

**MSPO CERTIFICATION**  
**ANNUAL SURVEILLANCE AUDIT - 01**  
**SUMMARY REPORT**

<p><b>IOI CORPORATION BERHAD</b></p> <p><b>Pukin Oil Palm Estates Grouping</b></p> <p><b>Rompin &amp; Muadzam Shah (Pahang), Segamat &amp; Tangkak (Johor), Malaysia</b></p>
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<b>Certificate No:</b>	<b>INTERTEK MSPO 003B</b>
Original Start date:	6 Jul 2018
New Start date (ASA-01):	6 Jul 2019
Expiry date:	5 Jul 2023
<b>Audit Type</b>	<b>Audit Dates</b>
Initial / Stage 2	19–22 Mar 2018
Annual Surveillance - 01	04–08 Mar 2019
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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## 1.0 SCOPE OF AUDIT

### 1.1 Introduction

This Annual **Surveillance Audit (ASA-01)** was conducted on the Pukin Oil Palm Plantation / Estates of IOI Corporation Berhad (hereafter abbreviated as IOI), from **04-08 Mar 2019**, to assess the organization's operations of the Pam Oil Mill and its FFB supplying plantations / estates are in compliance against the **MSPO Standard for Oil Palm Plantations (MSPO MS 2530-3: 2013)**.

The Pukin Oil Palm Plantation is made up of a grouping of estates supplying FFB to the Pukin Palm Oil Mill, which are owned and managed under IOI Corporation Berhad.

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

The Pukin Grouping consists of one (1) palm oil mill, namely **Pukin Palm Oil Mill and five (5) estates** as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

Name	Address	GPS Reference	
		Latitude	Longitude
Pukin Palm Oil Mill Capacity (60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E
Pukin Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E
Shahzan IOI 1 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E
Shahzan IOI 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E

### 1.3 Description of FFB supply base

The supply base, i.e. FFB sources to the POM at Pukin Grouping are from the abovementioned 5 estates owned by IOI. FFB from other certified IOI Grouping estates may be diverted to the Pukin POM.

Verification done on site during the Audit confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said POM.

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



**Table 2: Estate Area Summary**

Estate	Area Summary (ha) (Year 2017)		Area Summary (ha) (Jan to Dec 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
Pukin Estate	2,428.12	2,173.00	2,428.12	2,173.00
Shahzan IOI 1 Estate	1,562.98	1,512.00	1,562.98	1,512.00
Shahzan IOI 2 Estate	1,640.74	1,601.00	1,640.74	1,601.00
Segamat Estate	1826.89 (Note 3)	1,702.00 (Note 3)	1,823.89	1,699.00
Bukit Serampang Estate	2,564.46	2,558.00	2,564.46	2,558.00
<b>Total:</b>	<b>10,023.19</b>	<b>9,546.00</b>	<b>10,020.19</b>	<b>9,543.00</b>

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplatable areas including HCV (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. Reduction in certified area and planted area for Segamat Estate is due to land acquired by IOI Properties for conversion to housing.

**1.4 Summary of plantings and cycle**

The estates been developed since 1989 and all are presently in the 2<sup>nd</sup> cycle of planting. The age profile is as shown in Table 3.

**Table 3: Age Profile of Planted Oil Palm (Year 2019)**

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Pukin Estate	1994	2 <sup>nd</sup>	185	0	185
		1999	2 <sup>nd</sup>	142	0	142
		2001	2 <sup>nd</sup>	5	0	5
		2004	2 <sup>nd</sup>	235	0	235
		2005	2 <sup>nd</sup>	402	0	402
		2006	2 <sup>nd</sup>	310	0	310
		2007	2 <sup>nd</sup>	288	0	288
		2008	2 <sup>nd</sup>	210	0	210
		2009	2 <sup>nd</sup>	159	0	159
		2010	2 <sup>nd</sup>	237	0	237
S-total				<b>2,173</b>	<b>0</b>	<b>2,173</b>
2	Shahzan IOI 1 Estate	2000	1 <sup>st</sup>	13	0	13
		2003	1 <sup>st</sup>	1,499	0	1,499
		S-total				<b>1,512</b>
3	Shahzan IOI 2 Estate	2002	1 <sup>st</sup>	1,246	0	1,246
		2003	1 <sup>st</sup>	355	0	355
		S-total				<b>1,601</b>



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4	Segamat Estate	1991	1 <sup>st</sup>	14	0	14
		1993	1 <sup>st</sup>	42	0	42
		1994	1 <sup>st</sup>	152	0	152
		1995	1 <sup>st</sup>	63	0	63
		1996	1 <sup>st</sup>	98	0	98
		1997	1 <sup>st</sup>	44	0	44
		2001	1 <sup>st</sup>	51	0	51
		2002	1 <sup>st</sup>	122	0	122
		2003	1 <sup>st</sup>	72	0	72
		2004	1 <sup>st</sup>	158	0	158
		2005	1 <sup>st</sup>	119	0	119
		2006	1 <sup>st</sup>	94	0	94
		2013	1 <sup>st</sup>	114	0	114
		2016	2 <sup>nd</sup>	0	133	133
		2017	2 <sup>nd</sup>	0	304	304
2018	2 <sup>nd</sup>	0	119	119		
S-total				1,143	556	1,699
5	Bukit Serampang Estate	1995	1 <sup>st</sup>	91	0	91
		1996	1 <sup>st</sup>	104	0	104
		1997	1 <sup>st</sup>	179	0	179
		1998	1 <sup>st</sup>	268	0	268
		1999	1 <sup>st</sup>	366	0	366
		2000	1 <sup>st</sup>	456	0	456
		2001	1 <sup>st</sup>	533	0	533
		2002	1 <sup>st</sup>	195	0	195
		2007	1 <sup>st</sup>	7	0	7
		2011	1 <sup>st</sup>	88	0	88
		2012	2 <sup>nd</sup>	96	0	96
		2018	2 <sup>nd</sup>	0	175	175
S-total				2,383	175	2,558
<b>G-Total</b>				<b>8,812</b>	<b>731</b>	<b>9,543</b>



### 1.5 Summary of Land Use and HCV Areas

The summary of Land Use and HCV Areas as identified in Pukin Grouping during this assessment is shown in Table 4 below:

**Table 4: Conservation and HCV Areas**

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2019)
1	<b>Oil Palm - Planted Area (ha)</b>	9,543
	<b>OP Mature (Production)</b>	<b>8,812</b>
	OP Immature (Non-Production)	731
	<b>*OP Planted on Peat* (see note1)</b>	0
	Other crop such as Rubber etc.	0
2	<b>Conservation Area (ha)</b>	
	Conservation (forested)	0
	Conservation (non-forested)	6.86
	Note: Conservation areas such as unplanted steep / hilly and swampy areas, buffer zones, riparian areas etc.	
3	<b>HCV Area (ha)</b>	
	Areas as defined under HCVF Toolkit for HCV 1- 6	29.96

### 1.6 Other certifications held and Use of MSPO Trademarks

Currently, the other certification held by IOI Pukin 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

At Head Office:  
Mr. NB Sudhakaran  
Plantation Director  
IOI Corporation Berhad  
IOI City Tower Two, Persiaran IRC 2, IOI Resort City, 62502 Putrajaya, Malaysia.  
Tel: +603-8947 8888 (Ext: 8707)  
Fax: +603-8947 8822  
Email: nbsudha@ioigroup.com

#### At Pukin Grouping – Management Unit:

Mr. Ravi Tony  
Manager  
Sustainability, Safety and Health (Peninsular)  
IOI Plantation Services Sdn Bhd  
Tel: 019-5587152  
Fax: 03-8947 8988  
Email: ravi.tony@ioigroup.com  
Mobile phone: 016 8328120



**1.8 Tonnages Verified for Certification**

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM for processing at the Pukin Grouping based on the reporting period for current audit are as shown in Table 5 below:

**Table 5: Tonnages Verified for Certification (Jan to Dec 2018)**

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	MSPO P&C Certification By CB
1.	Pukin Estate	46,415.61	Pukin Palm Oil Mill	Intertek
2.	Shahzan IOI 1 Estate	36,452.97	Pukin Palm Oil Mill	Intertek
3.	Shahzan IOI 2 Estate	36,479.54	Pukin Palm Oil Mill	Intertek
4.	Segamat Estate	23,252.98	Pukin Palm Oil Mill	Intertek
5.	Bukit Serampang Estate	49,778.53	Pukin Palm Oil Mill	Intertek
<b>A</b>	<b>Sub-Total Pukin Grouping estates</b>	<b>192,379.63</b>		
1	Leepang A estate	8253.77	*Bukit Leelau Palm Oil Mill	
2	Laukin A Estate	2703.70	*Bukit Leelau Palm Oil Mill	
3	Mekassar Estate	596.37	*Bukit Leelau Palm Oil Mill	
4	Merchong Estate	1049.30	*Bukit Leelau Palm Oil Mill	
5	Bukit Leelau Estate	329.07	*Bukit Leelau Palm Oil Mill	
6	Detas Estate	493.34	*Bukit Leelau Palm Oil Mill	
<b>B</b>	<b>Sub-Total Other IOI Groupings estates:</b>	<b>13,425.55</b>		
	<b>Total:</b>	<b>205,805.18</b>		
<b>C</b>	External / Other Suppliers	0		

\*Note: FFB crop diverted from estates under IOI Bukit Leelau Grouping.

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Pukin Grouping POM during the previous, current and projected period are as shown in Table 6 below:

**Table 6: Annual Tonnages of FFB (3 years monitoring)**

Estate / Supplier	FFB Processed in Year 2017 - Actual	FFB Processed in Year 2018 – Actual	FFB for Processing in Year 2019 - Projected
	MT	MT	MT
Pukin Grouping Estates	222,584.51	192,379.63	210,000

\*Note: FFB crop diverted from estates under IOI Bukit Leelau Grouping are excluded for the purpose of MSPO certification.



1.8.3 The annual tonnages of CPO and PK produced by the POM verified during this **current audit** are detailed as follows:

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

POM	Year 2017 - Actual		Year 2018 - Actual		Year 2019 - Projected	
Total FFB Processed (MT)	222,584.51		192,379.63		210,000	
Total CPO Production (MT)	45,718.86	OER: 20.54%	40,399.72	OER: 21.00%	47,250.00	OER: 22.50%
Total PK Production (MT)	9,415.32	KER: 4.23%	8,503.18	KER: 4.42%	9,450.00	KER: 4.50%

### 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 01 Feb 2019, 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 Pukin Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 04-08 Mar 2019, the Assessment team of Intertek conducted the current audit in which 4 out of the 5 estates of Pukin Grouping, namely Shahzan IOI 1, Shahzan IOI 2, Segamat and Pukin Estates, as well as the Palm Oil Mill were audited for compliance against the MSPO requirements.

The number of estates sampled was based on the MPOB / MPOCC Sampling Table & Methodology, i.e.  $(\sqrt{y}) \times Z$  where  $y$  is the number of estates and  $Z$  is the risk factor (i.e. Low risk: 1.0, Medium risk: 1.5 and High risk: 2.0). Considering that IOI Pukin Grouping had been certified to RSPO Principles & Criteria since Jun 2011 and based on their potential risks on environmental sensitive issues such as their proximity to forest reserves and communities, hill sides and riparian zones, a medium risk factor of 1.5 was assigned for the sampling of estates for this audit. Therefore, the sample size is 4 out of the 5 estates for this audit.

During the on-site audit, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectare development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance.

The 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 (only required for Initial / Re-Certification audits) 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 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.



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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands and Mines (Kuala Lumpur)
2. Department of Environment (Kuala Lumpur)
3. Department of Forestry Peninsular Malaysia (Kuala Lumpur)
4. Department of Immigration (Kuala Lumpur)
5. Department of Irrigation & Drainage (Kuala Lumpur)
6. Department of Labour (Kuala Lumpur)
7. Department of Occupational Safety & Health (Kuala Lumpur)
8. Department of Orang Asli Affairs (Kuala Lumpur)
9. Department of Wildlife & National Parks (Kuala Lumpur)
10. 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 (SOCSCO), 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. Malaysia Palm Oil Association Sabah (MPOA)
35. 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



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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: Pukin Oil Palm Estates Grouping	
Auditor/s: Dr. Ooi Cheng Lee (OCL), Sazali Bin Hasni (SH), Jumat Majid (JMD) and Mohamad Amirul Saifullah (MAS) (Provisional Auditor)	Audit Dates: 04-08 Mar 2019

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 - SOP 8 Issue 1 Rev 0 (17/02/2018). The Internal Audit Procedure stated that audit shall be planned and carried out at least once a year. It also stated that additional internal audits shall be conducted based upon the number of non-conformances raised, new process or changes in system and any issues raised by interested parties. Corrective action for the previous assessment (2018) Minor NC# OCL-01 found to be effectively implemented.	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 Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate and Pukin Estate were conducted on 15/01/2019, 19/01/2019, 17/01/2019 and 08/01/2019 respectively. There were 23, 24, 24 and 15 non-conformances raised for the internal audits on Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate and Pukin Estate respectively. In addition, there were Opportunities for Improvement (OFI) raised. Audit results evaluated and corrective actions taken on the non-conformances, which have all been closed.	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 Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate and Pukin Estate were conducted on 14/01/2019, 14/01/2019, 26/02/2019 and 18/02/2019 respectively. Minutes of management review meeting maintained. The management review includes the following: (1) Analysis of the audit findings to demonstrate that the audit was effective and can be relied upon. (2) Review of environmental issues. (3) Review of social issues. (4) Review of safety issues (5) Continual improvement and changes to the system, if any. Corrective action for the previous assessment (2018) Major NC# OCL-01 found to be effectively implemented.	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 on social and environment impact and opportunities for improvement in operational performance have been specified and documented for the estates.  The action plans include measurable objectives/targets in order to determine the effectiveness of the outcomes. Corrective action for the previous assessment (2018) Major NC# OCL-02 found to be effectively implemented.	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 technology, where applicable, that are available and feasible for adoption.	Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company. The estates have implemented the following projects: (1) Portable Palm Data Device was used at the field of estates for FFB bunch checking, counting and reporting. (2) Harvesting pole lock.	Complied
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 on the implementation of above projects.	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: <a href="http://www.ioigroup.com/Content/S/S_Policy">http://www.ioigroup.com/Content/S/S_Policy</a> 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.	Complied



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		Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.	
4.2.3	<b>C3: Traceability</b>		
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. 06 dated 03/04/2018.	Complied
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	Compliance with the traceability system determined via regular inspections, checking of records and internal audits.	Complied
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	<b>C1: Regulatory requirements</b>		
4.3.1.1	Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	<p>A Legal Requirements Register (LRR) covering the applicable local and international laws and regulations is available at the estates.</p> <p>The relevant laws and legislations identified and listed cover safety and health, environment, pollution management, chemical handling, usage &amp; storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Based on the site observations, interviews and records checking at the estate, there were evidences of compliance with the relevant laws, regulations, local and international laws.</p> <p>Licenses and permits (License for Foreign Workers Employment, Workers' Wages Deduction Permit, License for Controlled Items – Diesel and Fertilizer, MPOB license, DOE license, etc.) were monitored for their expiry dates and found to be renewed and valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as chemical containers collected at six monthly intervals by DOE licensed contractor.</p> <p>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.</p> <p>The contractors engaged by the estate have complied with Part XII of the Employment Act 1955, with regard to public holidays, annual leave, sick leave and overtime wages for their workers. In addition to interview sessions; employment contracts, pay slips, working permits and</p>	Complied





		<p>passports of the contractor workers were examined and verified to be in order.</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 (work permits, passports) of foreign workers in the estate are renewed and valid. Insurance coverage is available for foreign workers in the estates.</p> <p>There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p> <p>As for the previous assessment (2018) Major NC# JMD-01, corrective action found to be effectively implemented and it was verified that all issues were closed effectively:</p> <ol style="list-style-type: none"> <li>1. All workers on long unpaid leave clearly indicated as such in the application form.</li> <li>2. The contract between the contractor and their workers also had been revised to reflect correct number of public holidays they are eligible in a year according to Schedule 1, Holidays Acts 1951.</li> </ol> <p>Passports of all absconded workers were still in the possession of the workers when they absconded from work. Thus, no passports to be returned to the relevant authorities by the estates.</p>	
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.	<p>There is a documented system for identifying, determining, reviewing and updating applicable legal and other requirements. <b>However, review of the Legal Requirements Register and changes to laws were not evidenced at the local level.</b></p> <p><b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate, Pukin Estate</b></p> <p><b>There was no documented evidence (e.g. a dated sign-off) that the Legal Register was reviewed by the respective Estate Manager and the changes to laws were noted for implementation at the local level.</b></p>	<b>Major NC# OCL-01</b>
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.	<p>Tracking of regulatory requirements and communication of changes is performed by the Senior General Manager at the IOI Group HQ, Putrajaya, Federal Territory.</p> <p>The mechanism of tracking the law changes as identified from IOI Group HQ, would be distributed to all POMs and Estates via email.</p> <p>Monitoring of compliance is done by the Sustainability, Safety and Health (Peninsular) Manager and Sustainability Team, who are based on site.</p>	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.	<p>Communities surrounding the estates are able to move freely without any issues or problems.</p> <p>Verified during site inspection that no such limitations had occurred.</p>	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.	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya.</p> <p>The legal use of the land confirmed to be for the cultivation of oil palms and agricultural use.</p>	Complied



		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.	
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 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 Pukin 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 audited 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 2019 for IOI Pukin Grouping has been conducted together with relevant external and internal stakeholders in separate sessions. For example, external consultation session for Segamat Estate was conducted on 28 Feb 2018. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc.  In addition, separate sessions of internal stakeholders' consultations were also conducted in each operating unit, e.g. in Shahzan IOI 1 Estate it was conducted on 15/2/2019. Internal stakeholders' consultations in each operating unit were attended by different categories of	Complied





		workers, e.g. different scope of work, gender, nationalities and levels. These consultations were also very well documented.  Monitoring records were retained and made available as evidence that actions had been taken.	
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.	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Pukin Grouping. Among others, the affected parties have several options to register their complaints and grievances including Grievance Book, annual stakeholder consultation, morning muster, during Employee Consultative Committee (ECC), Gender Consultative Committee (GCC) and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanation on how to utilise this system were given and verified by the auditor.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance are addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received are recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the supervisors. The workers also allowed to elect their own representatives in the Joint Consultative Committee (JCC) as opposed to the representatives being dictated by the management.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature, but since Nov. 2017 IOI group had adopted a revised Whistleblowing Policy (<a href="https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf">https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</a>) which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website (<a href="https://www.ioigroup.com/Content/G/G_Whistleblowing">https://www.ioigroup.com/Content/G/G_Whistleblowing</a>).</p>	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.	<p>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.</p>	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.	<p>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 response to the complaints and grievances received also very well documented with sufficient supporting documents as proofs. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public.</p>	Complied



		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, joint external consultation session for Pukin POM and Pukin Estate was conducted on 22/2/2019, whilst Segamat Estate on 28/02/2019. 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 Segamat 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. Also, in Segamat Estate, friendly sport matches were 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 (PPE) at the place of work to	Safety Policy and HIRARC documented for the estates. The HIRARC was reviewed in Jan 2019. The OSH Programme 2019 include the following: <ul style="list-style-type: none"> <li>• Safety &amp; Health Committee meetings were held quarterly.</li> <li>• Annual medical surveillance,</li> <li>• Accident Reporting &amp; Investigation,</li> <li>• Workplace inspection,</li> <li>• CHRA assessment,</li> <li>• Air compressors annual inspection,</li> <li>• Warning signs,</li> <li>• Chemical Register,</li> <li>• SOP for safe work,</li> <li>• PPE usage,</li> <li>• MSDS/CSDS,</li> <li>• JKKP 8 reporting of accidents annually,</li> <li>• Emergency Response Plan (ERP),</li> <li>• Emergency drills,</li> <li>• 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),</li> <li>• Monthly KPI Report on HSE performance,</li> <li>• Monthly Safety inspection &amp; audit by Safety Officer,</li> </ul>	Complied



	<p>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>	<p>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.</p> <p>Surveillance programmes for protecting workers' health and safety were satisfactorily implemented.</p> <p>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.</p> <p>First Aid Kits were available at worksites.</p> <p>Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, &amp; Health (ESH) committee.</p> <p>Medical care had been provided to all the workers.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG insurance noted to be valid. Starting 2019, IOI will replace FWCS with Social Security Organisation (SOCSO) contribution for the foreign workers based on Employer's Circular No. 3 Year 2018 issued by The Human Resource Ministry.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p> <p>The PMU has established the following documented procedures for meeting the regulatory requirements concerning the safe handling, storage and usage of chemicals:</p> <ol style="list-style-type: none"> <li>(1) SOP for the mixing of chemicals.</li> <li>(2) SOP for the storage of chemicals.</li> <li>(3) SOP for pesticides / chemicals spraying.</li> </ol> <p>The Safety &amp; Health Officer is in charge of safety and health planning, operation &amp; coordination. Mill &amp; Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.</p> <p>Records on safety training had been verified on the Palm Oil Mill and the Estates.</p> <p>Analysis on the understanding of training on safety by the workers had been verified.</p> <p>Safety &amp; 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.</p>	
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" ( <a href="http://www.ioigroup.com/Content/S/PDF/Sustainable%20Palm%20Oil%20Policy.pdf">http://www.ioigroup.com/Content/S/PDF/Sustainable%20Palm%20Oil%20Policy.pdf</a> ) 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 shall provide equal opportunity	Published statement on equal opportunities is mentioned in <b>Sustainability Policy</b> adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on " <b>Equal</b>	Complied



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	and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	<b>Opportunity Employment &amp; Freedom Of Association Policies</b> ” had also been established in Oct 2017 and also available online at IOI website ( <a href="https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf">https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf</a> ). This policy clearly states that IOI Group including IOI Pukin grouping prohibits and will actively prevent any discrimination based on race, nationality, religion or gender.	
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 workers (including foreign workers) in the estates audited are available. Employment agreement with foreign workers, 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 foreign 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 2018.	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 2018 by monitoring salary payment and interviewing the contractor’s employees. At the estates audited, small number of workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism, long holidays, five Sundays in a month, etc. These reasons were verified as sufficiently accurate during the audit. 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 majority of the 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 had 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.	Complied
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent	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



	for both employees and employer.		
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.	<p><b>Documentation of pay and conditions are available in all estates audited, however the non-conformance mentioned below was found;</b></p> <ol style="list-style-type: none"> <li>1. <b>Overlooked public holiday pay for some eligible workers.</b></li> <li>2. <b>Incorrect calculation of public holiday overtime work.</b></li> <li>3. <b>Proportionate annual leave calculation was not consistently applied to all workers who went for long leave.</b></li> <li>4. <b>Reasons provided for workers not achieving minimum wages are too generic and inaccurate.</b></li> </ol> <p><b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</b></p> <ol style="list-style-type: none"> <li>1(a) <b>In Shahzan IOI 1 Estate, occasional holiday declared by the ruling party after 14<sup>th</sup> General Election in 2018 was not paid for two (2) eligible workers.</b></li> <li>1(b) <b>In Shahzan IOI 2 Estate, occasional holiday declared by the ruling party after 14<sup>th</sup> General Election in 2018 was not paid for four (4) eligible workers.</b></li> <li>(2) <b>In Shahzan IOI 2 Estate, overtime work conducted on occasional holiday declared by the ruling party after 14<sup>th</sup> General Election in 2018 was incorrectly calculated for one (1) worker.</b></li> <li>3(a) <b>In Shahzan IOI 1 Estate, two (2) general workers went for long unpaid leave in 2018 and their annual leave eligibility were calculated proportionately based on completed months of the year. However, three (3) harvesters also went for long unpaid leave in the same year but proportionate annual leave calculation was not consistently applied on them.</b></li> <li>3(b) <b>In Shahzan IOI 2 Estate, two (2) general workers went for long unpaid leave in 2018 and their annual leave eligibility were calculated proportionately based on completed months of the year. However, two (2) general workers and one (1) harvesters also went for long unpaid leave in the same year but proportionate annual leave calculation was not consistently applied on them.</b></li> <li>4. <b>In Shahzan IOI 2 Estate and Segamat Estate, workers with full attendance or only absent one (1) day in a month were already described as high absenteeism. In addition, workers who worked less than eight (8) hours in a day due to reporting</b></li> </ol>	Major NC# JMD-01





		<b>late to work, long recess or early clock out were described as “low productivity”.</b>	
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. <b>An observation raised for Shahzan IOI 1 Estate and Shahzan IOI 2 Estate that the employment contract with foreign workers stated that pillow, mattresses, basic PPE, etc. will be provided to new workers upon arrival at the estates. However, no distribution records available for verification. Distribution of these items was confirmed only through interview with the workers and receipts of purchase.</b>	<b>OBS# JMD-01</b>
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.	IOI Pukin Grouping complied with The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) by providing adequate housing, water supplies, medical, educational and public amenities to their local and foreign workers.  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 treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality) (see also 4.5.5.1). Line-site inspection is conducted weekly by the assigned staff and monthly by the Visiting Medical Officer (VMO). Domestic waste is collected twice a week and disposed at appropriate landfill inside the palm oil field. All workers handling the wastes are properly trained in good waste management as evidence throughout the audit, i.e. appropriate collection schedule, on time collection, waste segregation and appropriate landfill location.  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.	Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on harassment, i.e. <b>“Policy on Harassment at Workplace”</b> adopted in June 2018 has also been established and available online at IOI website ( <a href="https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf">https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf</a> )  GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to harassment and violence. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted in each operating unit audited. Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence. Meeting minutes selected for Shahzan IOI 1 Estate conducted on 12/1/2019. To show the management commitment on issues related to with harassments and violence, briefing sessions were conducted between 12-14/09/2018 with speakers invited from Labour Department. These sessions involved participants from IOI Pukin Group, Gomali Group	Complied



		and Leepang Group. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.	
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 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.	<p>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 ECC in Shahzan IOI 1 Estate for example was on 20/12/2018. JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is properly documented and filed complete with photographic evidence. Participants in JCC meetings 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.</p> <p><b>An observation raised under this criterion that in all estates audited, the minutes of JCC meetings are available for verification. Issues raised during the meetings were also verified to be effectively closed by the management and recorded in the social mitigation plans. However, methods and dates of closures of these issues were not specifically mentioned in the meeting minutes and no reference made to the social mitigation plan.</b></p>	OBS# JMD-02
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.	<p>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in <b>Sustainability Policy</b> adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy corresponds with Children and Young Persons (Employment) Act 1966 (Act 350).</p> <p>Employees and workers profiles were sighted during the audit and no underage workers found. This fact was further verified through interviews with staff and workers in IOI Pukin group. Passport photos and birthdays of the foreign workers hired by the operating units were checked and none of them found to be underage.</p>	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 and safe working practices are planned for year 2019 includes training for all categories of workers.</p> <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 2018 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>	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the	A formal training programme on all aspects of MSPO requirements have been established and implemented.	Complied



	training programmes in order to provide the specific skill and competency required to all employees based on their job description.	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.	
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 accordance to the documented training procedure.	Training programme planned for year 2019 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 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".	Complied

**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. The said policy and management plans were effectively communicated and implemented.	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 prepared on 17 February 2019. It included the environmental policy. The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. 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.  <b>However, at all the estates: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate, Pukin Estate, it was observed that the environmental objectives set are general and not quantitative. In addition, it is not measurable.</b>	<b>Major NC# SH-01</b>
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. 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 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. The implementation and monitoring of the documented environmental improvement plan were found to be satisfactorily implemented.	Complied





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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, placing of signages such as no hunting at areas bordering the forest, riparian signage 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 plans and are working towards achieving the objectives.	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 was made available during the audit.	Complied
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	Environmental meeting was conducted where environmental issues and problems were discussed.	Complied
4.5.2	<b>C2: Efficiency of energy use and use of renewable energy</b>		
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 estate offices. Data is being compiled 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 decanter cake being recycled for manure purpose.	Complied
4.5.3	<b>C3: Waste management and disposal</b>		
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 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).	Complied
4.5.3.2	Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented.	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	



	<p>The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.</p>	<p>estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates.</p> <p>Schedule waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>The solid waste management and disposal plan for household waste is subcontracted to Urus Kekal Enterprise and disposal was to sites approved by local authority.</p> <p>Recycling of crop residues / biomass i.e. fronts and POME (decanter cake) had been implemented.</p> <p><b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</b></p> <p><b>(1) It was observed that plantation wastes such as empty fertilizer bags, plastic food containers and plastic water bottles were seen strewn all over the plantation areas.</b></p> <p><b>(2) The estate uses the services of a contractor. MS MIDO Enterprise, to collect domestic waste from the designated site at the workers' quarters and then disposed at an approved landfill/disposal site. However, there was no record kept by estate as documented evidence that the domestic waste has been disposed as required at an approved landfill/disposal site.</b></p>	<p><b>Major NC# SH-02</b></p>
4.5.3.3	<p>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.</p>	<p>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.</p>	<p>Complied</p>
4.5.3.4	<p>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>	<p>Unwanted empty pesticide containers were punctured and disposed of by the appointment of a licensed contractor handling such schedule waste. Empty pesticide containers were 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>	<p>Complied</p>
4.5.3.5	<p>Indicator 5: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p>	<p>For Shahzan IOI 1 and Shahzan IOI 2 estates, the disposal of household waste was contracted out to third party handlers, MIDO Enterprise, and the disposal is in accordance to the rules and regulation of the local authority. Collection of household waste was done at a minimum of two times a week and is disposed of to the local council approved site.</p> <p>Use of landfill is still being practise at Segamat and Pukin estates. The management of the landfill was satisfactorily implemented.</p>	<p>Complied</p>
4.5.4	<p><b>C4: Reduction of pollution and emission</b></p>		
4.5.4.1	<p>Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p>	<p>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.</p> <p>Data relating to such activities were collected and analysed. GHG emission was also assessed.</p>	<p>Complied</p>



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>A water management plan was documented on 3 August 2018 and will be reviewed next year. The plan had indicated the sources of water supply to the estates. There is no named river crossing the estates. There are only small streams that later lead to the main river outside the estate boundary, i.e Sungai Serai and Sungai Johor. 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. No rain water harvesting being conducted at the housing site for other alternative uses.</p> <p><b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate</b></p> <ol style="list-style-type: none"> <li><b>The water management plan produced is not site specific. For example, the water management plan for Shahzan IOI 1 has not taken into considerations the existence of the beneficial plant nursery and its water source.</b></li> <li><b>There was no water sampling point location being marked at the site where water sample was taken.</b></li> <li><b>Water analysis for the stream is to be conducted once a year. However, for year 2019, this has not been conducted.</b></li> <li><b>Water was also sourced from tube well. However, there was no buffer zone demarcation surrounding the tube well area being identified.</b></li> <li><b>Some of the buffer markers are already faded.</b></li> </ol> <p><b>[Since a Minor NC# SH-02 was raised at the previous assessment (2018), this NC is now upgraded to a Major NC].</b></p>	Major NC# SH-03
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. For Shahzan IOI 1 and Shahzan IOI 2 estates, water source for domestic use in from the tube well. This water was treated and analysed twice a year by Enviro Consultancy & Monitoring Services Sdn Bhd, latest result dated 26 December 2018 and is within the WHO and Ministry of Health Water Quality Guideline.	Complied
4.5.6	C6: Status of rare, threatened, or endangered species and high biodiversity value area		
4.5.6.1	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:	HCV assessment was conducted Wild Asia in the year 2017. A review was done internally on 19 February 2019. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.	Complied



	<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>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.</p>	<p>HCV and other environmentally sensitive areas were documented and inspected on site. Visits to site confirmed that the estate are all surrounded by plantations and also bordering some forested areas.</p> <p>Boundaries bordering the estates and forested areas were well demarcated. Trenches were also constructed along the borders to clearly demarcate their boundary. At some places, estate roads also served as perimeter boundary.</p> <p>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.</p>	
4.5.6.2	<p>Indicator 2: If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.</p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV &amp; Conservation Areas' management plans at the respective estates.</p> <p>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.</p> <p>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.</p> <p>Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p> <p>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.</p> <p>Information on RTE species have been disseminated to the workers through trainings conducted on 2 Feb and 8 Feb 2019.</p> <p>Verification at sites were also made and found to be satisfactory implemented at the estates assessed.</p>	Complied
4.5.6.3	<p>Indicator 3: A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p>	<p>A management plan was developed, established and effectively implemented. Document relating to the above was available.</p>	Complied
4.5.7	<p>C7: Zero burning practices</p>		
4.5.7.1	<p>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.</p>	<p>Fire is not being used for waste disposal or in replanting activities. Zero burning policy is practiced.</p> <p>Field inspections made at estates assessed showed no evidence of open burning.</p>	Complied
4.5.7.2	<p>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.</p>	<p>Confirmed that there were no instances of such issue at present.</p>	Not applicable



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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.	For replanting activities, crops felled will be chipped and shredded as this was the best practice.	Complied

**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.	Documents on SOP had been maintained at the Estates audited which were verified to be in order. The estates have the following SOPs: 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.  Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control. Corrective action for the previous assessment (2018) Major NC# AL-01 found to be effectively implemented.	Complied
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 estates have documented a 5-year Business Management Plan (FY 2018/2019 to FY 2022/2023) with details of budget and costs of operation. Crop and operation budget cover weeding, manuring, harvesting, collection and transporting, pruning, drains and roads. The budgets also include provisions for sustainability efforts and improvement programmes (environmental aspects on road maintenance, domestic waste collection, maintenance of buffer zones).	Complied





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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.	<p>Annual replanting program had been prepared up to FY2022/2023 for the estates.</p> <p>The replanting areas (ha) projected for 5 years are as follows:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>FY2018/19</th> <th>FY2019/20</th> <th>FY2020/21</th> <th>FY2021/22</th> <th>FY2022/23</th> </tr> </thead> <tbody> <tr> <td>Shahzan IOI 1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Shahzan IOI 2</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Segamat</td> <td>161</td> <td>166</td> <td>60</td> <td>64</td> <td>0</td> </tr> <tr> <td>Pukin</td> <td>0</td> <td>185</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>A replanting cycle of 25 years has been adopted.</p> <p>Yearly review was performed and actual replanting is still subject to approval from the IOI Group HQ.</p>	Estate	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	Shahzan IOI 1	0	0	0	0	0	Shahzan IOI 2	0	0	0	0	0	Segamat	161	166	60	64	0	Pukin	0	185	0	0	0	Complied
Estate	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23																												
Shahzan IOI 1	0	0	0	0	0																												
Shahzan IOI 2	0	0	0	0	0																												
Segamat	161	166	60	64	0																												
Pukin	0	185	0	0	0																												
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.	<p>The Management Plan contained details of the following:</p> <ol style="list-style-type: none"> <li>1) Staff and Labour requirements;</li> <li>2) Crop projection; FFB yield/ha trends;</li> <li>3) Re-planting materials Clonal, DxP</li> <li>4) Cost of Production; Cost/mt FFB trends;</li> <li>5) Cost of Production; Cost/MT FFB forecast;</li> <li>6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</li> <li>7) Budget for Environmental, Social, Safety &amp; Health, Training and Promotions.</li> </ol> <p>The Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p>	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.	<p>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.</p> <p>The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the IOI HQ at Putrajaya.</p>	Complied																														
4.6.3	<b>C3: Transparent and fair price dealing</b>																																
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	All 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.	<p>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.</p> <p>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.</p>	Complied																														
4.6.4	<b>C4: Contractor</b>																																
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 and 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																														



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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 performed by the contractor, by checking and signing the Audit of the contractor for each task and season contracted.	There are no contractors used for plantation operations except for FFB and EFB transportation, which is monitored by the respective Estate management.	Complied

**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 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 <b>replanting</b> may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.	Verified that there is no peat land in the estates and no new or replanting on peat land.	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,	Not applicable.	Not applicable.



	implemented, monitored and reviewed.		
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 estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.	Not applicable.	Not applicable.
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	Not Applicable	Not Applicable





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	transfer of rights and of payment or provision of agreed compensation shall be made available.		
4.7.6.4	Indicator 4: The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.	Not Applicable	Not Applicable
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	8 (5 Major & 3 Minor)	2	Actions taken on the NCRs and OBS verified to be effective during Annual Surveillance – 01 <u>except</u> for the Minor NC# SH-02, whereby the recurring NC on Indicator 4.5.5.1 is upgraded to a Major NC.
Annual Surveillance Audit -01	2019	5 (5 Major & 0 Minor)	3	Next Surveillance Assessment

**3.2.1 Year 2018: 5 Major NCs**

NCR	MSPO Indicator	Details of NCR
Major OCL-01	4.1.3.1	Date issued: 22 Mar 2018
		<b>Noncompliance:</b>



MS 2530-3 Estates	<p><b>Management review for Segamat, Bukit Serampang and Pukin Estates were conducted on 16/03/2018, 13/03/2018 and 05/03/2018 respectively and minutes of meeting maintained.</b></p> <p><b>However, the minutes merely make a reference to the Internal Audit Report for the estates and there was no analysis of the audit findings to demonstrate that the audits were effective and can be relied upon.</b></p>	
	<p><b>Root Cause and Corrective Action(s): by Auditee Representative</b></p>	
	<p><b>Root cause:</b></p> <p>Though only the internal audit non-compliances were highlighted in a summarized form during the management review, all the internal audit findings of each operating centre was attached as an appendix together with the Management Review Meeting Minutes Document.</p>	
	<p><b>Corrective Action:</b></p> <p>An analysis and summary of all the internal audit findings for all the Operating Centres in IOI Pukin Region was done and presented in the Management Review Meeting Minutes. Please refer to Appendix 1.</p>	
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>	
	<p><b>MAJOR NC:</b></p> <p>On-site / <del>Off-site</del> Verification on date: 14 &amp;15 May 2018          Corrective actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          Revised Management Review Meeting minutes contained the analysis and summary of all the internal audit findings.          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates): Next Assessment</p>	
	<p><b>Minor NC: N.A</b></p> <p>On-site / Off-site Verification on date:-          Corrective Actions taken: -          Supportive evidences:-          Conclusion:-  <input type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
	<p><b>NC status verified by auditor: Closed by OCL</b></p>	<p><b>Date closed: 15 May 2018</b></p>
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>	
	<p>NC status verified by auditor: OCL</p>	<p>Date verified: 08/03/2019</p>

NCR	MSPO Indicator	Details of NCR
Major OCL-02	4.1.4.1 MS 2530-3 Estates	Date issued: 22 Mar 2018
		<b>Noncompliance:</b>
		<p><b>Action plans for continual improvement have been specified and documented for Segamat, Bukit Serampang and Pukin Estates.</b></p> <p><b>However, some of the action plans did not have measurable objectives/targets in order to determine the effectiveness of the outcomes.</b></p>



	<b>Root Cause and Corrective Action(s): by Auditee Representative</b>	
	<b>Root cause:</b> The continuous improvement plans have been planned and presented individually by each estate management during the management review meeting. However, when those plans are documented in the management review meeting minutes, they have been summarized and documented in a simplified form which led to lack of certain information such as the main objective and monitoring of the progress.	
	<b>Corrective Action:</b> The documentation of those continuous improvement plans have been revised and presented in detail in the Management Review Meeting Minutes. Please refer to Appendix 1.	
	<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>	
	<b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: 14&15 May 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Continuous improvement plans documented in the revised Management Review Meeting Minutes. Conclusion: <input checked="" type="checkbox"/> <b>Yes</b> - 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. <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
	<b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> <b>Yes</b> - 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.	
	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15 May 2018</b>
	Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.	
NC status verified by auditor: OCL		
Date verified: 08/03/2019		

NCR	MSPO Indicator	Details of NCR
Major JMD-01	4.3.1.1 MS 2530-3 Estates	Date issued: 22 Mar 2018
		<b>Noncompliance:</b> 1. There is no evidence of public holiday payment made for workers who had been approved for long unpaid leave in 2017. This practice is not complying with Employment Act 1955, Section 60D(2) where it is stated that “Any employee who absents himself from work on the working day immediately preceding or immediately succeeding a public holiday or two or more consecutive public holidays or any day or days substituted therefore under this section without the prior consent of his employer shall not be entitled to any holiday pay for such holiday or consecutive holidays unless he has a reasonable excuse for such absence.” 2. Employment agreement between contractor at Pukin Estate stated that its workers are only entitled for eleven days of public holidays in one year. This is



		<p>not complying with Schedule 1, Holidays Acts 1951 where it stated thirteen days of public holidays in one year.</p> <ul style="list-style-type: none"> <li>3. There is no evidence sighted that the passports of absconded foreign workers were returned to the relevant embassies. Also there is no evidence of the foreign workers abscondment report been submitted to Immigration Department.</li> </ul> <hr/> <p><b>Root Cause and Corrective Action(s): by Auditee Representative</b></p> <p><b>Item (1)</b></p> <p><b>Root cause:</b></p> <p><b>On the issue of “There is no evidence of public holiday payment made for workers who had been approved for long unpaid leave in 2017, we would like to explain that: “Unpaid leave”, “no pay leave” or “leave of absence without pay” in its ordinarily, plain and literal meaning means no payment at all or entitlement to any benefits during the period of the long leave.</b></p> <p>Section 60D(1B) of the Employment Act 1955 (EA 1955) states that if the public holiday falls within the period during which employee is on <b>sick leave, or annual leave, temporary disablement</b> under Workmen’s Compensation Act or SOSCO, the employer must give another day as a paid public holiday in substitution of such public holiday. Therefore, only these 3 categories of employee are entitled for the paid public holiday.</p> <p>Leaves such as sick leave, annual leave, temporary disablement, maternity leave, sabbatical leave, unpaid leave are of the same kind or class (<i>ejusdem generis</i>) i.e. absence from work with permission or lawfully. However, applying the maxim “<i>Expressio Unius Est Exclusio Alterius</i>” meaning when one or more things of a class expressly mentioned, others of the same class are excluded. Maternity leave and unpaid leave are not expressly mentioned in Section 60D (1B) of the EA 1955 and hence excluded i.e. not entitled for the paid public holiday.</p> <p>Section 60E(3B) of the EA 1955 also clearly and expressly excluded those employees on leave of absence without pay for more than 30 days i.e. their annual leave entitlement is pro-rated. Example, if the employee is entitled for 12 annual leave per annum, and he takes 3 months annual leave, he is only entitled for 9 days’ annual leave. As such, looking at both sections 60D(1B) and 60E(3B) of the EA 1955, it is the intention of the Parliament to exclude those employees on long unpaid leave to be entitled for the public holiday pay and annual leave pay.</p> <p>Section 60D(2) of the EA 1955 refers to “<u>existing employee who absents himself from work on the working day immediately preceding or immediately succeeding a public holiday... without the prior consent...</u>” It is also referring to employee who is absent and not on leave. There is a difference between absent and leave. Furthermore, there is only one sentence in Section 60D(2) and it is without any comma, colon, semicolon, hyphen or dash. As such, the whole sentence should be read conjunctively instead of disjunctively.</p> <p>In addition, the author, RP Baskaran in his book – “Handbook of Points To Remember on Employment Laws” (<b>Refer to Attached App 1</b>) opines that “when an employee is on unpaid leave for an extended period, his service period is <u>temporarily held in abeyance</u> until he reports for duty again”. Therefore, holiday pay, rest day pay and off-day pay are not payable to monthly-rated employees during their extended unpaid leave period. For daily-rated employees, rest days and off-day are not paid. <u>The public holidays falling during their extended unpaid leave would also not be paid.</u></p> <p><b>We sincerely hope that the above explanation clarifies that workers on long unpaid leave are not entitled to public holiday payments during the said period.</b></p> <p><b>Corrective Action:</b></p> <p>To avoid misinterpretation of law, all future applications for unpaid leave for an extended period will be replied with an acceptance letter stating that the service period will be temporarily held In abeyance until he/she reports for duty again. The acceptance of the unpaid leave application exclude any consent to payment of public holiday, sick pay, rest day pay and off-day pay.</p> <p><b>Item (2)</b></p> <p><b>Root cause:</b></p> <p><b>On the issue of “Employment agreement between contractor at Pukin Estate stated that its workers are only entitled for eleven days of public holidays in one year. This is not complying with Schedule 1, Holidays Acts 1951 where it stated thirteen days of public holidays in one year, we would like to explain that:</b></p>
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	<p>Under Section 60D of the Employment Act, it is stated that employees are <b>only</b> entitled to <b>eleven (11) days</b> public holidays in any one calendar year at his ordinary rate of pay and:</p> <p><b>a) Out of the eleven gazetted public holidays, five of which shall be:</b></p> <ul style="list-style-type: none"><li>i) National Day,</li><li>ii) Birthday of the Yang Dipertuan Agong,</li><li>iii) Birthday of Ruler/Yang Dipertua Negeri or Federal Territory Day,</li><li>iv) Labour Day and</li><li>v) Malaysia day) in one calendar year and on any day declared as a public holiday under section 8 of the Holiday Act 1951</li></ul> <p><b>b) On any day appointed as a public holiday for that particular year under section 8 of the Holidays Act 1951 [Act 369]: Refer to Appendix 2</b> The Minister may, by notification in the Gazette or in such other manner as he thinks fit, appoint, in respect of Peninsular Malaysia after consultation with the State Authority a day to be observed as a public holiday in addition to, or in substitution for, any of the days mentioned in the Schedules and thereupon this Act shall, in Peninsular Malaysia or in the State in respect of which a day is appointed to be observed as a holiday as aforesaid, be applicable to such day in the same manner as if the said day had been mentioned in the First Schedule or the Second Schedule, as the case may be.</p> <p style="text-align: center;"><b>FIRST SCHEDULE</b> <b>[Section 3] PUBLIC HOLIDAYS</b></p> <ul style="list-style-type: none"><li>1. Birthday of the Prophet Muhammad (s.a.w.).</li><li>2. Hari Kebangsaan or National Day.</li><li>3. Chinese New Year (one day in the States of Kelantan and Terengganu, two days in the other States).</li><li>4. Wesak Day.</li><li>5. Birthday of the Yang di-Pertuan Agong.</li><li>6. Hari Raya Puasa (2 days).</li><li>7. Hari Raya Haji (two days in the States of Kelantan and Terengganu, one day in the other States).</li><li>8. Deepavali.</li><li>9. Christmas day.</li><li>10. Labour day</li><li>11. Awal Muharram</li><li>12. Malaysia Day</li></ul> <p>As the contractors were unaware of the latest changes to the Holidays Act 1951 Amendment 2009 (13 days public holiday), they still offered 11 days public holiday as per Section 60D of the Employment Act. <b>contract workers).</b></p> <p><b>Corrective Action:</b> Though it's stated as 11 days, the contractors practice 13 days public holiday for their workers in tandem with our estates. The Contractors have all changed their contract agreement to 13 days public holiday entitlement for their workers (<b>Refer to Appendix 3 – Revised employment agreement for contract workers).</b></p> <p><b>Item (3)</b></p> <p><b>Root cause:</b></p> <p><b>On the issue of there is no evidence sighted that the passports of absconded foreign workers were returned to the relevant embassies. Also there is no evidence of the foreign workers abscondment report been submitted to Immigration Department, we would like to explain that:</b></p> <p>The present practice is for the estates to make a police report whenever a worker absconds. The company only requires the estates to send the police report and the passport (if any) to the Head Office. Repatriation and abscondment matters are handled by the Head Office. As such, the estates and mills did not follow up with the Head Office.</p> <p>With regard to the workers' passport to be returned to the relevant embassies, our current IOI Sustainable policy only allows the <b>workers</b> to either keep their passport themselves or keep their passport in the passport lockers provided by the management. As such, most of the workers absconded together with their passport.</p> <p><b>Corrective Action:</b></p>
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	<p>Effective immediately, estates and mills will request HR department for the evidence of abscondment report sent to Immigration department. With reference to this we attach a copy of the following:</p> <ul style="list-style-type: none"> <li>a) Immigration department's acknowledgement that the absconded worker's report has been received from IOI</li> <li>b) Immigration department's official receipt for penalty payment of RM250</li> <li>c) Letter of returning the passport to the relevant embassy</li> </ul> <p>If there is any absconded workers' passport still with the estates or mills, it will be returned to the relevant embassies (if they are willing to accept) as this document is of no use to the company.</p>		
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p> <p><b>MAJOR NC:</b>          On-site / <del>Off-site</del> Verification on date: 14&amp;15 May 2018          Corrective actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          (1) The company has given a detailed explanation concerning the interpretation of Employment Act 1955, Section 60D (2) on the public holiday payment for workers who had been approved for long unpaid leave. Until there is a definitive interpretation by the legal authorities concerned, the explanation is accepted. The company has also taken corrective action to state that acceptance of unpaid leave application exclude any consent to payment of public holiday, sick pay, rest day pay and off-day pay.          (2) Evidence of amended contracts for contractor's workers stating 13 days public holiday entitlement for their workers.          (3) Passports of absconded foreign workers were returned to the relevant embassies Foreign workers abscondment report had been submitted to Immigration Department.</p> <p>Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates): Next Assessment</p>		
	<p><b>Minor NC: N.A</b>          On-site / Off-site Verification on date:-          Corrective Actions taken: -          Supportive evidences:-          Conclusion:-  <input type="checkbox"/> <b>Yes</b> - 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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<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15 May 2018</b>		
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: JMD</td> <td>Date verified: 08/03/2019</td> </tr> </table>	NC status verified by auditor: JMD	Date verified: 08/03/2019
NC status verified by auditor: JMD	Date verified: 08/03/2019		

NCR	MSPO Indicator	Details of NCR
Major SH-01	4.5.6.1	Date issued: 22 Mar 2018
		<b>Noncompliance:</b>





MS 2530-3 Estates	<p><b>At Pukin Estate, the HCV assessment conducted is not complete. The assessment has not taken into consideration the existence of a steep hill identified as conservation area within the estate. Therefore, the action plan to be taken is not documented. In addition, the composition of the HCV working group is not accurate concerning the identification of the team leader.</b></p>	
	<p><b>Root Cause and Corrective Action(s): by Auditee Representative</b></p>	
	<p><b>Root cause:</b>          HCV Assessment in all estates is prepared by reviewing the previously prepared HCV assessment and updating it with significant new changes. As we felt that all the significant HCVs example, steep hills, rivers, forests ponds, etc. in Pukin Estate was already identified by the previous highly competent assessors, we failed to identify and include the steep hill in Pukin Estate into the current HCV Assessment.          The reason why Mr. Joshua Mathews was stated as the 'Team Leader' was because we wanted to give credit to him and his team as they were the initial HCV assessors for IOI Plantations.</p>	
	<p><b>Corrective Action:</b>          Pukin Estate HCV Assessment has been revised by including the steep hill area and the particulars on HCV Management Action Plans for the steep hill area.          The working group of HCV Assessment for Pukin Estate has been revised by separating the team that conducted the initial HCV Assessment in 2009 and the current HCV team members. Ms Magala Dharmabalan has been chosen as current HCV Team Leader, she will be assisted by the other Sustainability Team Members and Operating Centers Personnel.  <b>(Appendix 1: Revised HCV Assessment – Pukin Estate – 2018)</b></p>	
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>	
	<p><b>MAJOR NC:</b>          On-site / <del>Off-site</del> Verification on date: 14&amp;15 May 2018          Corrective actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          The HCV assessment was reviewed again on 03/04/2018. The assessment has included the existence of the steep slope and the management of the area. The working group has also been revised and proper designation given to the assessment team.          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates): Next Assessment</p>	
	<p><b>Minor NC: N.A</b>          On-site / Off-site Verification on date:-          Corrective Actions taken: -          Supportive evidences:-          Conclusion:-  <input type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
	<p><b>NC status verified by auditor: Closed by OCL &amp; SH</b></p>	<p><b>Date closed: 15 May 2018</b></p>
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>	
	<p>NC status verified by auditor: SH</p>	<p>Date verified: 08/03/2019</p>



NCR	MSPO Indicator	Details of NCR
Major AL-01	4.6.1.1 MS 2530-3 Estates	<p>Date issued: 22 Mar 2018</p> <p><b>Noncompliance:</b></p> <p><b>Location: Bukit Serampang &amp; Pukin estate (BMP &amp; Safety Monitoring)</b>  <b>Along entrance roads into the estate areas, there were signages indicating ‘Safety helmets’ to be used when travelling on motorbikes. However, this was seen to be not adhered by some of the motorcyclist in the estate roads.</b>  <b>Refer: SOP – “Procedure Kerja Selamat Penunggang Motosikal” – IOI-OSH.3.2 (01 Aug 2012) Rev.0.</b></p> <p><b>Location: Segamat estate</b>  <b>Bathroom flooring for field workers – drains to be covered and no protruding planks to ensure better safety.</b></p> <p><b>Root Cause and Corrective Action(s): by Auditee Representative</b></p> <p><b>(1) <u>Bukit Serampang &amp; Pukin estate – Root cause</u></b>          Despite signboards being displayed and training/reminders on the usage of safety helmets when travelling on motorbikes, the workers and public using our roads refuse to adhere.</p> <p><b><u>Bukit Serampang &amp; Pukin estate – Corrective action</u></b>          Pukin Estate Management have carried out the following corrective actions:</p> <ul style="list-style-type: none"> <li>a) SaOP for Motorbike Training Attendance – <b>App 1 (a) i</b></li> <li>b) SaOP for Motorbike Training Evaluation – <b>App 1 (a) ii</b></li> <li>c) SaOP for Motorbike Training Material – <b>App 1 (a) iii</b></li> <li>d) SaOP for Motorbike Training Photos – <b>App 1 (a) iv</b></li> </ul> <p>Bukit Serampang Estate Management have carried out the following corrective actions:</p> <ul style="list-style-type: none"> <li>a) SaOP for Motorbike Training Attendance – <b>App 1 (b) i</b></li> <li>b) SaOP for Motorbike Training Evaluation – <b>App 1 (b) ii</b></li> <li>c) SaOP for Motorbike Training Material – <b>App 1 (b) iii</b></li> <li>d) SaOP for Motorbike Training Photos – <b>App 1 (b) iv</b></li> </ul> <p><b>(2) <u>Segamat estate – Root cause</u></b>          Due to frequent and prolonged use, the wooden planks in the workers’ shower were damaged due to wear and tear. As the safety committee, staffs or workers did not report this damage, the management were unaware of it.</p> <p><b><u>Segamat estate – Corrective action</u></b>          The management took immediate measures to replace the wooden planks with concrete flooring – <b>App 2 (a)</b>.          The safety committee and staffs were also told to regularly inspect such areas and report to the management if there are any unsafe conditions, as soon as possible.          Workplace inspection checklists was revised to include workers showers to ensure all are in good working order. - <b>App 2 (b)</b></p> <p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>





	<p><b>MAJOR NC:</b>          On-site / <del>Off-site</del> Verification on date: 14&amp;15 May 2018          Corrective actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          At Pukin estate and Bukit Serampang estate, an SaOP has been established to tackle the issue on safety on the use of helmet when riding motorcycle. Training was also conducted to workers. In addition, a memorandum has been produced to warn worker and also public regarding the use of the state roads.          At Segamat estate, visit made to site confirmed the wooden planks had been replaced with concrete flooring. The workplace inspection checklist has also been revised.          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates): Next Assessment</p>
	<p><b>Minor NC: N.A</b>          On-site / Off-site Verification on date:-          Corrective Actions taken: -          Supportive evidences:-          Conclusion:-  <input type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>
	<p><b>NC status verified by auditor: Closed by OCL &amp; SH</b>      <b>Date closed: 15 May 2018</b></p>
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>
	<p>NC status verified by auditor: OCL      Date verified: 08/03/2019</p>

3.2.2 Year 2018: 3 Minor NCs

NCR	MSPO Indicator	Details of NCR
Minor OCL-01	4.1.2.1 MS 2530-3 Estates	Date issued: 22 Mar 2018
		<b>Noncompliance:</b>
		<b>The Internal Audit Procedure SOP 8 Issue 1 Rev 0 (17/02/2018) stated that audit shall be carried out once a year. This does not fully satisfy the requirement that internal audit shall be planned and conducted regularly, taking into consideration the strong and weak points and potential area for further improvement.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>



	<p><b>Root Cause:</b>          As we carry out separate internal audits for RSPO, MSPO and ISCC in our operating centres every year, we felt that that once a year audit for MSPO would be sufficient. We also failed to notice the MSPO internal audit requirement.</p> <p><b>Corrective Action:</b>          The Internal Audit Procedure SOP 8 Issue 1 Rev 0 (17/02/2018) has been revised to include the requirement that internal audit for MSPO certification shall be planned and conducted regularly, taking into consideration the strong and weak points and potential area for further improvement.</p> <p><b>Please see Appendix 1 Internal Audit Procedure SOP 8 Issue 1 Rev 1 (03/05/2018).</b></p>	
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>	
	<p><b>MAJOR NC: N.A</b>          On-Site / Off-site Verification on dates:          Corrective actions taken:          Supportive evidences:          Conclusion:  <input type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates):</p>	
	<p><b>Minor NC:</b>          On-site / <del>Off-site</del> Verification on date: 14&amp;15 May 2018          Corrective Actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          Revised Internal Audit Procedure SOP 8 Issue 1 Rev 1 (03/05/2018) satisfactorily addressed the requirement.          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
	<p><b>NC status verified by auditor: Closed by OCL</b></p>	<p><b>Date closed: 15 May 2018</b></p>
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>	
	<p>NC status verified by auditor: OCL</p>	<p>Date verified: 08/03/2019</p>

NCR	MSPO Indicator	Details of NCR
Minor SH-01	4.5.1.3 MS 2530-3 Estates	Date issued: 22 Mar 2018
		<b>Noncompliance:</b>
		<b>The mitigation plan for the prevention of erosion at a stream in Pukin estate has not been addressed and implemented.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>



	<p><b>Root cause:</b>          High rainfall since January 2018 (374.18mm/18days) and strong water flow downstream caused heavy soil erosion especially at this particular area/stream (Field PM 06D). The absence or small amount of vegetation and ground cover also contributed to the erosion. As there was still heavy intermittent rainfall, the estate planned to implement measures to address the areas where erosion had occurred and also commence road maintenance work once the weather improved.</p> <p><b>Corrective Action:</b>          The following actions were taken to correct and prevent further erosion:</p> <ul style="list-style-type: none"> <li>a) The area damaged by erosion was filled with sand and vetiver grass was planted at the side of the stream – <b>App 1 (a)</b></li> <li>b) Maintenance of side drains, silt pit and road was carried out to reduce the speed of water during heavy rain – <b>App 1(b)</b></li> <li>c) Road maintenance program was carried out to repair damaged roads – <b>App 1 (c)</b></li> </ul>		
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p> <p><b>MAJOR NC: N.A</b>          On-Site / Off-site Verification on dates:          Corrective actions taken:          Supportive evidences:          Conclusion:  <input type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates):</p>		
	<p><b>Minor NC:</b>          On-site / <del>Off-site</del> Verification on date: 14&amp;15 May 2018          Corrective Actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          Visit to site confirmed the actions taken. In addition, a road maintenance programme has also been planned and implemented to minimize the effect of erosion.          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - 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"> <tr> <td><b>NC status verified by auditor: Closed by OCL &amp; SH</b></td> <td><b>Date closed: 15 May 2018</b></td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL &amp; SH</b>	<b>Date closed: 15 May 2018</b>
<b>NC status verified by auditor: Closed by OCL &amp; SH</b>	<b>Date closed: 15 May 2018</b>		
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: SH</td> <td>Date verified: 08/03/2019</td> </tr> </table>	NC status verified by auditor: SH	Date verified: 08/03/2019
NC status verified by auditor: SH	Date verified: 08/03/2019		

NCR	MSPO Indicator	Details of NCR
Minor SH-02	4.5.5.1 MS 2530-3 Estates	Date issued: 22 Mar 2018
		<b>Noncompliance:</b>
		(1) At Segamat Estate, it was found that certain streams are without the buffer demarcation marker. The extent of the buffer zone was not clearly identified. One of the streams is at Bukit Siput Division and the other at Genuang Division. (2) At Bukit Serampang Estate, the buffer markers were faded and not clearly visible.
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>



	<p><b><u>Segamat estate – Root Cause</u></b>          As the streams in Genuang and Bukit Siput divisions were well maintained with minimum activities carried out in the buffer zones, Segamat estate management felt that it was not required to demarcate the area or display buffer zone signs.</p>	
	<p><b><u>Segamat estate – Corrective action</u></b>          Segamat estate Management have carried out the following corrective actions:</p> <ul style="list-style-type: none"> <li>a) The palms beside the streams were marked with red colour and signboards were erected to indicate the areas as buffer zones – <b>App 1 (a) &amp; (b)</b></li> <li>b) Buffer zone checklist was updated – <b>App 1 (c)</b></li> <li>c) Buffer zone training attendance form – <b>App 1 (d)</b></li> <li>d) Buffer zone training photos – <b>App 1 (e)</b></li> </ul>	
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>	
	<p><b><u>MAJOR NC: N.A</u></b>          On-Site / Off-site Verification on dates:          Corrective actions taken:          Supportive evidences:          Conclusion:  <input type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates):</p>	
	<p><b><u>Minor NC:</u></b>          On-site / <del>Off-site</del> Verification on date: 14&amp;15 May 2018          Corrective Actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          (1) At Segamat estate the buffer zones has been identified and marked on the ground. This new buffer zone areas has also been marked on the estate map.          (2) At Bukit Serampang estate, faded buffer markers has been repainted and the monitoring to be done is according to the checklist prepared.          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
	<p><b>NC status verified by auditor: Closed by OCL &amp; SH</b></p>	<p><b>Date closed: 15 May 2018</b></p>
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>	
	<p>NC status verified by auditor: SH</p>	<p>Date verified: 08/03/2019</p>

**3.2.3 Year 2018: Initial Audit / Stage 2: 2 Observations**

Ref # :	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remarks (if any)
OBS# SH-01	4.5.3.5 MS 2530-3 Estates	Pukin Estate: The condition of the road leading to the landfill was not properly maintained to facilitate easy access to the site.	22/03/2018	08/03/2019	-



Report No.: M003B/18-2 IOI Corporation Berhad  
 Pukin Oil Palm Estates Grouping: Annual Surveillance Audit - 01

OBS# AL-01	4.6.1.1 MS 2530-3 Estates	Pukin Estate: Insurance case of a Pukin estate harvester, who was injured and has taken long leave is not closed yet and results of claims will need proper followed up until closure.	22/03/2018	08/03/2019	-
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3.2.4 Year 2019: Annual Surveillance Audit – 01: 5 Major NCRs

NCR	MSPO Indicator	Details of NCR
Major OCL-01	4.3.1.3 MS 2530-3 Estates	Date issued: 08/03/2019
		<b>Requirement:</b>
		The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.
		<b>Statement of Nonconformance:</b>
		Review of Legal Register and changes to laws were not evidenced at the local level.
		<b>Evidence of Nonconformance:</b>
		<b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate. Segamat Estate, Pukin Estate</b> <b>There was no documented evidence (e.g. a dated sign-off) that the Legal Register was reviewed by the respective Estate Manager and the changes to laws were noted for implementation at the local level.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<b>Root cause:</b> Any changes of legal requirement register were sent to Estate/Mill through email. By practice, sustainability staff would directly print and file the amendment of law since there is no column or space provided for manager to sign on the document.
		<b>Corrective Action:</b> Verification column for manger's signature and verification date has been provided. Please refer to the attachments: Verified Legal Requirement Register of Pukin Estate Verified Legal Requirement Register of Shahzan IOI 1 Estate Verified Legal Requirement Register of Shahzan IOI 2 Estate Verified Legal Requirement Register of Segamat Estate
<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>		
<b>MAJOR NC:</b> <del>On-site</del> / Off-site Verification on date: 21/05/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified Legal Requirement Register of all the estates concerned. Conclusion: <b>[ x ] Yes</b> - 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. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment		



	<p><b>Minor NC: N.A</b>          On-site / Off-site Verification on date:-          Corrective Actions taken: -          Supportive evidences:-          Conclusion:-  <b>[ ] Yes</b> - 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"> <tr> <td>NC status verified by auditor: Closed by OCL</td> <td>Date closed: 21/05/2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next Assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 21/05/2019	Verification of effectiveness: Next Assessment		NC status verified by auditor: -	Date verified: -
NC status verified by auditor: Closed by OCL	Date closed: 21/05/2019						
Verification of effectiveness: Next Assessment							
NC status verified by auditor: -	Date verified: -						

NCR	MSPO Indicator	Details of NCR
Major JMD-01	4.4.5.9 MS 2530-3 Estates	Date issued: 08/03/2019
		<b>Requirement:</b>
		Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.
		<b>Statement of Nonconformance:</b>
		Documentation of pay and conditions are available in all estates and mill audited, however the non-conformances mentioned below were found; 1. Overlooked public holiday pay for some eligible workers. 2. Incorrect calculation of public holiday overtime work. 3. Proportionate annual leave calculation was not consistently applied to all workers who went for long leave. 4. Reasons provided for workers not achieving minimum wages are too generic and inaccurate.
		<b>Evidence of Nonconformance:</b>
		<p><b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</b></p> <p>1(a) In Shahzan IOI 1 Estate, occasional holiday declared by the ruling party after 14<sup>th</sup> General Election in 2018 was not paid for two (2) eligible workers.</p> <p>1(b) In Shahzan IOI 2 Estate, occasional holiday declared by the ruling party after 14<sup>th</sup> General Election in 2018 was not paid for four (4) eligible workers.</p> <p>(2) In Shahzan IOI 2 Estate, overtime work conducted on occasional holiday declared by the ruling party after 14<sup>th</sup> General Election in 2018 was incorrectly calculated for one (1) worker.</p> <p>3(a) In Shahzan IOI 1 Estate, two (2) general workers went for long unpaid leave in 2018 and their annual leave eligibility were calculated proportionately based on completed months of the year. However, three (3) harvesters also went for long unpaid leave in the same year but proportionate annual leave calculation was not consistently applied on them.</p> <p>3(b) In Shahzan IOI 2 Estate, two (2) general workers went for long unpaid leave in 2018 and their annual leave eligibility were calculated proportionately based on completed months of the year. However, two (2) general workers and one (1) harvesters also went for long unpaid leave in the same year but proportionate annual leave calculation was not consistently applied on them.</p> <p>(4) In Shahzan IOI 2 Estate and Segamat Estate, workers with full attendance or only absent one (1) day in a month were already described as high absenteeism. In addition, workers who worked less than eight (8) hours in a day due to reporting late to work, long recess or early clock out were described as “low productivity”.</p>





	<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
	<p>Root Cause and Corrective Action:</p> <p>1. <u>Overlooked public holiday pay for some eligible workers.</u></p> <p><u>1(a) (i) Shahzan IOI 1 Estate</u></p> <p><b>Root Cause:</b> One of the said workers in Shahzan IOI 1 Estate, named Abdurrahim-B was not employed when the public holiday was declared on 10<sup>th</sup> May 2018. He therefore is not entitled to the public holiday as he only started his work in Shahzan IOI 1 Estate on 25<sup>th</sup> May 2018. The occasional holiday was declared by the ruling party after winning the 14<sup>th</sup> General Election for 10<sup>th</sup> May 2018 and 11<sup>th</sup> May 2018.</p> <p><b>Please refer to attachments:</b></p> <ul style="list-style-type: none"><li>- <b>Employment Identification Document for Abdurrahim-B with date joined.</b></li><li>- <b>Attendance record (Pocket Check roll) for Abdurrahim-B.</b></li></ul> <p><b>Corrective action:</b> As the worker is not entitled to the replacement public holiday pay, the assistants and chief clerk were reminded to clearly explain such issues to auditors to prevent non-compliances being issued in future.</p> <p><u>1(a) (ii)</u></p> <p><b>Root Cause:</b> Shahzan IOI 1 Estate replaced the 11<sup>th</sup> May 2018 public holiday on 16<sup>th</sup> June 2018. The second worker in Shahzan IOI 1 Estate, named Deddy Luan was not paid replacement public holiday pay as he was absent one day (on 14<sup>th</sup> June 2018) before the declared public holiday for Hari Raya Puasa (15<sup>th</sup> June 2018) and occasional holiday for 14<sup>th</sup> General Election (16<sup>th</sup> June 2018).</p> <p>As per <u>Section 60 D (2) of the Employment Act 1955 (Act 265)</u>, it is stated that if any employee absents himself from work on the working day immediately preceding or immediately succeeding a public holiday or two or more consecutive public holidays or any day or days substituted therefore under this section without the prior consent of his employer shall not be entitled to any holiday pay for such holiday or consecutive holidays unless he has a reasonable excuse for such absence.</p> <p><b>We hope that with the above explanation clarifies that the said worker was not eligible for the both public holiday for Hari Raya Puasa and occasional holiday for 14<sup>th</sup> General Election which were on 15<sup>th</sup> June 2018 and 16<sup>th</sup> June 2018 due his absenteeism from work.</b></p> <p><b>Please refer to attachments:</b></p> <ul style="list-style-type: none"><li>- <b>Comparison of attendance and public holiday between Deddy Luan and other workers.</b></li><li>- <b>Copy of “Surat Pengakuan” for Deddy Luan.</b></li><li>- <b>Memo from Shahzan IOI 1 Estate Management issued to all workers on 12<sup>th</sup> May 2018 to inform regarding revised public holidays.</b></li></ul> <p><b>Corrective Action:</b> Workers were reminded again during muster that any employee who absents himself from work on the working day immediately preceding or immediately succeeding a public holiday or two or more consecutive public holidays or any day or days substituted therefore under this section without the prior consent of his employer shall not be entitled to any holiday pay for such holiday or consecutive holidays unless he has a reasonable excuse for such absence.</p> <p><u>1(b) Shahzan IOI 2 Estate</u></p> <p><b>Root Cause:</b> Investigation of the missing payment of public holiday for four (4) eligible workers in Shahzan IOI 2 Estate revealed the following findings:</p> <ol style="list-style-type: none"><li>1) The replacement public holiday data was not inserted by the newly hired payroll data entry clerk of Shahzan IOI 2 Estate.</li><li>2) Lack of awareness and training on inserting correct data in Pinfosys system.</li><li>3) Failure by management to counter check payroll report.</li></ol> <p>Therefore, it is concluded that the major root cause is due to the human errors by management and data entry payroll clerk.</p> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"><li>1) Shahzan IOI 2 Estate management reimbursed the unpaid public holiday to the four</li></ol>



		<p>(4) eligible workers in the March 2019 pay.</p> <p>2) Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs. Managers had reminded all assistants and staffs to be more careful during checking the payroll report and payslips. The training was conducted on 17<sup>th</sup> April 2019 by Information Technology (IT) Department and Sustainability Department.</p> <p>3) Managers had reminded all assistants and staffs to be more careful during checking the payroll report and payslips. In addition, managers will counter-check all the payslips one more time prior to finalise salary payment for the workers.</p> <p><b>Please refer to attachments:</b> – Payslips for four (4) workers – Training Report and Photos – Training Attendance List</p> <p>2. <u>Incorrect calculation of public holiday overtime work.</u> <b>Root Cause:</b> Investigation of the rate of overtime work conducted on replacement public holiday for one worker, named Mohd Shahrizal bin Hamzah in Shahzan IOI 2 Estate revealed the following findings:</p> <ol style="list-style-type: none"><li>1) The rate of overtime work conducted on replacement public holiday data was wrongly inserted by the newly hired payroll data entry clerk of Shahzan IOI 2 Estate.</li><li>2) Lack of awareness and training on inserting correct data in Pinfosys system.</li><li>3) Failure by management to counter check payroll report.</li></ol> <p>Therefore, it is concluded that the major root cause is due to the human errors by management and data entry payroll clerk.</p> <p><b>Corrective action:</b></p> <ol style="list-style-type: none"><li>1) Shahzan IOI 2 Estate management reimbursed the underpaid amount of overtime work rate for occasional holiday to the worker in the March 2019 pay.</li><li>2) Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs. Managers had reminded all assistants and staffs to be more careful during checking the payroll report and payslips. The training was conducted on 17<sup>th</sup> April 2019 by Information Technology (IT) Department and Sustainability Department</li></ol> <p><b>Please refer to attachments:</b> – Payslips for Mohd Shahrizal Bin Hamzah for March 2019 – Training Report and Photos – Training Attendance List</p> <p>3. <u>Proportionated annual leave calculation were not consistently applied to all workers who went for long leave.</u> <b>Root Cause:</b> In every estate, a “data entry payroll clerk” is responsible to insert the details of pay for all the workers in the Pinfosys system. The details that are inserted in the system are such as the types of work done and also the types of leave taken by the workers. There are designated codes for every types of work and leave.</p> <p>Basically, there are two types of approved leave offered to the workers:</p> <ol style="list-style-type: none"><li>i) Long leave (coded as “LL”) – taken when workers go back to home country for a few months (more than 30 days).</li><li>ii) Casual leave (coded as “LC”) – occasionally leave taken by workers</li></ol> <p>The payroll system works in such a way that, the annual leave will proportionate based on the long leave (LL) taken by the workers. The error by the data entry payroll clerk in inserting the wrong leave code, (LC) instead of (LL) code for workers who went on long leave lead to miscalculation on proportioning the eligible annual leave.</p> <p>The attendance for all workers except harvesters are inserted manually by the payroll clerks into the Pinfosys system. As we are using Portable Data Record (PDR) system for the harvesters, their attendance record is captured when the field staffs update the PDR every morning. Therefore, the Pinfosys system did not capture the records of harvesters who went on long leave.</p> <p><b>Corrective action:</b> Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs on 17<sup>th</sup> April 2019. The</p>
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	<p>objective of the training was to improve their understanding on the workers' wages calculation and wages summary report. The participants were also reminded to not repeat the error with regards to VLP payment. As it was already more than three months since the VLP payment was made, the management decided not to recover the overpaid VLP payment from the workers.</p> <p><b>Please refer to attachments:</b>      – Training Report and Photos      – Training Attendance List</p> <p>For those workers who got overpaid due to miscalculation in proportioning the annual leave, the amount was recovered from them via the salary they received in the month of March 2019.</p> <p><b>Please refer to attached Sample of Workers' Payslips</b></p> <p>4. <u>Reasons provided for workers not achieving minimum wages are too generic and inaccurate.</u></p> <p><b>Root Cause:</b>      In every estate, a "sustainability staff" is responsible to summarize the wages obtained by all the workers every month. This staff has to analyse and report the reasons of any workers who fails to achieve the minimum wages. However, the sustainability staffs in Shahzan IOI 2 Estate and Segamat Estate were relatively new and they were not well experienced in handling the wages summary report.</p> <p><b>Corrective action:</b>      Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs on 17th April 2019. The objective of the training was to improve their understanding on the workers' wages calculation and wages summary report.</p> <p><b>Please refer to attachments:</b>      – Training Report &amp; Photos      – Training Attendance List</p> <hr/> <p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p> <hr/> <p><b>MAJOR NC:</b>  <del>On-site</del> / Off-site Verification on date: 21/05/2019      Corrective actions taken: As stated by Auditee in their RC &amp; CA      Supportive evidences:</p> <ul style="list-style-type: none"> <li>- Employment Identification Document for Abdurrahim-B with date joined.</li> <li>- Attendance record (Pocket Check roll) for Abdurrahim-B.</li> <li>- Comparison of attendance and public holiday between Deddy Luan and other workers.</li> <li>- Copy of "Surat Pengakuan" for Deddy Luan.</li> <li>- Memo from Shahzan IOI 1 Estate Management issued to all workers on 12 May 2018 to inform regarding revised public holidays.</li> <li>- Payslips for the workers concerned.</li> <li>- Training Report and Photos.</li> <li>- Training Attendance List.</li> </ul> <p>Conclusion:  <b>[ x ] Yes</b> - 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.  <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.</p> <p>Subject to further follow-up verification on (dates): Next Assessment</p>
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	<p><b>Minor NC: N.A</b>          On-site / Off-site Verification on date:-          Corrective Actions taken: -          Supportive evidences:-          Conclusion:-  <b>[ ] Yes</b> - 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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<b>NC status verified by auditor: Closed by JMD &amp; OCL</b>	<b>Date closed: 21/05/2019</b>		
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NCR	MSPO Indicator	Details of NCR
Major SH-01	4.5.1.2 MS 2530-3 Estates	Date issued: 08/03/2019
		<b>Requirement:</b> The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.
		<b>Statement of Nonconformance:</b> There are no specific quantitative objectives set that achievement can be measured.
		<b>Evidence of Nonconformance:</b> <b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate, Pukin Estate</b> <b>The objectives set are general and not quantitative. In addition, it is not measurable.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<b>Root cause:</b> As the previous format of the Environment Impact Assessment was acceptable during previous audits, we felt that it was appropriate and sufficient.
		<b>Corrective Action:</b> Together with the management of the Pukin Region Estates, we revised the EIA and decided on the following new objectives which are quantitative and measurable. These objectives will be monitored yearly. Attachment: Appendix 1 Page 5 of the revised objective for Environment Impact Assessment in Estates.
		<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>
		<b>MAJOR NC:</b> <del>On-site</del> / Off-site Verification on date: 21/05/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Documented quantitative and measurable objectives for the Environment Impact Assessment in all the estates concerned. Conclusion: <b>[ x ] Yes</b> - 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. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment



	<p><b>Minor NC: N.A</b></p> <p>On-site / Off-site Verification on date:-</p> <p>Corrective Actions taken: -</p> <p>Supportive evidences:-</p> <p>Conclusion:-</p> <p><b>[ ] Yes</b> - 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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Verification of effectiveness: Next Assessment							
NC status verified by auditor: -	Date verified: -						

NCR	MSPO Indicator	Details of NCR
Major SH-02	4.5.3.2 MS 2530-3 Estates	Date issued: 08/03/2019
		<b>Requirement:</b>
		A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: <ul style="list-style-type: none"> <li>a) Identifying and monitoring sources of wastes and pollution.</li> <li>b) Improving the efficiency of resource utilization and recycling potential waste as nutrients or converting them into value added by-products.</li> </ul>
		<b>Statement of Nonconformance:</b>
		The waste management plan was not effectively implemented.
		<b>Evidence of Nonconformance:</b>
		<b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</b>
		<ul style="list-style-type: none"> <li><b>(1) It was observed that plantation wastes such as empty fertilizer bags, plastic food containers and plastic water bottles were seen strewn all over the plantation areas.</b></li> <li><b>(2) The estate uses the services of a contractor, MS MIDO Enterprise, to collect domestic waste from the designated site at the workers' quarters and then disposed at an approved landfill/disposal site. However, there was no record kept by estate as documented evidence that the domestic waste has been disposed as required at an approved landfill/disposal site.</b></li> </ul>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<p><b>1. Root Cause Shahzan IOI 1 Estate and Shahzan IOI 2 Estate (Field cleanliness):</b>            Empty fertilizer bags are used as platforms to place collected loose fruits. After emptying the loose fruits onto tractors, the empty bags are supposed to be hung on the palm trees and to be used next day. During heavy rains and windy conditions, these bags sometimes fall down on the ground. The workers are supposed to collect these bags to be reused as platform again. However, some workers fail to do so and so the bags are left in the field as rubbish.            Plastic food containers and bottles which are brought to the field by workers are supposed to be properly disposed by them at the rubbish recycle and collection centre. However, they sometimes fail to do so. Management personnel also did not take appropriate measures to ensure that all types of inorganic wastes are either recycled or disposed at proper waste disposal site.</p> <p><b>Corrective action for Shahzan IOI 1 Estate and Shahzan IOI 2 Estate (Field cleanliness):</b>            Estate management have cleaned up the fields/plantation areas and conducted waste management training for all workers and staffs to remind them on the importance of field cleanliness.</p> <p><b>2. Root Cause Shahzan IOI 1 Estate and Shahzan IOI 2 Estate (Waste disposal):</b>            By practice, estate management keeps weighbridge ticket for MIDO payment purpose only. Since MIDO has a license from National Solid Waste Management Department and</p>



	<p>disposes rubbish in the Segamat-Kuantan licensed landfill, estate management believed that the above documents were sufficient.</p> <p><b>Corrective action for Shahzan IOI 1 Estate and Shahzan IOI 2 Estate:</b> Estate management have started to collect a copy of the vehicle entry pass to Segamat-Kuantan licensed landfill every time MIDO dump their waste in the dumping site.</p> <p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p> <p><b>MAJOR NC:</b> <del>On-site</del> / Off-site Verification on date: 21/05/2019 Corrective actions taken: As stated by Auditee in their RC &amp; CA Supportive evidences: 1(a) Waste management training for Shahzan IOI 1 on 09/04/2019 with attendance list. 1(b) Picture of field cleaning programme of Shahzan IOI 1. 1(c) Waste management training for Shahzan IOI 2 on 01/04/2019 with attendance list. 1(d) Picture of field cleaning programme of Shahzan IOI 2. 2(a) Vehicle entry pass to landfill for Shahzan IOI 1 Estate. 2(b) Vehicle entry pass to landfill for Shahzan IOI 2 Estate.</p> <p>Conclusion: <input checked="" type="checkbox"/> <b>Yes</b> - 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. <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p> <p><b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <table border="1" style="width: 100%;"> <tr> <td><b>NC status verified by auditor: Closed by SH &amp; OCL</b></td> <td><b>Date closed: 21/05/2019</b></td> </tr> </table> <p>Verification of effectiveness: Next Assessment</p> <table border="1" style="width: 100%;"> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	<b>NC status verified by auditor: Closed by SH &amp; OCL</b>	<b>Date closed: 21/05/2019</b>	NC status verified by auditor: -	Date verified: -
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NCR	MSPO Indicator	Details of NCR
Major SH-03	4.5.5.1 MS 2530-3 Estates	Date issued: 08/03/2019
		<b>Requirement:</b>
		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: <ul style="list-style-type: none"> <li>a) Assessment of water usage and sources of supply.</li> <li>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</li> </ul>
		<b>Statement of Nonconformance:</b>
		<b>There was no site specific water management plan available.</b> The action plan was also not conducted.
		<b>Evidence of Nonconformance:</b>





	<p><b>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate. Segamat Estate</b></p> <ol style="list-style-type: none"> <li>1. The water management plan produced is not site specific. For example, the water management plan for Shahzan 1 has not taken into considerations the existence of the beneficial plant nursery and its water source.</li> <li>2. There was no water sampling point location being marked at the site where water sample was taken.</li> <li>3. Water analysis for the stream is to be conducted once a year. However, for year 2019, this has not been conducted.</li> <li>4. Water was also sourced from tube well. However, there was no buffer zone demarcation surrounding the tube well area being identified.</li> <li>5. Some of the buffer markers are already faded.</li> </ol> <p>[Since a Minor NC# SH-02 was raised at the previous assessment (2018), this NC is now upgraded to a Major NC].</p> <hr/> <p><b>Root Cause and Corrective Action(s): by Auditee Representative</b></p> <p><b>Root cause:</b></p> <ol style="list-style-type: none"> <li>1. Water Management Plan was drafted by Sustainability Department in a general format which was accepted during previous audits. The contents are mostly site specific, but we realize that we failed to include some items. For example, the beneficial plant nursery in Shahzan 1, water needs assessment, water quality analysis, water contingency plan, etc. As for the example given on Shahzan 1's finding that the pond near the beneficial plant nursery was not considered as a water source to water the beneficial plants, we wish to inform that the pond water is not suitable to water the beneficial plants and that estate has other water sources too.</li> <li>2. There were new (Water Quality Index) WQI points proposed to the Research Centre – Stream Water Sampling Team and due to reasons as river dryness and remapping, research unable to complete the water sampling and thus estate management fail to identify the correct coordinate to place the water sampling signboard.</li> <li>3a. Shahzan IOI 1 Estate: Based on the earlier schedule given by Stream Water Sampling Team the sampling should be carried out on 21<sup>st</sup> January 2019 by Research Centre Batang Melaka. However, during the sampling day, the river found to be dried and no water flow. Thus, the water sampling was postponed temporarily.</li> <li>3b. Shahzan IOI 2 Estate: Based on the earlier schedule given by Stream Water Sampling Team the sampling should be carried out on 21<sup>st</sup> January 2019 by Research Centre Batang Melaka. However, during the sampling day, the river found to be dried and no water flow. Thus, the water sampling was postponed temporarily.</li> <li>3c. Segamat Estate: Since Sustainability Department is in the midst of revising the WQI Points for all the estates, Segamat estate WQI points were revised as well and this cause delay in sample taking for Stream Water Analysis.</li> <li>4. Shahzan IOI 1 Estate: Estate practices buffer zone (red circle) marking only at riparian reserve areas and not aware regarding the demarcation required around the tube well area. However by practice, the tube well area is fenced and no chemical was being used within the fenced area.</li> <li>5. Segamat Estate team was in midst of cleaning, fencing and remarking the palms around the pond area. Once fencing has been done the palms has been marked with red circle.</li> </ol> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>1. Water management is revised for all Pukin Region estates and Pukin Mill in order to be site specific by including potential water source, water contingency plan, justification on analysis of stream water quality report and domestic water analysis report. Attached with the example of revised Water Management Plan for Estate and Mill</li> <li>2. Shahzan 2 and Segamat Estates: New signboards of water sampling have been placed by the estate team by confirming the correct sampling location from the Research Centre – Stream Water Sampling Team.</li> </ol>
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		<p>3a. Shahzan 1 Estate: Memorandum has been given by the Assistant Manager of IOI Research Centre, Gemencheh to Shahzan 1 Estate mentioning on the rescheduling of water sampling date as the streams were found dry during earlier sampling date.</p> <p>3b. Shahzan 2 Estate: The Stream Water Sampling has been conducted in the estate dated on 20<sup>th</sup> February 2019.</p> <p>3c. Segamat Estate: Stream Water Sampling has been conducted in the estate dated on 23<sup>rd</sup> February 2019.</p> <p>4. Shahzan 1 Estate: The tube well has been marked as buffer zone and training has been given to spraying and manuring workers to make sure no chemical usage at the marked palms.</p> <p>5. The pond area has been fenced and buffer zone marking has been repainted clearly.</p>		
		<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>		
		<p><b>MAJOR NC:</b>  <del>On-site</del> / Off-site Verification on date: 21/05/2019          Corrective actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:          1a: Water Management Plan for Pukin Estate dated 21/04/2019          1b: Water Management Plan for Pukin POM dated 11/02/2019          2a: Pictures of WQI Signboard Erected – Segamat Estate          2b: Pictures of WQI Signboard Erected – Shahzan 2 Estate          3a: Memorandum on Rescheduling of Water Sampling- Shahzan 1 Estate dated 23/03/2019          3b: Analysis of Stream Water Samples – Shahzan 2 Estate          3c: Analysis of Stream Water Samples – Segamat Estate          4a: Picture of Buffer Zone Marking at Tube Well Area of Shahzan 1 Estate          4b: Training Report dated 01/04/2019 for Buffer Zone around Tube Well Area          5: Picture of Buffer Zone Marking in Segamat Estate          Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - 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.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.          Subject to further follow-up verification on (dates): Next Assessment</p>		
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3.2.5 Year 2019: Annual Surveillance Audit – 01: 0 Minor NCR

3.2.6 Year 2019: Annual Surveillance Audit – 01: 3 Observations

Ref No:	Details of Observation	Status
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	MSPO Indicator		Opened date	Closed date	Remark, if any
<b>OBS# OCL-01</b>	<b>4.1.1.1</b>	Location: Shahzan IOI 1 Estate and Shahzan IOI 2 Estate Training/Briefing on MSPO requirements had been conducted for staff and workers and records of training/briefing are available. However, during interviews with the internal workers (harvesters and general workers), it was found that they lack understanding of the MSPO requirements.	08/03/2019	Next Audit	-
<b>OBS# JMD-01</b>	<b>4.4.5.10</b>	Location: Shahzan 01 Estate and Shahzan 02 Estate Employment contract with foreign workers stated that pillow, mattresses, basic PPE, etc. will be provided to new workers upon arrival at the estates. However, no distribution records available for verification. Distribution of these items was confirmed only through interview with the workers and receipts of purchase.	08/03/2019	Next Audit	
<b>OBS# JMD-02</b>	<b>4.4.5.13</b>	Location: All estates Minutes of JCC meetings are available for verification. Issues raised during the meetings were also verified to be effectively closed by the management and recorded in the social mitigation plans. However, methods and dates of closures of these issues were not specifically mentioned in the meeting minutes and no reference made to the social mitigation plan.	08/03/2019	Next Audit	

**3.2.7 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 Feedback Raised by Stakeholders and Findings

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

#### 3.3.1 Feedback Raised by Stakeholders (Annual Surveillance – 01: Year 2019)

Communication done via email on 01 Feb 2019 to various categories of stakeholders (see list under para 2.5):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<b>Government Agencies:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Non-Governmental Organizations:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Local Communities - Stakeholders' Consultation:</b> Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 08 Mar 2019. A total of 7 stakeholders including from neighbouring estates, villages, smallholder, contractor and supplier were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:  1. CF application for houses within the estate and POM management should be submitted. Request from JTK Segamat.	Pukin Estate will respond accordingly to the reminder from JTK Segamat.	To be followed up during the next Assessment.	
<b>Local Communities - Interviews:</b> Interviews of sampled staff and workers were also conducted by the auditors during field visits from 04-08 Mar 2019 at the POM and estates:  Staff/Workers sampling: POM = 25 males, 9 females Estates = 54 males, 20 females  No issues raised by the sampled staff and workers.	No response needed.	No response needed.	Nil
<b>Other Interested parties:</b> No feedback received.	No response needed.	No response needed.	Nil



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#### 4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Pukin 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 Pukin Oil Palm Estates Grouping be continued.

Signed for and on behalf of  
Intertek Certification International Sdn Bhd

Dr. Ooi Cheng Lee  
Lead Assessor

Date: 28 Jun 2019

#### 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: 01 July 2019



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

Certificate No:	<b>MSPO 003B</b>
Original Issue date:	6 Jul 2018
Expiry date:	5 Jul 2023
New Certificate Start date	6 Jul 2019
Organisation	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhraya 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 FFB

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

Name	Address	GPS Reference		Mature Planted Area - ha	Certified (Titled) Area - ha
		Latitude	Longitude		
Pukin Palm Oil Mill Capacity (60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	-	10,020.19
Pukin Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	2,173	
Shahzan IOI 1 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E	1,512	
Shahzan IOI 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E	1,601	
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E	1,143	
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E	2,383	

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

Pukin Estates	Annual Tonnages (MT)
FFB	210,000





## APPENDIX A:

### Qualifications of Lead Auditor and Audit Team

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

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

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

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certification (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 35 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He was formerly the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

#### **Mr. Sazali Hasni – 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 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.

#### **Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare**

– BSc (Social Science)

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

#### **Mr. Mohamad Amirul Saifullah bin Mohamad Senan – Provisional Assessor**

– Bachelor of Agricultural Science, Universiti Putra Malaysia

Mr. Mohamad Amirul Saifullah (MAS) has over 6 years work experience in the oil palm plantation sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2015, RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C), MSPO Lead Auditor Course and MSPO Supply Chain Lead Auditor Course.



Appendix B:

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

Date	Time	Auditors and Audit Activity		
		Audit Team		
04 Mar 2019 Monday  (Day 1)	7.00 am – 11.00 am	Travel from Kuala Lumpur to Pukin POM		
	11.00 am – 11.45 am	<b>Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)</b>		
	11.45 am – 12.45 pm	Lunch break		
	12.45 pm – 5.30 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
		<b>OCL (*MAS)</b>	<b>SH</b>	<b>JMD</b>
		<b>Site Audit at Mill</b> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements • P6 Best practices	<b>Site Audit at Mill</b> • P1 Management commitment and responsibility • P3 Compliance to legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services	<b>Site Audit at Mill</b> • P1 Management commitment and responsibility • P3 Compliance to legal requirements • P4 Social responsibility, health, safety and employment condition
		• Verification of effectiveness of corrective actions for non-conformances (if applicable)		
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		
		OCL	SH	JMD
05 Mar 2019 Tuesday  (Day 2)	8.30 am – 12.30pm	<b>Site Audit at Shahzan IOI 1 Estate</b> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements • P6 Best practices • P7 New plantings	<b>Site Audit at Shahzan IOI 1 Estate</b> • P3 Compliance to legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services	<b>Site Audit at Shahzan IOI 1 Estate</b> • P3 Compliance to legal requirements • P4 Social responsibility, health, safety and employment condition
		Lunch Break		
		<b>Continue Site Audit at Shahzan IOI 1 Estate</b>		
		Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		



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Date	Time	Assessors and Audit Activity		
06 Mar 2019 Wednesday  (Day 3)	8.30 am – 12.30 pm	<b>OCL</b> <b>Site Audit at Shahzan IOI 2 Estate</b> <ul style="list-style-type: none"> <li>• P1 Management commitment and responsibility</li> <li>• P2 Transparency</li> <li>• P3 Compliance to legal requirements</li> <li>• P6 Best practices</li> <li>• P7 New plantings</li> </ul>	<b>SH</b> <b>Site Audit at Shahzan IOI 2 Estate</b> <ul style="list-style-type: none"> <li>• P3 Compliance to legal requirements</li> <li>• P5 Environment, natural resources, biodiversity and ecosystem services</li> </ul>	<b>JMD</b> <b>Site Audit at Shahzan IOI 2 Estate</b> <ul style="list-style-type: none"> <li>• P3 Compliance to legal requirements</li> <li>• P4 Social responsibility, health, safety and employment condition</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue Site Audit at Shahzan IOI 2 Estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.00 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
07 Mar 2019 Thursday  (Day 4)	8.30 am – 12.30 pm	<b>OCL</b> <b>Site Audit at Segamat Estate</b> <ul style="list-style-type: none"> <li>• P1 Management commitment and responsibility</li> <li>• P2 Transparency</li> <li>• P3 Compliance to legal requirements</li> <li>• P6 Best practices</li> <li>• P7 New plantings</li> </ul>	<b>SH</b> <b>Site Audit at Segamat Estate</b> <ul style="list-style-type: none"> <li>• P3 Compliance to legal requirements</li> <li>• P5 Environment, natural resources, biodiversity and ecosystem services</li> </ul>	<b>JMD</b> <b>Site Audit at Segamat Estate</b> <ul style="list-style-type: none"> <li>• P3 Compliance to legal requirements</li> <li>• P4 Social responsibility, health, safety and employment condition</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	<b>Site Audit at Pukin Estate</b> <ul style="list-style-type: none"> <li>• P1 Management commitment and responsibility</li> <li>• P2 Transparency</li> <li>• P3 Compliance to legal requirements</li> <li>• P6 Best practices</li> <li>• P7 New plantings</li> </ul>	<b>Site Audit at Pukin Estate</b> <ul style="list-style-type: none"> <li>• P3 Compliance to legal requirements</li> <li>• P5 Environment, natural resources, biodiversity and ecosystem services</li> </ul>	<b>Site Audit at Pukin Estate</b> <ul style="list-style-type: none"> <li>• P3 Compliance to legal requirements</li> <li>• P4 Social responsibility, health, safety and employment condition</li> </ul>
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		



Date	Time	Assessors and Audit Activity		
		OCL	SH	JMD
08 Mar 2019 Friday  (Day 5)	8.30 am – 10.30 am	<b>Site Audit at Mill</b> <ul style="list-style-type: none"> <li>• P1 Management commitment and responsibility</li> <li>• P2 Transparency</li> <li>• P3 Compliance to legal requirements</li> </ul>	<b>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability):</b> <ul style="list-style-type: none"> <li>• Contractors</li> <li>• Suppliers</li> <li>• Transporters</li> <li>• NGOs</li> <li>• Government Department / Agencies</li> <li>• Local Community</li> <li>• Settlers, in the case of independent and organized smallholders.</li> </ul>	<b>Notes</b> 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders prior to the audit. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement.
	10.30 am – 11.00 am			
	11.00 pm – 11.30 pm	Preparation for Closing Meeting		
	11.30 pm – 12.00 pm	Team Meeting and Discussions with POM Management Representative		
	12.00 pm – 1.30 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>		
	1.30 pm onwards	Travel back to Kuala Lumpur		

**Appendix: Audit Team Competency Matrix (Audit Areas)**

MSPO	Areas	Lead Auditor (LA) / Auditor (A) / Technical Expert (TE)		
		OCL (LA / TE)	SH (A / TE)	JMD (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 at POM / Estates	√		
P7	New Plantings (only for MS 2530-3)	√		

**Special note:**

Provisional Assessor	Mr. Mohamad Amirul Saifullah	MAS	H/P: 012 – 252 8206
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He will follow Lead Auditor in Day 1 and as assign by lead auditor for the rest of the day



APPENDIX C-1:

Location Map of IOI Pukin Grouping, Rompin & Muadzam Shah (Pahang), Segamat & Tangkak (Johor)

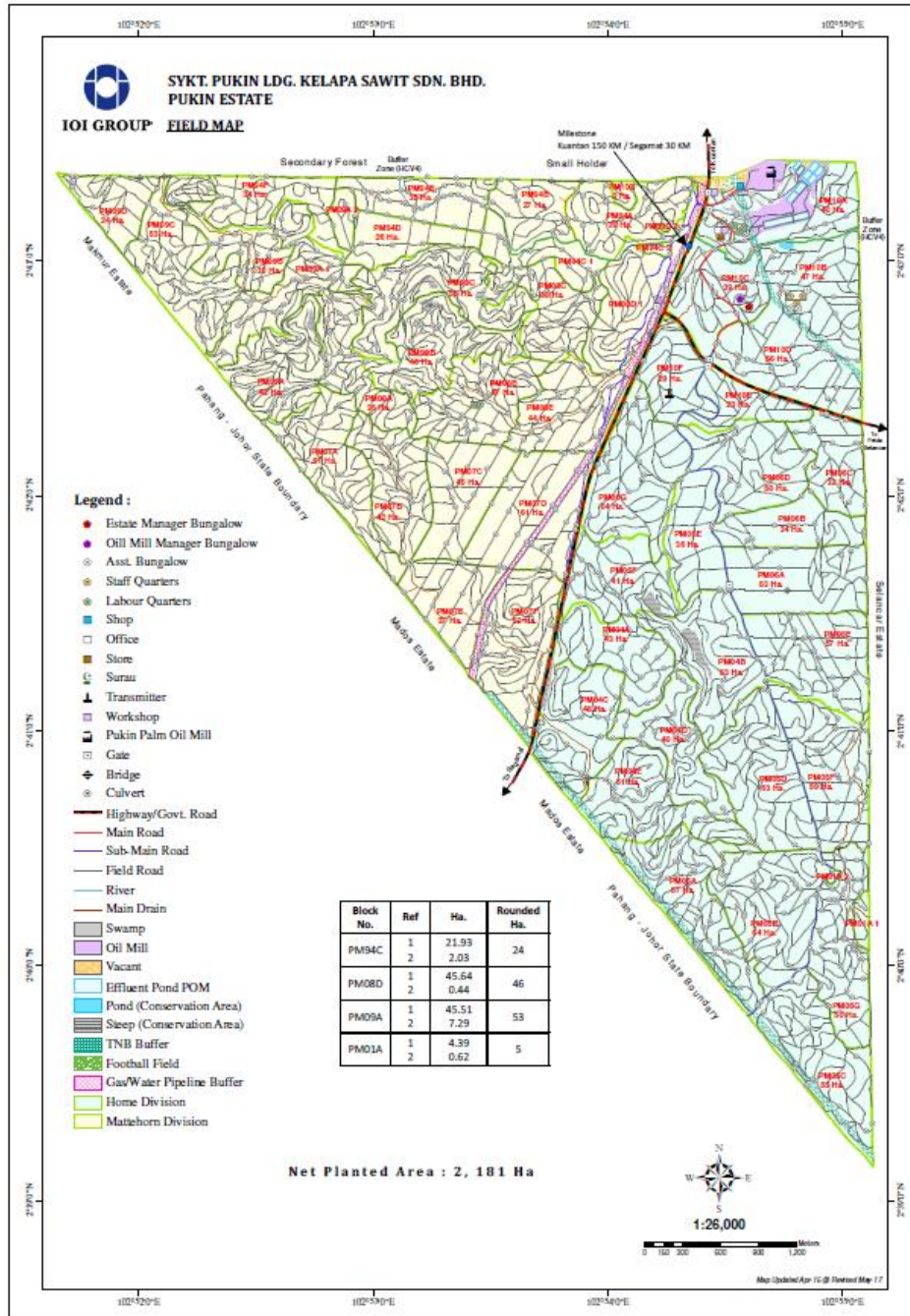






APPENDIX C-2:

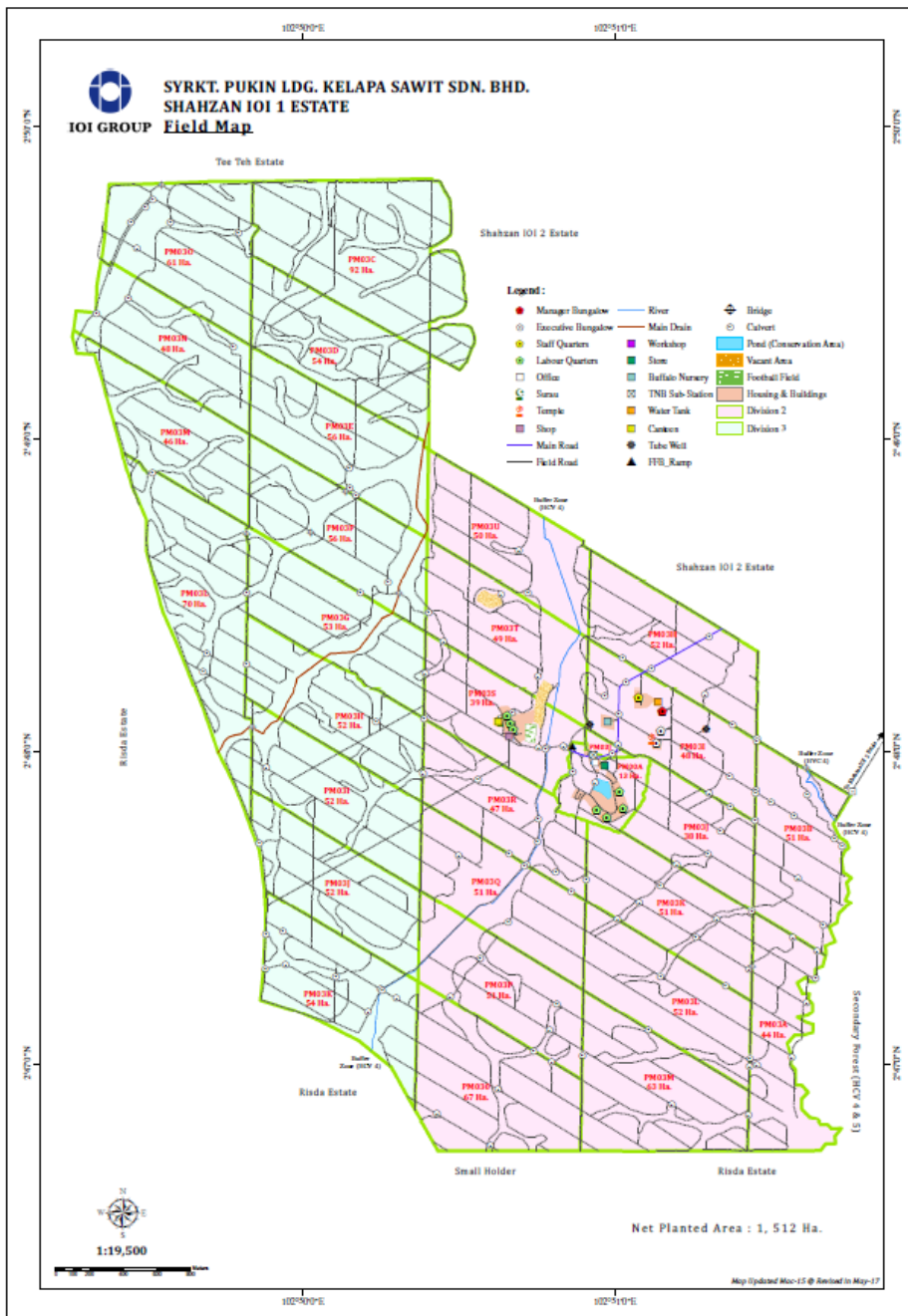
Map of Pukin Estate and POM





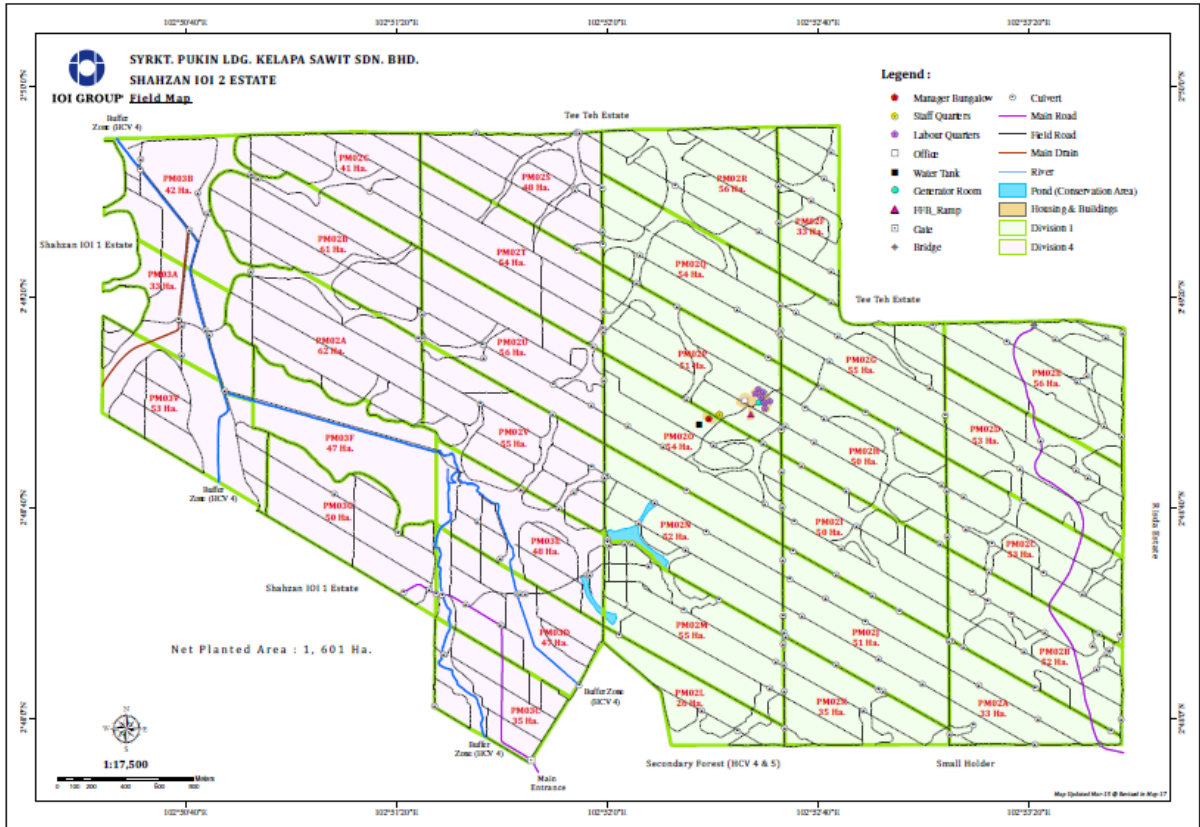


APPENDIX C-3:  
Map of Shahzan 1 Estate





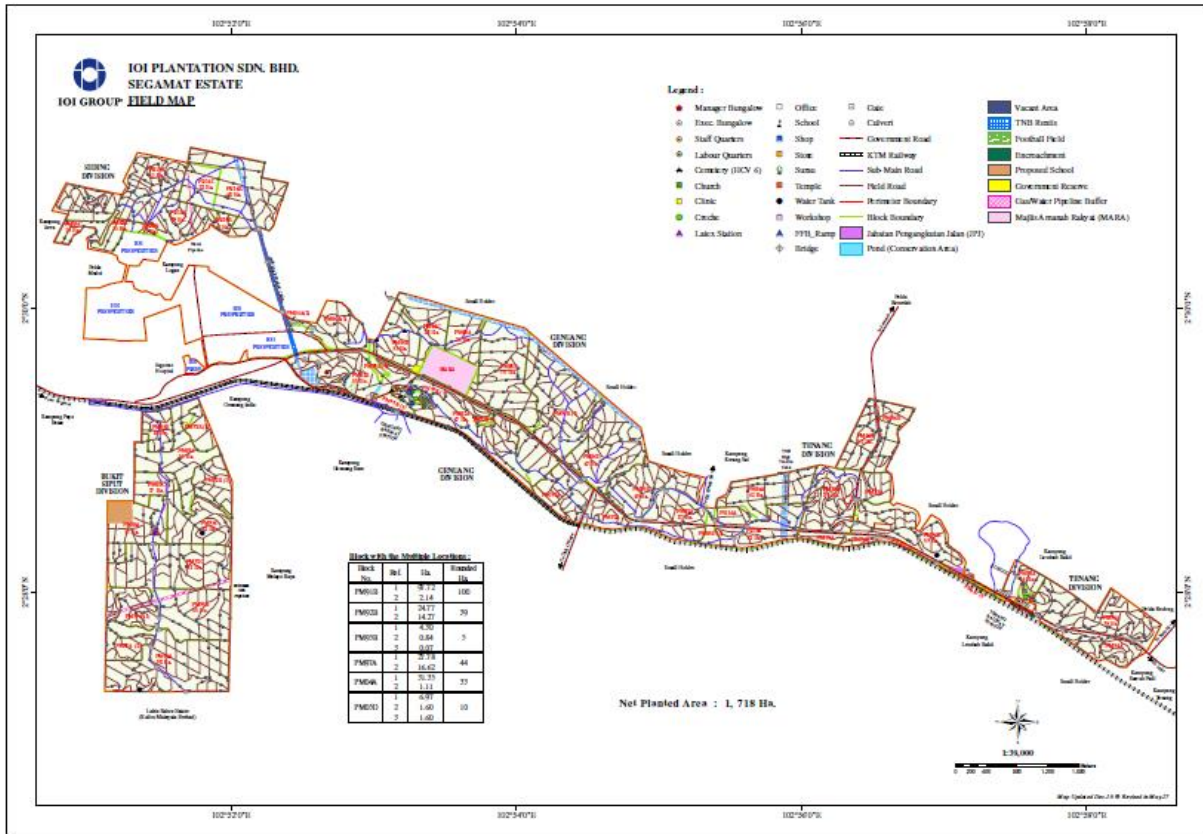
APPENDIX C-4:  
Map of Shahzan 2 Estate





APPENDIX C-5:

Map of Segamat Estate





APPENDIX C-6:

Map of Bukit Serampang Estate

