Grievance Books that recorded the nature of complaints and the resolutions had been maintained and available for the past 3 years.	Complied
4.4.3	C3: Commitment to contribute to local sustainable development		
4.4.3.1	Indicator 1: Growers should contribute to local development in consultation with the local communities.	Main contribution of the estates to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. In Bukit Serampang Estate specifically, the management has very good relationship with the nearby school and villagers, for example the school was allowed to use the estate field road for cross country running competition, which will avoid the students from crossing the busy main road and will be running under the shades. In Segamat Estate, sports friendly matches was frequently organized between workers and staff of Segamat Estate with nearby estates which could provide the workers with more avenues for some kind of entertainment.	Complied
4.4.4	C4: Employees safety and health		
4.4.4.1	Indicator 1: An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	Occupational Safety and Health Policies and Plans were established and verified to be in accordance with the OSH Act, 1994 and FMA 1967 (Act 139). The Plans have been reviewed (annually), up-dated and approved by the respective managers for the estates.	Complied
4.4.4.2	Indicator 2: The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: i) all employees involved shall be adequately trained on safe working practices; and ii) all precautions attached to products shall be properly observed and applied. d) The management shall provide the appropriate personal protective equipment	Safety Policy and HIRARC documented for the estates. The HIRARC was reviewed on 02 Jan 2018. The OSH Programme 2018 include the following: <ul style="list-style-type: none"> • Safety & Health Committee meetings were held quarterly. • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKPP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, 	Complied



	<p>(PPE) at the place of work to cover all potentially hazardous operations as identified in the risk Audit and control such as Hazard Identification, Risk Audit and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<ul style="list-style-type: none"> Monthly Safety inspection & audit by Safety Officer, CHRA report issued in Apr 2014 is still valid and recommendations were verified to have been adhered on-site. Next CHRA assessment scheduled for year 2019. Surveillance programmes for protecting workers' health and safety were satisfactorily implemented. Accident and emergency procedures had been established and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the estate offices 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) committee. 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 noted to be valid. Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained. The Plantations Management Unit has established the following documented procedures for meeting the regulatory requirements concerning the safe handling, storage and usage of chemicals: <ol style="list-style-type: none"> SOP for the mixing of chemicals. SOP for the storage of chemicals. SOP for pesticides / chemicals spraying. 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. Records on safety training had been verified on the Palm Oil Mill and the Estates. Analysis on the understanding of training on safety by the workers had been verified. Safety & Health Committee meetings were held quarterly to discuss issues on employee's health, safety and welfare. Records of meetings are available and verified to be satisfactory. There is also the mechanism of complaints and grievances. 	
4.4.5	C5: Employment conditions		
4.4.5.1	Indicator 1: The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.	The management had established the "Group Sustainable Palm Oil Policy" - http://www.ioigroup.com/Content/S/PDF/Sustainable%20Palm%20Oil%20Policy.pdf in Mar 2018, signed by Group CEO, which covered the necessary aspects of human rights related issues. The employees are informed through briefing during muster, at the GCC and ECC meetings. The policy is also displayed at notice boards in the office.	Complied
4.4.5.2	Indicator 2: The management shall not engage in or support discriminatory practices and	The management had established the Equal Job Opportunity Policy where the commitments included providing equal opportunities and treatment regardless of	Complied



Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2

	shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. The Policy is available in local languages and English and displayed at the estates' notice boards. Employment records showed that this policy had been implemented and maintained.	
4.4.5.3	Indicator 3: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	Documentation and conditions of pay for foreign workers hired in the estates are available. Employment agreement with foreign workers, who are mostly Indonesian, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. Company procedures require the employment contract to be explained by management to potential migrant workers before contracts are signed. Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2016.	Complied
4.4.5.4	Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	The management ensured that employees of contractors are paid based on Minimum Wage Order 2016 by monitoring salary payment and interviewing the contractor's employees. At the estates audited a number of field workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism, long holidays and low productivity. These reasons were verified as sufficiently accurate during the audit. Workers receiving below minimum wages are identified, counselled and if there is no improvement in the achievement the workers will be offered to take on additional jobs or to work on less difficult tasks. However, evidence is clear that the workers who reached the daily target and working the whole month without being absent received at least the minimum wages. Noted that many workers received much higher than the minimum wages.	Complied
4.4.5.5	Indicator 5: The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment. A brief description of the work that the foreign workers will be performing is written into the employment contract. Full job descriptions are documented for senior positions, such as Managers, Social Liaison Officer, and Safety & Health Officer etc.	Complied
4.4.5.6	Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.	All employees are provided with employment contracts in accordance with the regulations. The terms of employment are clearly specified in the contracts, which included position offered, period of employment, salary, overtime rate, rest days every Sundays, rate of pay when working on rest days, days and hours of work, approved deductions, termination of employment, holiday pay, rate of pay when working on holidays, leave pay, sick leave, maternity leave, passage expenses, expatriations of remains and burial arrangement, insurance. The employment contract is signed by the Estate Managers or their Assistants and the employee. Interview with the employees confirmed that they received a copy of the employment contract.	Major MC: MNM -01
		Noncompliance finding: Location: Bertam Estate.	



		Contractor workers employment contract/appointment letter given to the local workers was not appropriate. Local workers was issued with foreign workers contract/appointment letter.	
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	At the estates audited, no biometric recording system was installed but instead attendance cards for general workers and Portable Palm Data Devise harvest recording systems for harvesters were used.	Complied
4.4.5.8	Indicator 8: The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	The working hours of the employees and overtime rates are specified in the employment contract i.e. 8 hours per day. The working hours, breaks and overtime rates are in accordance with the regulations.	Complied
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount. Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.	Complied
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.	The employees are offered incentives on output, provided training, access to medical care and other benefits such as free housing, free water supply and free electricity supply. Also offered free education facilities, free childcare and medical services to foreign workers and dependents of local workers.	Complied
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	Gomali Grouping is fully adhered with The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) by providing adequate amenities to their local and foreign workers as well the grouping has provided adequate housing, water supplies, medical, educational and public amenities. Workers are provided with free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with treated water and electricity. The workers are provided with medical, educational and public amenities.	Complied
4.4.5.12	Indicator 12: The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.	The management had established the Policy On Prevention And Eradication Of Sexual Harassment In The Workplace. The policy is displayed at the notice board of the office and the workers are briefed about the policy during muster and the annual IOI policies briefing to all workers.	Complied
4.4.5.13	Indicator 13: The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union	The published statements of policy which recognises employee's freedom of association, was noted to be available and widely displayed in Bahasa Malaysia. Each of the estates audited had formed the JCC and ECC as a mechanism to cater the collective bargaining needs of the workers. Results of ECC meetings were minuted and available for verification. Latest meeting of the JCC in Segamat Estate for example was on 13 Feb 2018. JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is	Complied



	relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	properly documented and filed complete with photographic evidence. Participants in JCC meetings normally involved workers representatives from different categories of workers such as general workers, sprayers, manurers harvesters, drivers both locals and foreign citizens. JCC is one level higher than ECC meetings, where in ECC meetings all foreign workers are invited to attend and give their inputs on relevant concerns. 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.	
4.4.5.14	Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.	There was no evidence of any child labour being used at the estates. The Child Labour Policy adopted by estate managements had stated that the minimum age of workers is 19 years. Site inspection of the employment records in all estates confirmed that this has been complied. Inspection of the employment records including site visit to the estates confirmed that this criterion has been complied with.	Complied
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular Audit of training needs and documentation, including records of training shall be kept.	<p>Training programme planned for year 2018 includes training for all categories of workers. Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as firefighting and fire drill, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2017 and evaluation carried out on each of the trainings to determine its effectiveness. Records of training for each employee, including new employees were maintained.</p> <p>Noncompliance finding:</p> <p>Location: Tambang Estate.</p> <p>Competency of lorry driver hired by the Contractor for Transporting & levelling of EFB & POME has not been clearly identified.</p>	Major NC: MNM -02
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements 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. The training needs analysis are reviewed annually and discussed in the quarterly Safety and Health meetings.	Complied
4.4.6.3	Indicator 3: A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in	Training programme planned for year 2018 includes training for all categories of workers. The trainings conducted were based on job categories such as: Harvesters: Prosedur Kerja Selamat Memotong dan Mengutip Buah Sawit & PPE training	Complied



	accordance to the documented training procedure.	Sprayers: Prosedur Kerja Selamat Menyembur Racun & PPE training. Manurers: Prosedur Kerja Selamat Menabur Baja, PPE Training Other trainings include First Aider training, MSDS/CSDS Training, Prosedur Kerja Selamat dan Panduan Keselamatan.	
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P5: Environment, natural resources, biodiversity and ecosystem services

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	A policy on environment was developed in accordance with the relevant country and state laws. It is documented and communicated to all levels of the workforce through briefings and placement of the policy on notice boards. Briefing on the said policy and management plans was conducted on 5 and 12 May 2018 to all staff and workers.	Complied
4.5.1.2	Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations.	The Environmental Management Plan was initially prepared in Feb 2015 and latest review on 5 May 2018. It included the environmental policy and also the objectives. The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. It was reviewed in May 2018. The scope of assessment had included the management of mill effluents, management of pests and disease palms(IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements. The EIA report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant stakeholders to identify impacts and develop the mitigation measures such as relevant conservation activities.	Complied
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. The POME and EFB are delivered/recycled to the plantation for fertiliser and moisture retention purposes. Stacking of fronts was also done effectively. Waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. Buffer zones along streams were demarcated. Maintenance, desilting and clearing of overgrown natural vegetation and debris along the streams in estates was also carried out. The implementation and monitoring of the documented environmental improvement plan were reviewed annually and found to be satisfactorily implemented.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	A Continual Improvement Plan has been developed and implemented for the promotion of positive impacts such as the maintenance of the fencing for the water ponds, electrical fencing along forest borders and signages placed at strategic locations around the estates.	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement	There were a number of training programmes established and being implemented on the awareness and understanding of the policy and objectives on environmental management, namely; training on HCV/RTE, buffer zone, spraying, etc. Training records were maintained.	Complied



	plans and are working towards achieving the objectives.		
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	Regular meetings and discussions or consultation with employees were conducted in relation to environmental quality issues. In addition, on the job briefings were also conducted by the personnel to the workers during every chemical spraying and manuring works and also during the morning roll call, especially when the work to be conducted is at an environmentally sensitive area.	Complied
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on the consumption were maintained for comparison to optimize the use of the non-renewable energy at the estates.	Complied
4.5.2.2	Indicator 2: The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	Records on the usage of non-renewable energy for machineries involved in the plantation operations were maintained and available. Monthly records on energy consumption, i.e. diesel both for own machinery, transport & field operations including the diesel usage provided to contractors for estate road maintenance, FFB & EFB transportation were monitored and maintained at the estates offices. Data compiled (5 years) for comparison and monitored to optimize efficiency on the use of non-renewable energy. Records maintained had showed proper control of the fuel usage.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	At the estates, use of renewable energy is mainly in the use and application of EFB being recycled for mulching purpose.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	All waste products and sources of pollution were identified and documented. 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. Scheduled Waste identified included 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).	Complied
4.5.3.2	Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	A waste management and disposal plan has been documented and implemented. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates. Waste disposal was done by an appointed contractor that is licensed by the Department of Environment. The solid waste management and disposal plan using landfills was available at all the estate visited. The landfills are used mainly for disposal of household/line site waste. 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>Recycling bins of three different colour codes for specific recycle waste were available in the estates and were used for solid waste segregation and recycling.</p> <p>Noncompliance finding: Waste management plan to avoid or reduce pollution was not properly implemented.</p> <p>1. Tambang Estate It was observed that plantation waste such as used fertiliser bags, chemical containers, plastic bottles were seen scattered all over the plantation area. In addition, an area was also noted to be used as dumping ground where all other materials including mattress, metal and wooden unwanted materials seen stacked or disposed off along the old road in the estate.</p> <p>2. Bertam Estate - Paya Rumput division Used empty fertiliser bags and other plastic materials were seen scattered around the plantation area.</p>	Major NC: SH-01
4.5.3.3	Indicator 3: The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and adhered to accordingly. Record on the usage and disposal were well recorded and documented at estates.	Complied
4.5.3.4	Indicator 4: Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.	<p>Unwanted empty pesticide containers were punctured and disposed of by the appointment of a licensed contractor handling such schedule waste. Empty pesticide containers is only recycled for the purpose permitted.</p> <p>The estates have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. At times, the waste is disposed of through the mill depending on the volume/amount of waste available at the estates.</p>	Complied
4.5.3.5	Indicator 5: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	Use of landfill is being practiced at the estate for the disposal of household waste. The landfill is located far away from settlement and from water courses. The management of the landfill is satisfactorily implemented.	Complied
4.5.4	C4: Reduction of pollution and emission		
4.5.4.1	Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	All polluting activities were assessed through the aspect and impact method, and are documented. The activities are inclusive of green gas emissions, chemicals, fertilizer, scheduled waste, solid waste and household waste. Data relating to such activities were collected and analysed.	Complied
4.5.4.2	Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	The action plan has been established and implementation is ongoing. Improvement such as on consumption of diesel and fertilizers are noted during the audit.	Complied
4.5.5	C5: Natural water resources		



4.5.5.1	<p>Indicator 1: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a) Assessment of water usage and sources of supply.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p> <p>c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p>	<p>Water management plan for the Gomali Grouping was documented on 12 Feb 2018 and will be reviewed in Feb next year. The plan had indicated the sources of water supply to the estates.</p> <p>Visits to site confirmed that the Segamat estate, Bukit Serampang estate and Gomali estate are surrounded by estates all along its border. There is no named river crossing the estates. There are only small streams that later lead to the main river outside the estate boundary. The Water Quality Index of these natural small streams was monitored twice a year. Record on the water quality was made available during the audit. Water sampling points were also demarcated on the map and at site. No rain water harvesting being conducted at the housing site for other alternative uses.</p> <p>Noncompliance finding: The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate managers.</p> <p>At both Tambang Estate and Jasin Lalang Estate, the extent of a stream running across and inside the plantation was not clearly indicated on the map. As such, the location of the water sampling points were not correctly addressed or identified.</p>	Major NC: SH-02
4.5.5.2	Indicator 2: No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	Visits to sites confirm that there was no construction of any structure across waterways that could obstruct or affect the water flows.	Complied
4.5.5.3	Indicator 3: Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).	Currently, no rain water harvesting being practiced. Water source for domestic use in the estates is the treated water supply from the government water utility company, Jabatan Bekalan Air Johor.	Complied
4.5.6 C6: Status of rare, threatened, or endangered species and high biodiversity value area			
4.5.6.1	<p>Indicator 1: Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated Oct 2010. Latest review was done in Mar 2018. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Visits to site confirmed that the Segamat estate, Bukit Serampang estate and Gomali estate are all surrounded by plantations.</p> <p>Boundaries bordering the estates were well demarcated. Trenches were also constructed along the borders to</p>	Complied



	b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.	clearly demarcate their boundary. At some places, estate roads also served as perimeter boundary. Conservation areas/environmentally sensitive areas, i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored.	
4.5.6.2	Indicator 2: If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include: a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.	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. HCV and other environmentally sensitive areas were documented and inspected on site. Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored. Regular patrols on a monthly basis to monitor the HCV buffer zones have been carried out by both the estate executives and the auxiliary patrol personnel and sightings were recorded in the record book. Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained. The estates have 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. Information on RTE species have been disseminated to the workers through training conducted by all the estates between 09 Mar 2018 and 15 Mar 2018. Verification at sites were also made and found to be satisfactory implemented at the estates assessed.	Complied
4.5.6.3	Indicator 3: A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	A management plan was developed, established and effectively implemented. Document relating to the above was available.	Complied
4.5.7	C7: Zero burning practices		
4.5.7.1	Indicator 1: Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.	IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates. Field inspections made at estates assessed showed no evidence of open burning.	Complied
4.5.7.2	Indicator 2: A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.	Confirmed that there were no instances of such issue at present.	Not applicable
4.5.7.3	Indicator 3: Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	The company practiced a 'No Open Burning' policy. Visit at sites confirmed no such activity took place.	Complied



4.5.7.4	Indicator 4: Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	The Best Management Practice guidelines for Replanting was available at the estates. Previous crops were felled, chipped and shredded as this was the best practice.	Complied
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P6: Best practices

Clause	Requirements	Evidence	Conformity
4.6.1	C1: Site management		
4.6.1.1	Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	<p>Documents on SOP had been maintained at the Estates audited which were verified to be in order.</p> <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> 1. Group SOP for Estate Operation. The SOP describes operational procedure for oil palm DxP seed production, planting density, pre-nursery seedlings, land clearing & preparation, oil palm planting technique, leguminous cover plant, fertilizer application for immature & mature palms, weeding, integrated management of rat control, bagworm control, road maintenance, workshop, harvesting, buffalo healthcare, etc. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators. 2. SOP for riparian zone management with specified buffer zones. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p> <p>Noncompliance finding:</p> <p>Location: Bertam and Jasin Lalang Estate.</p> <p>Jasin Lalang estate</p> <p>It was observed that there were heaps of EFB (at Field block 94B, as left in the field since March 2018) which had not been levelled to a single layer as per the SOP.</p> <p>Bertam estate</p> <p>It was observed Management Plan and Program for Beneficial plants not comprehensive i.e. did not indicate the ratio of the 3 types of beneficial plants and adherence to the ratio for planting. I.e. at Bertam (Paya Rumput division).</p> <p>Jasin Lalang and Tambang estates</p> <p>The locations and proper planting and maintenance program was observed to be inadequate e.g. focussed on Tunera which were just recently planted and at several stretches the beneficial plants did not appear to be healthy.</p> <p>Tambang estate:</p> <p>Barn owl implementation was not adhering to company SOP of 1 box per 20 ha. No progressive plan to increase and meet the said target was available.</p>	Major NC: AL-01



Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2

4.6.1.2	Indicator 2: Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.	Planting terraces were constructed on land with slope more than 10°. Terraces constructed had included proper stop bunds which were verified on the estates during field visits. It was observed during field visits that there was no planting at slopes of greater than 25°. The PMU has a SOP (Best Management Practices) for erosion control during replanting or any activities involving earth disturbance. Steps were taken for erosion control included soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no apparent soil erosion observed during the field inspections. Leguminous cover crop, <i>macuna bracteata</i> was well established at the replanted field blocks.	Complied
4.6.1.3	Indicator 3: A visual identification or reference system shall be established for each field.	Field Block Maps with Block nos. and planting year has been established at each field.	Complied
4.6.2 C2: Economic and financial viability plan			
4.6.2.1	Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	The 5-year Business Management Plan (FY 2017/2018 to FY 2022/2023) for the respective Estates audited were documented and reviewed. The Annual Budget for each year include the following: 1) Staff and Labour requirements; 2) Crop projection; FFB yield/ha trends; 3) Cost of Production; Cost/mt FFB trends; 4) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). 5) Budget for Environmental, Social, Safety & Health, Training and Promotions. The Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.). Records of monitoring of costs against budget to achieve specified targets were verified to be available. Performances are discussed in the monthly meetings held at POM office 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. Monthly, quarterly, half-yearly and yearly reports are submitted to the IOI HQ at Putrajaya.	Complied
4.6.2.2	Indicator 2: Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	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. The replanting status at the estates audited are as follows: Bahau estate: Ongoing progressive replanting i.e. approx.150 ha (10% of planted area) per year from 2015 onwards Currently about 450 ha were replanted (2 nd cycle) and are still immature palms. Bertam estate: No replanting is planned as the planted area of 411 ha - mature palms is expected to produce for another 5 years and the estate land is planned to be converted for industrial use in the near future. Tambang estate: Ongoing progressive replanting i.e. approx.150 ha (10% of planted area) per year from 2015 onwards Currently about 340 ha were replanted (2 nd cycle) and are still immature palms. Jasin Lalang estate: Ongoing progressive replanting i.e. approx.150 ha (10% of planted area) per year from 2015	Complied



		onwards Currently about 160 ha were replanted (2 nd cycle) and are still immature palms. Yearly review was performed and actual replanting is still subject to approval from the IOI Group HQ.	
4.6.2.3	Indicator 3: The business or management plan may contain: a) Attention to quality of planting materials and FFB. b) Crop projection: site yield potential, age profile, FFB yield trends. c) Cost of production: cost per tonne of FFB. d) Price forecast. e) Financial indicators: cost benefit, discounted cash flow, return on investment.	The 5-year Business Management Plan (FY 2017/2018 to FY 2022/2023) for the estates was documented and reviewed. The Annual Budget for each year include the following: 1) Staff and Labour requirements; 2) Crop projection; FFB yield/ha trends; 3) Re-planting materials Clonal, DxP 4) Cost of Production; Cost/mt FFB trends; 5) Cost of Production; Cost/MT FFB forecast; 6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). 7) Budget for Environmental, Social, Safety & Health, Training and Promotions. The Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.). Records of monitoring of costs against budget to achieve specified targets were verified to be available.	Complied
4.6.2.4	Indicator 4: The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.	Performances are discussed in the monthly meetings held at the POM office 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. Monthly, quarterly, half-yearly and yearly reports are submitted to the IOI HQ at Putrajaya.	Complied
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	All of the fresh fruit bunches (FFB) supplied to the mill are from IOI's own estates. The pricing for FFB is an internal matter.	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	Based on contracts agreed between contractors/service providers and the estates, it is evident that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interview with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. It is further verified that payments to contractors and other service providers are paid within the period specified in the contract agreement.	Complied
4.6.4	C4: Contractor		
4.6.4.1	Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	External contractors are FFB/ EFB Transporting companies whose workers are also provided training. The contractors workers were interviewed and do basically understand the MSPO requirements. Information such as policies and procedures are provided.	Complied
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Contract agreements are signed between the respective Estate Managers and the Contractor. The terms and conditions of the contract are explained to the contractor. A copy of the contract is given to the contractor.	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify Audits through a physical inspection if required.	Acceptance is confirmed by the Management prior to the audit via acceptance of Audit contract and Audit Plan and the 5-year MSPO certification programme.	Complied
4.6.4.4	Indicator 4: The management shall be responsible for the observance of the control points applicable to the tasks	There are no contractors used for plantation operations except for FFB and EFB transportation which is monitored by the respective Estate management.	Complied



	performed by the contractor, by checking and signing the Audit of the contractor for each task and season contracted.		
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P7: Development of new plantings

Clause	Requirements	Evidence	Conformity
4.7.1	C1: High biodiversity value		
4.7.1.1	Indicator 1: Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.	Verified that there was no development of any new plantings at the Gomali Grouping estates.	Not applicable.
4.7.1.2	Indicator 2: No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.	Not applicable.	Not applicable.
4.7.2	C2: Peat land		
4.7.2.1	Indicator 1: New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.	Not applicable.	Not applicable.
4.7.3	C3: Social and Environmental Impact Audit (SEIA)		
4.7.3.1	Indicator 1: A comprehensive and participatory social and environmental impact Audit shall be conducted prior to establishing new plantings or operations.	Not applicable.	Not applicable.
4.7.3.2	Indicator 2: SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.	Not applicable.	Not applicable.
4.7.3.3	Indicator 3: The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.	Not applicable.	Not applicable.
4.7.3.4	Indicator 4: Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small	Not applicable.	Not applicable.



	estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.		
4.7.4	C4: Soil and topographic information		
4.7.4.1	Indicator 1: Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.	Not applicable.	Not Applicable
4.7.4.2	Indicator 2: Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.	Not applicable.	Not Applicable
4.7.5	C5: Planting on steep terrain, marginal and fragile soils		
4.7.5.1	Indicator 1: Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.	Not applicable.	Not Applicable
4.7.5.2	Indicator 2: Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.	Not applicable.	Not Applicable
4.7.5.3	Indicator 3: Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.	Not applicable.	Not Applicable
4.7.6	C6: Customary land		
4.7.6.1	Indicator 1: No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	Not applicable.	Not Applicable
4.7.6.2	Indicator 2: Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.	Not Applicable	Not Applicable
4.7.6.3	Indicator 3: Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	Not Applicable	Not Applicable
4.7.6.4	Indicator 4: The owner of recognised customary land shall be compensated for any agreed land acquisitions and	Not Applicable	Not Applicable



	relinquishment of rights, subject to their free prior informed consent and negotiated agreement.		
4.7.6.5	Indicator 5: Identification and Audit of legal and recognised customary rights shall be documented.	Not Applicable	Not Applicable
4.7.6.6	Indicator 6: A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	Not Applicable	Not Applicable
4.7.6.7	Indicator 7: The process and outcome of any compensation claims shall be documented and made publicly available.	Not Applicable	Not Applicable
4.7.6.8	Indicator 8: Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.	Not Applicable	Not Applicable



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 MSPO Compliance Indicators is as per the details below:

Audit Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Audit / Stage 2	2018	5 Major	0	Next Surveillance Assessment

3.2.1 Year 2018: 5 Major NCs

NCR	MSPO Indicator	Details of NCR
Major: AL-01	4.6.1.1	Date issued: 2 June 2018
		Requirement: 4.6.1.1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.
		Nonconformance:
		<p>Location:</p> <p><u>Bertam estate</u> It was observed Management Plan and Program for Beneficial plants not comprehensive i.e. did not indicate the ratio of the 3 types of beneficial plants and adherence to the ratio for planting. I.e. at Bertam (Paya Rumput division).</p> <p><u>Jasin Lalang and Tambang estates</u> The locations and proper planting and maintenance program was observed to be inadequate e.g. focussed on Tunera only which were just recently planted and at several stretches the beneficial plants did not appear to be healthy.</p> <p><u>Tambang estate:</u> Barn owl implementation was not adhering to company SOP of 1 box per 20 ha. No progressive plan to increase and meet the said target was available.</p>



	<p>Root Cause and Corrective Action(s): by Auditee representative</p> <p><u>1. BERTAM ESTATE</u></p> <p>Root cause:</p> <p>As beneficial plants require ample water, close supervision, monitoring and maintenance, Bertam estate is facing some problems as the Paya Rumput Division is located about 13 km away and they do not have proper water supply and an office there. This coupled with cattle grazing the beneficial plant and lack of manpower has prevented the beneficial plants that were initially planted from taking root.</p> <p>Corrective Action:</p> <ul style="list-style-type: none">a) Retraining was conducted for workers assigned to plant and maintain beneficial plants as per the Standard Operating Procedures (StOP). They were told to replant beneficial plants in Paya Rumput division and adhere to the beneficial plants StOP and planting program 2018.b) Water for watering beneficial plants at Paya Rumput Division will be transported daily by using estate van. <p>Please refer to:</p> <p>Appendix 1(a) – Bertam - Re-training on StOP for Beneficial Plant (Attendance List, Training Materials, Evaluation Form, Pictures and 2018 Beneficial Plants Program)</p> <p>Appendix 1(b) – Bertam - Photos of Planted Beneficial Plant</p> <p><u>2. JASIN LALANG AND TAMBANG ESTATE</u></p> <p>Root Cause:</p> <ul style="list-style-type: none">1. Jasin Lalang Estate – Lack of workers, improper maintenance and unfavourable weather conditions and cattle grazing resulted in the previously planted beneficial plants to not survive.2. Tambang Estate - Insufficient workers due to high crop season, lack of maintenance, lack of experience and training on beneficial plants Standard Operating Procedures resulted in improper planting of beneficial plants. <p>Corrective Action:</p> <ul style="list-style-type: none">a) Jasin Lalang Estate –Retraining on beneficial plants SOP was done, a proper maintenance schedule was created and a permanent gardener was appointed to carry out continuous maintenance of beneficial plants. Besides this, new planting of beneficial plants are also being carried out as per the estate’s program. <p>Please refer to:</p> <p>Appendix 2(a) – Jasin Lalang – Retraining on StOP for Beneficial Plant</p> <p>Appendix 2(b) – Jasin Lalang – Pictures of continuous Planting of Beneficial Plants</p> <p>Appendix 2(c) – Jasin Lalang – Beneficial Plants Planting Program</p> <ul style="list-style-type: none">a) Tambang Estate - Training for Integrated Pest Management (IPM) including beneficial plants was conducted for executives and staff on 4th June 2018. Tambang Estate also built a nursery for beneficial plant to make sure that beneficial plants are growing well before being transferred to the field. <p>Please refer to:</p> <p>Appendix 2(d) – Tambang – Records of Retraining on Integrated Pest Management (IPM)</p>
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		<p>Appendix 2(e) – Tambang – Photos of Beneficial Plants in Nursery and being planted in the fields</p> <p><u>3. TAMBANG ESTATE – Barn Owl Maintenance</u></p> <p>Root cause:</p> <p>Due to high crop season and lack of workers, Tambang estate could not assign workers to increase or replace the old and damaged barn owl boxes.</p> <p>Corrective Action:</p> <p>a) Training for Integrated Pest Management (IPM) was conducted for executives and staffs on 4 June 2018. Tambang Estate has started taking steps to increase the number of barn owl boxes as per the company's StOP and estate's program which is 1 box per 20 ha.</p> <p>Please refer to:</p> <p>Appendix 3(a) – Tambang – Retraining on Barn Owl Management</p> <p>Appendix 3(b) – Tambang – Barn Owl Box Installation Programme</p>
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		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		MAJOR NC:	
		On site Verification on date: 1 & 2 Aug 2018	
		Corrective actions taken: As stated by Auditee in their RC & CA	
		Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates.	
		Conclusion:	
		Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified on-site and considered to have satisfactorily addressed the issue and acceptable for closure.	
		NC status verified by auditor: Closed by AL & SH	Date closed: 3 Aug 2018
		Verification of effectiveness: Next assessment	
		NC status verified by auditor: -	Date verified: -

NCR	MSPo Indicator	Details of NCR	
Major: SH-01	4.5.3.2	Date issued: 2 June 2018	
		Requirement	
		A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:	
		a) Identifying and monitoring sources of waste and pollution.	
		b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	
		Nonconformance	
		Waste management plan to avoid or reduce pollution was not properly implemented.	
		1) Tambang Estate It was observed that plantation waste such as used fertiliser bags, chemical containers, plastic bottles were seen scattered all over the plantation area. In addition, an area was also noted to be used as dumping ground where all other materials including mattress, metal and wooden unwanted materials seen stacked or disposed off along the old road in the estate. Also unwanted tyres and general rubbish was observed at the field block opposite of the Estate office.	
		2) Bertam Estate - Paya Rumput division Used empty fertiliser bags and other plastic materials were seen scattered around the plantation area.	



	<p>Root Cause and Corrective Action(s): by Auditee representative</p> <p>1. TAMBANG ESTATE</p> <p>Root cause:</p> <p>The tractor driver who was assigned to collect, segregate and dispose the estate's rubbish into MIDO (contractor)'s collection bin did not follow the instructions and took the easy way out by dumping rubbish at various locations in the estate. As the field staff in charge of rubbish collection was also busy in the field, he failed to monitor the tractor driver. This resulted in the disposal of rubbish in various undesignated areas.</p> <p>Corrective Action:</p> <p>All rubbish had been collected from the illegal dumping areas. Fertilizer bags had been stacked at empty fertilizer bag store. Chemical containers are also rinsed three times, punctured and stored in the schedule waste store. Other rubbish is also segregated and placed into recycle bins. A warning letter has been issued to the tractor driver for dumping rubbish illegally and not into the contractor's designated bin.</p> <p>Please refer to :</p> <p>Appendix 1(a) – Tambang – Collecting rubbish (Before, During & After) Pictures</p> <p>Appendix 1(b) – Tambang – Photo of Triple Rinsed Empty Containers kept in Scheduled waste store (Before & After)</p> <p>Appendix 1(c) – Tambang – Copy of Warning Letter Being Issued to Tractor Driver</p> <hr/> <p>2. BERTAM ESTATE</p> <p>Root cause:</p> <p>Though workers have been told to hang empty fertilizer bags on palm trees immediately after they have loaded Fresh Fruit Bunches and loose fruit into trailers, they failed to do so due to lackadaisical attitude and urgency to evacuate the crop.</p> <p>Corrective Action:</p> <p>Estate management has given a verbal warning and conducted refresher training for mandores, bunch checkers, loaders and tractor drivers on field cleanliness and the proper way of handling fertilizer bags and plastic materials in field. They have also been reminded that strict action will be taken against them if they fail to follow this instruction.</p> <p>Please refer to Appendix:</p> <p>Appendix 2(a) – Bertam – Field Cleaning Training – Attendance List</p> <p>Appendix 2(b) – Bertam – Field Cleaning Training – Pictures</p> <hr/> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>MAJOR NC:</p> <p>On site Verification on date: 1 & 2 Aug 2018</p> <p>Corrective actions taken: As stated by Auditee in their RC & CA</p> <p>Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates.</p> <p>Conclusion:</p> <p>Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>
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		Minor NC: -	
		NC status verified by auditor: Closed by AL & SH	Date closed: 3 Aug 2018
		Verification of effectiveness: Next assessment	
		NC status verified by auditor: -	Date verified: -

NCR	MSPO Indicator	Details of NCR
Major: SH-02	4.5.5.1	Date issued: 2 June 2018
		Requirement
		The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
		Nonconformance
		The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate managers. At both Tambang Estate and Jasin Lalang Estate, the extent of a stream running across and inside the plantation was not clearly indicated on the map. As such, the location of the water sampling points were not correctly addressed or identified.
		Root Cause and Corrective Action(s): by Auditee representative



	<p>TAMBANG ESTATE</p> <p>Root cause:</p> <p>Water samples were taken based on points designated by previous authorized team and it was followed without adjustment of the sampling points nearer to the boundary line of estates precisely inlet, middle and outlet samples.</p> <p>Corrective Action:</p> <p>The WQI Points were revised and it has been sure that the revised inlet and outlet points are exactly positioned on estate boundaries. Requesting letter has been given to IOI Research Centre and the revised points has been highlighted. In addition, labelling signboards are erected at the WQI Sampling Points.</p> <p>Please refer to:</p> <p>Appendix 1(a) – Tambang – Letter of Requesting Revised Map</p> <p>Appendix 1(b) – Tambang – Revised WQI Sampling Points</p> <p>Appendix 1(c) – Tambang – Marking of WQI Sampling Points</p> <p>JASIN LALANG ESTATE</p> <p>Root cause:</p> <p>Water samples were taken based on points designated by previous authorized team and it was followed without adjustment of the sampling points nearer to the boundary line of estates precisely inlet, middle and outlet samples.</p> <p>Corrective Action:</p> <p>The WQI Points were revised and it has been sure that the revised inlet and outlet points are exactly positioned on estate boundaries. Requesting letter has been given to IOI Research Centre and the revised points has been highlighted. In addition, labelling signboards are erected at the WQI Sampling Points.</p> <p>Please refer to:</p> <p>Appendix 2(a) - Jasin Lalang – Letter for Requesting Revised Map</p> <p>Appendix 2(b) - Jasin Lalang – Revised WQI Sampling Points</p> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>On site Verification on date: 1 & 2 Aug 2018</p> <p>Corrective actions taken: As stated by Auditee in their RC & CA.</p> <p>Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates.</p> <p>Conclusion:</p> <p>Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <table border="1" data-bbox="459 1933 1505 2056"> <tr> <td data-bbox="459 1933 1082 1977">NC status verified by auditor: Closed by AL & SH</td> <td data-bbox="1082 1933 1505 1977">Date closed: 3 Aug 2018</td> </tr> <tr> <td colspan="2" data-bbox="459 1977 1505 2022">Verification of effectiveness: Next assessment</td> </tr> <tr> <td data-bbox="459 2022 1082 2056">NC status verified by auditor: -</td> <td data-bbox="1082 2022 1505 2056">Date verified: -</td> </tr> </table>	NC status verified by auditor: Closed by AL & SH	Date closed: 3 Aug 2018	Verification of effectiveness: Next assessment		NC status verified by auditor: -	Date verified: -
NC status verified by auditor: Closed by AL & SH	Date closed: 3 Aug 2018						
Verification of effectiveness: Next assessment							
NC status verified by auditor: -	Date verified: -						



NCR	MSPO Indicator	Details of NCR	
Major: MNM -01	4.4.5.6	Date issued: 2 June 2018	
		Requirement	
		Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.	
		Nonconformance	
		Location: Bertam Estate.	
		FFB Contractor workers employment contract/appointment letter given to the local workers was not appropriate. Local workers were issued with foreign workers contract/appointment letters.	
		Root Cause and Corrective Action(s): by Auditee representative	
		Root cause:	
		As the benefits in the contract agreement for both local and foreign workers were similar, the contractor mistakenly issued the wrong appointment letter for his local workers. This matter was also overlooked by the estate management.	
		Corrective Action:	
		The estate Management has checked the contract agreements for all local contract workers and instructed the Contractors to immediately replace the contract agreements with the correct ones	
		Please refer to :	
Appendix 1 – Contract Agreement issued to Contractor’s Local Worker			
Verification on Corrective Action(s): by Lead Auditor / Auditor			
MAJOR NC:			
On site Verification on date: 1 & 2 Aug 2018			
Corrective actions taken: As stated by Auditee in their RC & CA			
Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates.			
Conclusion:			
Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.			
Minor NC: -			
NC status verified by auditor: Closed by AL & SH			
Date closed: 3 Aug 2018			
Verification of effectiveness: Next assessment			
NC status verified by auditor: -			
Date verified: -			

NCR	MSPO Indicator	Details of NCR	
Major: MNM-02	4.4.6.1	Date issued: 2 June 2018	
		Requirement	



	Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.
	Nonconformance
	Location: Tambang Estate.
	Competency of lorry driver hired by the Contractor transporter for Transporting and leveling of EFB & POME has not been clearly identified.
	Root Cause and Corrective Action(s): by Auditee representative
	Root cause: Estate management overlooked on ensuring the competency of lorry driver hired by the contractor for transporting and levelling of EFB and POME. Corrective Action: Competent training on “Prosedur Kerja Selamat Pemandu Traktor” has been conducted to the hired contractor lorry driver. Tractor Driver’s Appointment Letter and Tractor Driver’s Authorization Card has been issued to the contractor lorry driver. Please refer to: Appendix 1(a) – Tambang – Training Report on “Prosedur Kerja Selamat Pemandu Traktor” Appendix 1(b) – Tambang – Tractor Driver’s Appointment Letter Appendix 1(c) – Tambang – Authorization Card for Tractor Driver
	Verification on Corrective Action(s): by Lead Auditor / Auditor
	On site Verification on date: 1 & 2 Aug 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates. Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.
	NC status verified by auditor: Closed by AL & SH Date closed: 3 Aug 2018
	Verification of effectiveness: Next assessment
	NC status verified by auditor: - Date verified: -

3.2.2 Year 2018: 0 Observations

3.2.3 Identified Positive Elements

- 1) The company has continued to maintain and carried out CSR activities such as financial funding for education, social and religious activities.
- 2) The company has continued to maintain and implement the safety measures and pollution prevention programs and activities.
- 3) The company provide employment opportunities for the local community and other youths.



3.3 Summary of 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 the 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 Stakeholders consultation and feedback received - Year 2018

Communication done via email on 25 April 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 02 June 2018. A total of 25 stakeholders (1 government agencies, 2 transporters, 1 contract worker, 1 temple representative, 7 suppliers, 4 contractors, 1 clinic representative, 2 neighbouring estate, 3 school representative, 1 sundry shop, 1 food stall/shop owner, 1 auxillary police and 2 FFB transporters) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. There were no noteworthy concerns received during the interviews and stakeholder consultation. Overall feedback was positive on the PMU operations.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil



**Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2**

<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 28 May – 02 June 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 8 males, 5 females Estate Offices = 16 males, 10 females Field/sites visit = 20 males, 12 females</p> <p>No issues raised by the sampled staff and workers.</p>	No response needed.	No response needed.	Nil
<p>Other Interested parties: No feedback received.</p>	No response needed.	No response needed.	Nil



Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2

4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Gomali Grouping had been able to demonstrate its compliance with the MSPO MS 2530-3:2013 Standard for the Oil Palm Plantation.

Therefore, it is recommended that the certification of Gomali Oil Palm Estates Grouping be approved.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Augustine Loh
Lead Assessor

Date: 14 September 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd

Mr Ravi Tony
Manager
Sustainability, Safety and Health (Peninsular)

Date: 14 September 2018



4.2 INTERTEK – MSPO Certificate details for the Gomali Oil Palm Estates Grouping

Certificate No:	MSPO 004B
Original Issue / Start date:	10 Sept 2018
Expiry / End date:	09 Sept 2023
Organisation	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
Name of Estates	As per Table A (below)
Address of Estates	As per Table A (below)
Standards	MSPO MS 2530-3:2013 for the Oil Palm Plantations.
Certification scope:	Oil Palm Plantations Supplying Fresh Fruit Bunches (FFB)

Table A: Details of the Estates covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Mature OP/ Production - ha	Certified / Titled area- ha
		Latitude	Longitude		
Gomali POM (Capacity: 90 MT/hour)	5th Mile, Jalan Gemas Batu Anam, K.B. No. 102, 85100 Batu Anam, Segamat, Johor, Malaysia	2°36'37.68" N	102°40'45.44" E	-	-
1. Gomali Estate	5th Mile Jalan Gemas Batu Anam, KB. No 102, 85100 Batu Anam, Segamat, Johor Malaysia	2°36'48.94" N	102°39'21.12" E	2171	2555.75
2. Paya Lang Estate	Batu Anam, 85100 Segamat, Johor.	2°36'28.53" N	102°41'41.36" E	1971	2426.79
3. Bahau Estate	Batu 5 Jalan Bahau Rompin 72100 Bahau Negeri Sembilan	2°48'30.75" N	102°26'44.47" E	2187	2835.50
4. Bertam Estate	Bertam Estate, 76100 Durian Tunggal, Melaka.	2°17'55.6" N	102°17'30.11" E	411	448.80
5. Bukit Dinding Estate	1 1/2 Miles, Jalan Mentakab, 28600 Karak, Pahang	3°22'39.8" N	102°05'31.36" E	1378	1660.43
6. Kuala Jelei Estate	Kuala Jelei Estate, 5km Jalan Tampin, 72109 Bahau, Negeri Sembilan.	2°46'21.56" N	102°22'52.27" E	634	679.26
7. Tambang Estate	Tambang Estate, Batu Anam, Segamat, 85100 Johor.	2°38'26.33" N	102°42'53.17" E	1539	2019.85
8. Regent Estate	2 nd Mile Jalan Batang Melaka 73200 Gemencheh, Negeri Sembilan	2°30'29.81" N	102°24'8.23" E	1750	2300.27
9. Sagil Estate	Sagil Estate, 8 Milestone, Jalan Tangkak - Segamat, 84900 Tangkak, Johor.	2°19'33.84" N	102°38'6.56" E	2042	2538.60
10. Jasin Lalang Estate	5km From 15 Miles Air Merbau Jalan Jasin Bemban, Jasin, Melaka	2°15'4.13" N	102°24'44.81" E	1352	1569.67
11. Sembilan Tani Estate (associated outgrower)	Kampung Kuala Gemas, Gemas, Negeri Sembilan	2°38'15.97" N	102°37'03.81" E	212	256.87



The annual tonnages produced at the Estates Grouping are detailed as follows:

Gomali Estates	Annual Tonnages (MT)
FFB	405,171



APPENDIX A:

Qualifications of Lead Auditor and Audit Team

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

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

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

Mr. Sazali Hasni (SH) – Assessor / Technical Expert

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

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

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

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

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



Appendix B:

Audit Plan (Actual) – POM and Estates Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
28 May 2018 Monday (Day 1)	8.00 am – 11.00 am	Travel to Gomali Palm Oil Mill		
	11.00 am – 11.30 am	Opening Meeting and Briefing at POM Office (attended by representatives from the Estates)		
	11.30 am – 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 5.00 pm	AL	SH	MNM
		Site Audit at Mill P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P6 Best Practices	Site Audit at Mill P1 Management Commitment P3 Compliance to Legal requirements P5 Environment, natural resources, biodiversity and ecosystem services	Site Audit at Mill P1 Management Commitment P3 Compliance to Legal requirements P4 Social responsibility, health, safety and employment condition
		Verification of effectiveness of corrective actions for non-conformances (previous audit – if applicable)		
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		AL	SH	MNM
29 May 2018 Tuesday (Day 2)	8.30 am – 12.30pm	Site assessment at Bahau estate P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site assessment at Bahau estate P1 Management Commitment P3 Compliance to Legal requirements P5 Environment, natural resources, biodiversity and ecosystem services	Site assessment at Bahau estate P1 Management Commitment P3 Compliance to Legal requirements P4 Social responsibility, health, safety and employment condition
		Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Bahau 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		
		AL	SH	MNM
30 May 2018 Wednesday (Day 3)	8.30 am – 12.30pm	Site assessment at Bertam estate P1 Management Commitment P2 Transparency	Site assessment at Bertam estate P1 Management Commitment	Site assessment at Bertam estate P1 Management Commitment



Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2

		P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	P3 Compliance to Legal requirements P5 Environment, natural resources, biodiversity and ecosystem services	P3 Compliance to Legal requirements P4 Social responsibility, health, safety and employment condition
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Bertam 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		
31 May 2018 Thursday (Day 4)	8.30 am – 12.30pm	AL	SH	MNM
		Site assessment at Jasin Lalang estate P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site assessment at Jasin Lalang estate P1 Management Commitment P3 Compliance to Legal requirements P5 Environment, natural resources, biodiversity and ecosystem services	Site assessment at Jasin Lalang estate P1 Management Commitment P3 Compliance to Legal requirements P4 Social responsibility, health, safety and employment condition
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Jasin Lalang 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		
1 Jun 2018 Friday (Day 5)	8.30 am – 12.30pm	AL	SH	MNM
		Site assessment at Tambang estate P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site assessment at Tambang estate P1 Management Commitment P3 Compliance to Legal requirements P5 Environment, natural resources, biodiversity and ecosystem services	Site assessment at Tambang estate P1 Management Commitment P3 Compliance to Legal requirements P4 Social responsibility, health, safety and employment condition
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Tambang estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			



**Report No.: M 004B/ 18-1 IOI Corporation Berhad
Gomali Oil Palm Estates Grouping: Initial Audit / Stage 2**

Date	Time	Assessors and Assessment Activity			
2 Jun 2018 Saturday (Day 6)	8.30 am – 11.00 am	AL	SH	MNM	
		Site assessment at Palm Oil Mill P1 Management commitment and responsibility P2 Transparency P3 Compliance to legal requirements	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community • Settlers, in the case of independent and organized smallholders. Notes 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 prior to the audit. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement.		
		11.00 am – 12.00 pm			Preparation for Closing Meeting
		12.00 pm – 12.30 pm			Team Meeting and Discussions with POM Management Representative
		12.30 pm – 1.00 pm			Closing Meeting & Briefing at Palm Oil Mill Office
1.00 pm onwards			Travel back to Kuala Lumpur		

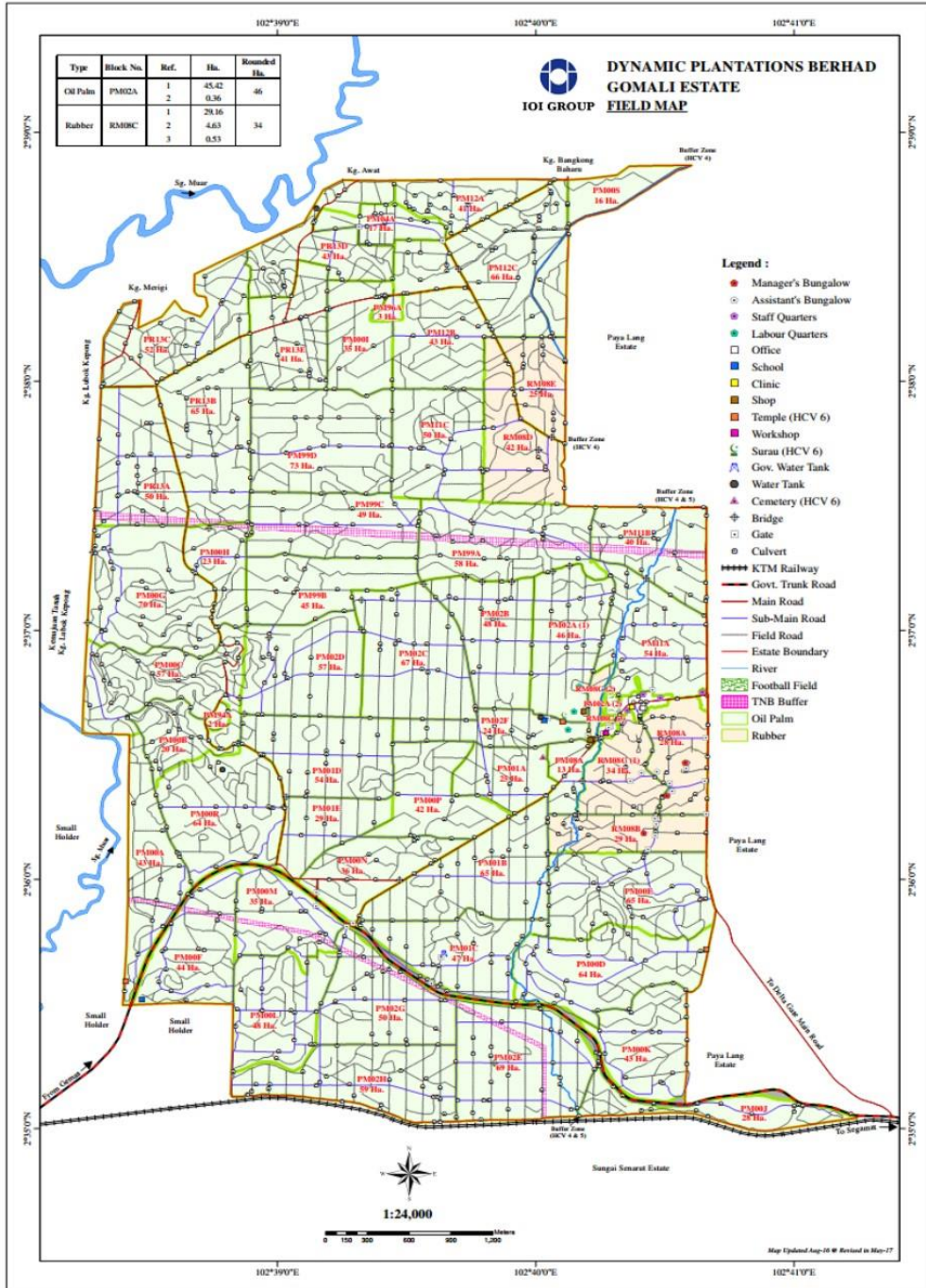
Appendix: Audit Team Competency Matrix (Audit Areas)

MSPO	Areas	Lead Auditor (LA) / Auditor (A) / Technical Expert (TE)		
		AL (A / TE)	SH (A / TE)	MNM (A / TE)
P1	Management commitment and responsibility	√		
P2	Transparency	√		
P3	Compliance to legal requirements	√	√	√
P4	Social responsibility, health, safety and employment condition			√
P5	Environment, natural resources, biodiversity and ecosystem services		√	
P6	Best Practices	√		
P7	Development of new plantings (at Estates)	√		



APPENDIX C-1:

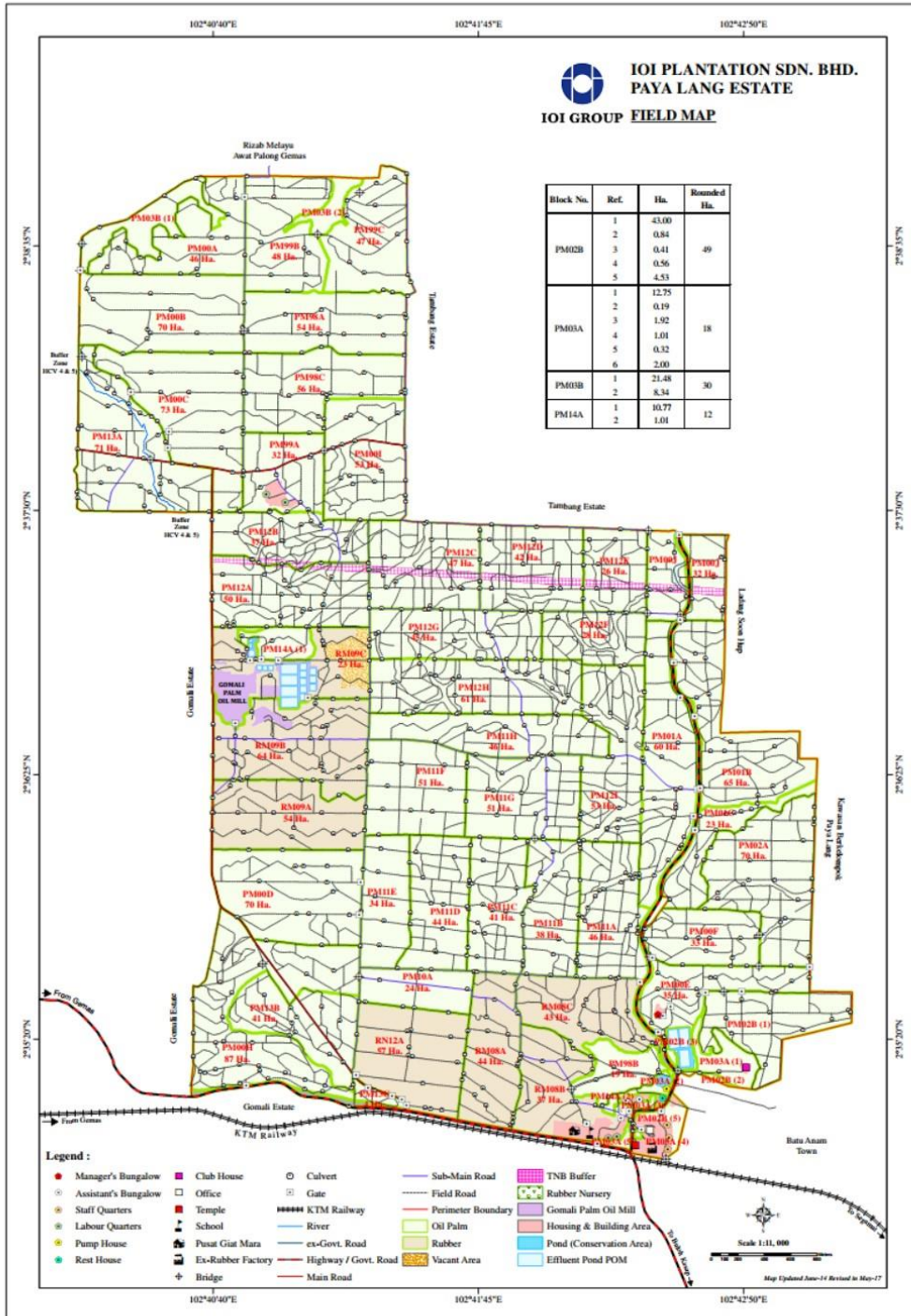
Map of Gomali estate





Appendix C-2:

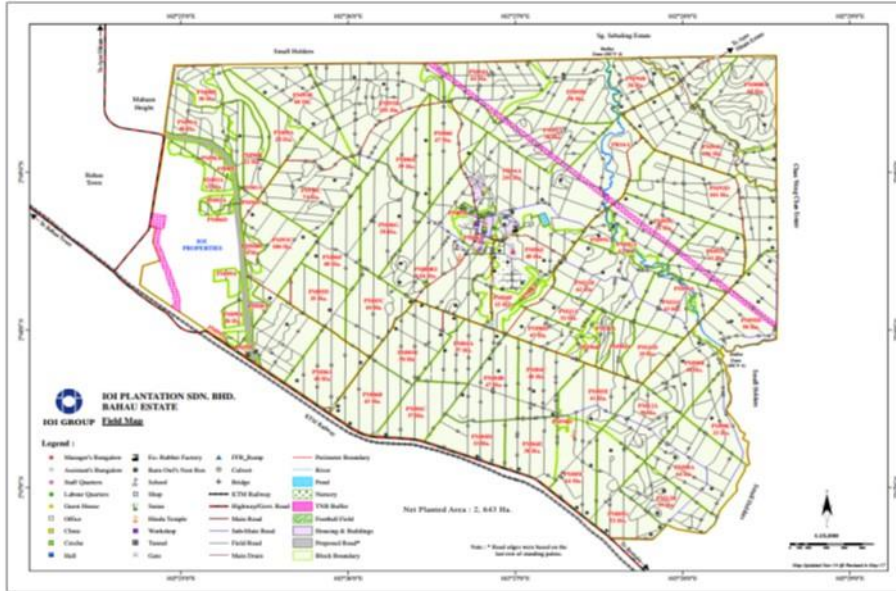
Map of Paya Lang estate





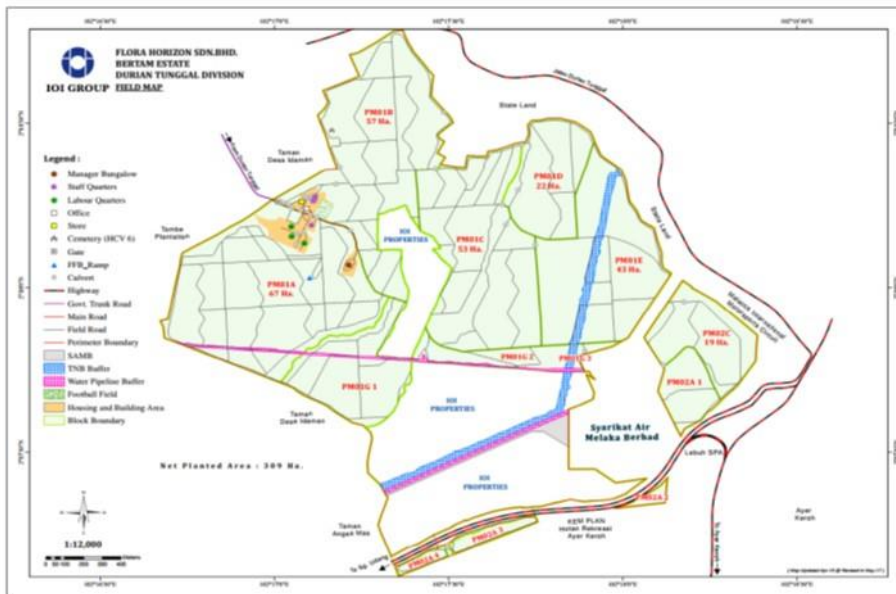
Appendix C-3:

Map of Bahau estate



Appendix C-4:

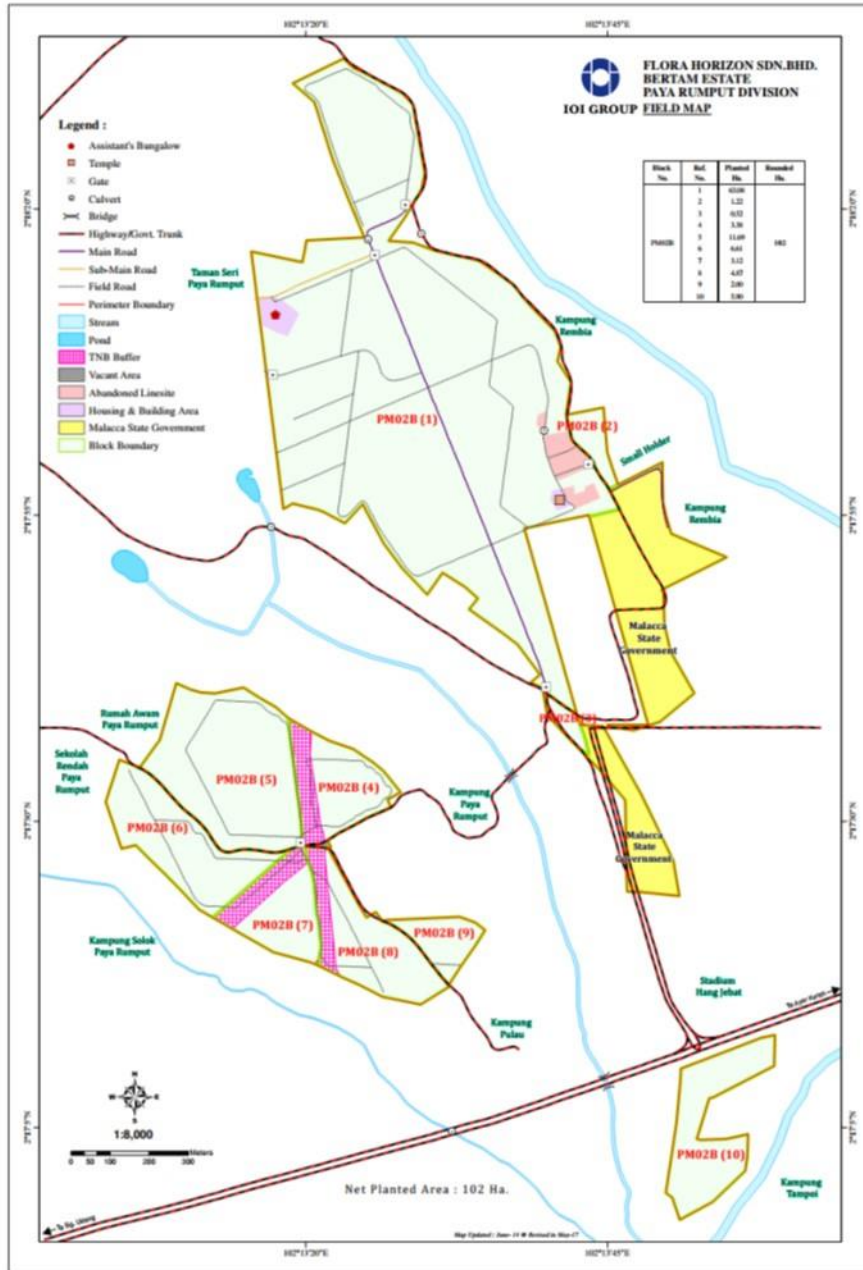
Map of Bertam estate (Durian Tunggal Division)





Appendix C-4:

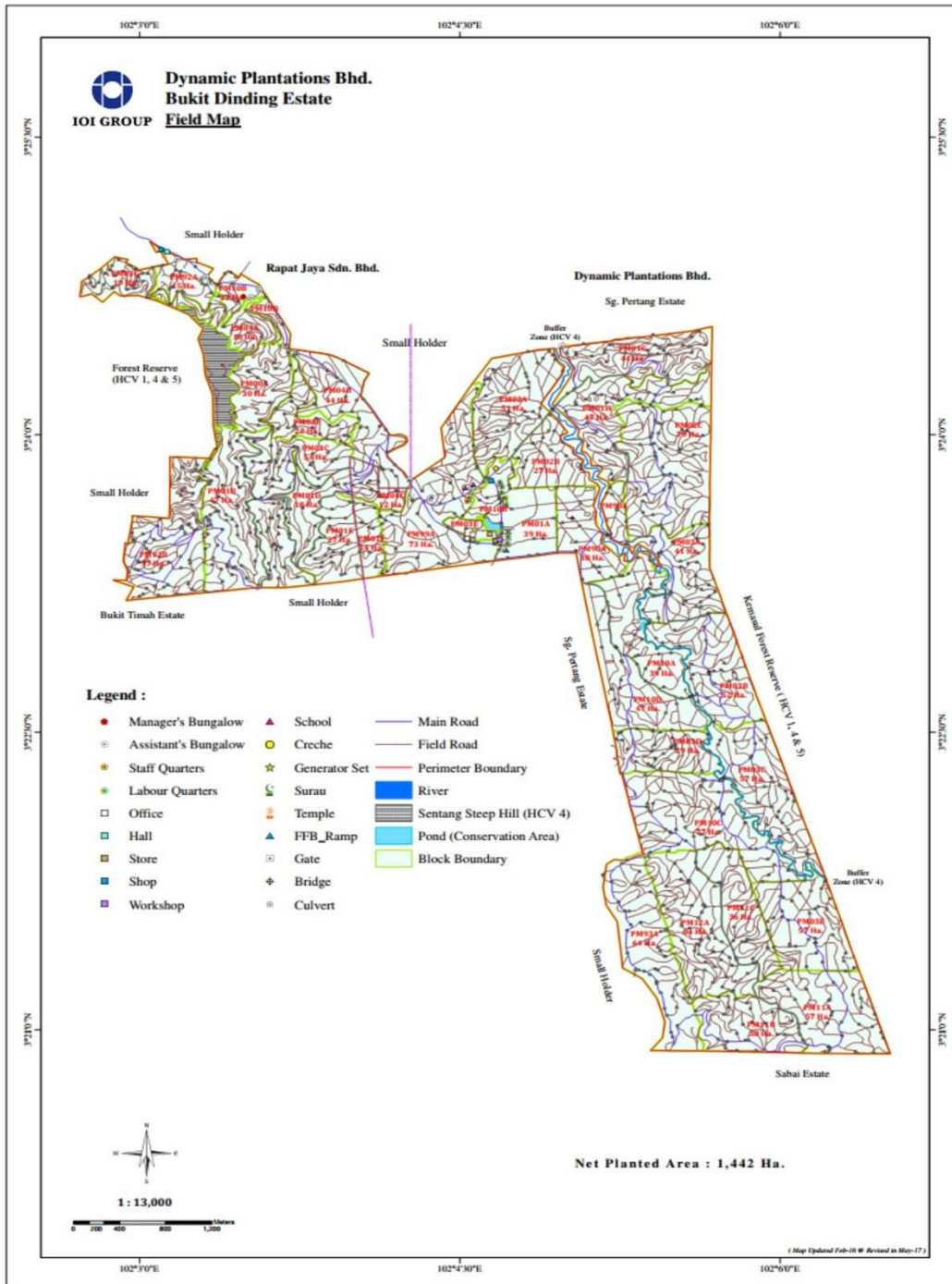
Map of Bertam estate (Paya Rumput Division)





Appendix C-5:

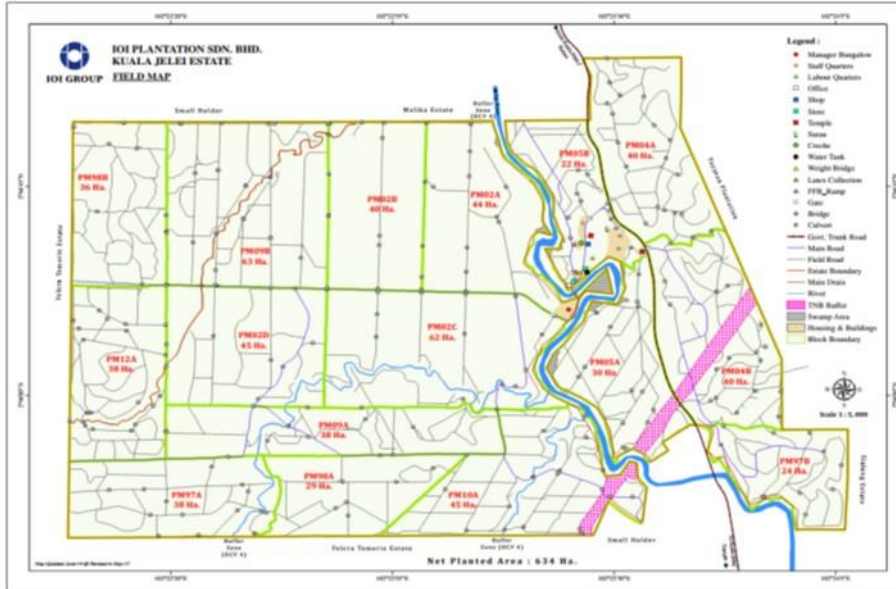
Map of Bukit Dinding estate





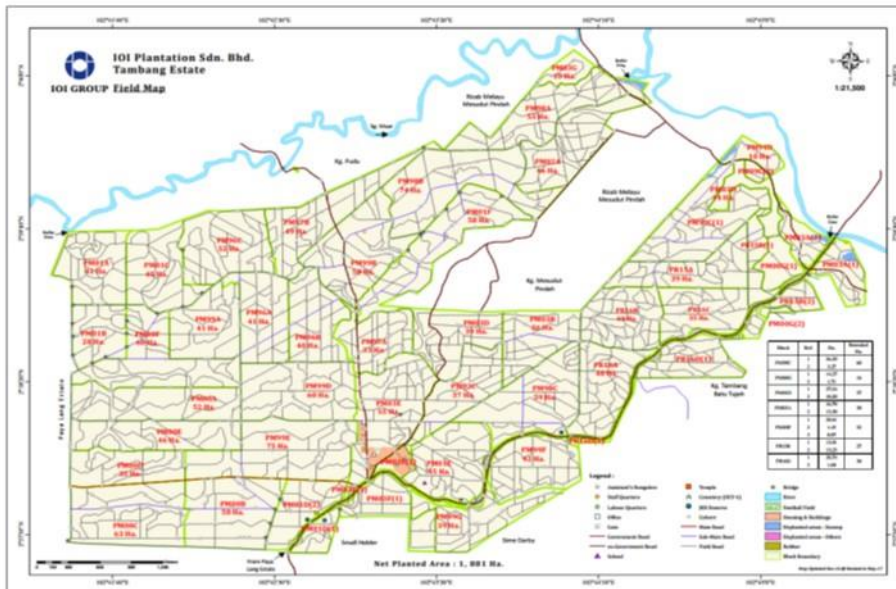
Appendix C-6:

Map of Kuala Jelei estate



Appendix C-7:

Map of Tambang estate





Appendix C-8:

Map of Regent estate



Appendix C-3-9:

Map of Sagil estate





Appendix C-10:

Map of Jasin Lalang estate

