

MSPO CERTIFICATION
ANNUAL SURVEILLANCE AUDIT
SUMMARY REPORT

IOI CORPORATION BERHAD

Syarimo Oil Palm Estates Grouping

Lahad Datu, Sabah, Malaysia

Certificate No:	INTERTEK MSPO 002B
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Initial / Stage 2	15 – 19 Jan 2018
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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-01 was conducted on the Syarimo Oil Palm Plantation / Estates of IOI Corporation Berhad (hereafter abbreviated as IOI), from **14 – 17 Jan 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 Syarimo Oil Palm Plantation are made up of a grouping of estates which are owned and managed under IOI Corporation Berhad (IOI).

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

The Syarimo Grouping consists of one (1) palm oil mill, namely **Syarimo Palm Oil Mill and nine (9) 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
Syarimo Sdn Bhd - Syarimo Palm Oil Mill (Capacity: 90 MT/hour)	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	05°20.001'N	117°46.875'E
1. Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E
2. Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E
3. Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E
4. Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E
5. Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E
6. Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E
7. Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E
8. Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E
9. Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E

Table 1-1: Registered Name of Palm Oil Mill, Estates and MPOB License

Registered Company Mill name	Designated Mill Name	Registered Company Estate name	Estate Division Name	MPOB License No.	MPOB License Validity
Syarimo Sdn Bhd	Syarimo Palm Oil Mill	Sykt. Best Cocoa Sdn Bhd	Syarimo 1	502881002000	01/08/2018 - 31/07/2019
		Agroplex (Sabah) Sdn Bhd	Syarimo 2	502893302000	01.07.2018 - 30.06.2019
		Very Good Estate Sdn Bhd	Syarimo 3	502983202000	01/01/2019 - 31/12/2019
		Very Good Estate Sdn Bhd	Syarimo 4		
		Very Good Estate Sdn Bhd	Syarimo 5		



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		Agroplex (Sabah) Sdn Bhd	Syarimo 6	502893302000	01.07.2018 - 30.06.2019
		Maxgrand Sdn Bhd	Syarimo 7	503646402000	01/03/2018 - 28/02/2019
		Maxgrand Sdn Bhd	Syarimo 8		
		Maxgrand Sdn Bhd	Syarimo 9		

1.3 Description of FFB supply base

The supply base i.e. FFB sources to the POM at Syarimo Grouping are from the abovementioned 9 estates owned by IOI. 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 Syarimo Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Current (Year 2017)		Area Summary (ha) – Current (Year 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
1. Syarimo 1	1914.00	1820	1914	1820
2. Syarimo 2	1986.52	1710	1986.52	1710
3. Syarimo 3	2442.02	2306	2442.02	2306
4. Syarimo 4	2376.95	1877	2376.95	1875
5. Syarimo 5	2267.55	2072	2267.55	2072
6. Syarimo 6	1740.88	1594	1740.88	1594
7. Syarimo 7	2079.86	1963	2079.86	1963
8. Syarimo 8	1853.32	1430	1853.32	1430
9. Syarimo 9	1756.16	1515	1756.16	1499
Total:	18,417.26	16,287	18,417.26	16,269

Notes:

1. The estates sampled for current Assessment have been selected by rotation since previous audit and special focus made on their **potential risks on social, environmental and biodiversity issues** such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
2. The certified area and planted area for the grouping were slightly reduced during current assessment as compared to the previous year due to re-survey measurements of the planted areas undertaken in Nov 2017.



1.4 Summary of plantings and cycle

The 9 estates had been developed since 1995 and with the current cycle of planting for the Oil Palms and age profile shown in Table 3 below.

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

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Syarimo 1 Estate	1995	1 st	1820	0	1820
2	Syarimo 2 Estate	1995	1 st	1710	0	1710
3	Syarimo 3 Estate	1995	1 st	2306	0	2306
4	Syarimo 4 Estate	1995 - 2004	1 st	1875	0	1875
5	Syarimo 5 Estate	1995, 2000, 2004 2016, 2017, 2018	1 st 2 nd	1554 0	0 518	2072
6	Syarimo 6 Estate	1995	1 st	1594	0	1594
7	Syarimo 7 Estate	1997 - 2002	1 st	1978	0	1963
8	Syarimo 8 Estate	2001, 2002, 2003	1 st	1430	0	1430
9	Syarimo 9 Estate	2001, 2002, 2003	1 st	1515	0	1499
			Total	15,751	518	16,269

Notes:

- There has been no New Planting in any of the 9 estates at the certified areas.
- Replanting had started in year 2016 (at Syarimo 5 estate) and is progressively ongoing till 2024/2025.

1.5 Summary of Land Use and HCV Areas

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

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

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2018)	CB Verification
1	Oil Palm - Planted Area (ha)	16,269	Verified on site
	OP Mature (Production)	15,751	Verified on site
	OP Immature (Non-Production)	518	Verified on site
	OP Planted on Peat	155	Verified at Syarimo 5
	Other crop such as Rubber etc.	Nil	Verified on site
2	Conservation Area (ha)		
	Conservation (non-forested)	967.99	Verified data available.
	Note: Conservation areas such as unplanted steep / hilly and swampy areas		
3	HCV Area (ha)		
	As per HCVA guidelines	68.9	Verified data available.



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1.6 Other certifications held and Use of MSPO Trademarks

Currently, the other certification held by IOI Syarimo 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. N B Sudhakaran
Plantation Director
IOI Plantation Services Sdn Bhd
Level 28, IOI City Tower 2,
Lebuh IRC, IOI Resort City,
62502, Putrajaya, Malaysia
Tel: 603-89478888
Email: nbsudha@ioigroup.com

At Syarimo Grouping:
Mr. Kathiravan Subramaniam
Senior Manager
IOI Plantations Services Sdn Bhd,
Lahad Datu Regional Office,
MDLD 3132, Km 3 Jalan Segama,
91100 Lahad Datu, Sabah,
Malaysia
Tel: 016-8328120
Email: ioisyarimo@gmail.com



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 Syarimo Grouping based on the **actual for the past 12 months** is as in Table 5 below:

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

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Syarimo 1 estate	44304.54	Syarimo POM	Intertek
2.	Syarimo 2 estate	37761.79	Syarimo POM	Intertek
3.	Syarimo 3 estate	49798.49	Syarimo POM	Intertek
4.	Syarimo 4 estate	40444.90	Syarimo POM	Intertek
5.	Syarimo 5 estate	38771.03	Syarimo POM	Intertek
6.	Syarimo 6 estate	36976.63	Syarimo POM	Intertek
7.	Syarimo 7 estate	58144.45	Syarimo POM	Intertek
8.	Syarimo 8 estate	40544.74	Syarimo POM	Intertek
9.	Syarimo 9 estate	41443.02	Syarimo POM	Intertek
	Total (under PMU):	388,189.59		
	Other Suppliers:	Nil		
	Grand total	388,189.59		

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

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	%
A. Grouping estates: (under certification)	401,483.58	100	388,189.59	100	390,400	100
B. External Suppliers: (certified)	0	0	0	0	0	0
C. External Suppliers: (non-certified)	0	0	0	0	0	0
Total	401,483.58	100%	388,189.59	100%	390,400	100%



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

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

POM	Year 2017 - Actual		Year 2018 - Actual		Year 2019 - Projected	
Total Certified FFB Processed (MT)	401,483.58		388,189.59		390,400	
Total Certified CPO Production (MT)	80,593.62	OER: 20.07%	77,553.4	OER: 19.98%	78,080	OER: 20.00%
Total Certified PK Production (MT)	19,567.40	KER: 4.87%	19,806.22	KER: 5.10%	20,300	KER: 5.20%
SCCS Model for POM as per MSPO SCC	-		SG		SG	

Note: The above FFB, CPO and PK tonnages are currently certified as '**SG**' status under the **MSPO P&C and MSPO SCC certification**.

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	StOP	Standard Operating Procedure



2.0 AUDITING PROCESS

2.1 Auditing Methodology, Plan and Site Visits

Since 10 Dec 2018, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Syarimo Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 14 to 17 Jan 2019, the Assessment team of Intertek conducted the Surveillance assessment during which 4 out of the 9 estates of **Syarimo Grouping, namely Syarimo 2, 4, 6 and 8 Estates as well as the Palm oil mill** were assessed for compliance against the MSPO requirements.

The number of estates sampled was based on the sampling methodology with reference to the MSPO Certification Scheme and in accordance with the **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.

The Z multiplier value was determined as Low risk for this POM and Estates grouping considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

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 prior to the approval of this report and decision on certification by Intertek. Note: External Peer Review was not required as this is a Surveillance audit.

2.2 Date of next scheduled visit

The next scheduled visit will be the next 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, MSPO P&C, RSPO P&C, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of-Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.



2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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



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

Local community (On-site interviews)

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



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: Syarimo Oil Palm Estates Grouping	
Auditor/s: Augustine Loh (AL), Chin Bit Kee (CBK) and Jumat Majid (JMD)	Audit Dates: 14 – 17 Jan 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 also documented its MSPO Policy in March 2018 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 mill management and community development. Mill has carried out environmental impact assessment (EIA) as per the guidelines stated in the EIA Assessment. Management action plans & continuous improvement plans dated 1/8/2018 Sighted the training program and records for all workers on Sustainability and MSPO requirement with commitment to continual improvement.	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. The Internal Audit Procedure MSPO/SOP/IA Rev 2 (17/02/2018) stated that audit shall be planned and carried out at least out once a year to determine the status of the MSPO implementation and to identify the potential areas for continual improvement.	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.	Internal Audit was conducted by Mr. Agos and team from SPO Dept. on 18 Dec 2018 as evident in Internal Audit Summary. Three (3) findings were observed and sighted with actions taken by the Mill Manager Mr. Hasnuddin B to close the findings as seen in the audit report. Audit results were evaluated and adequate corrective actions were taken on the non-conformances.	Complied
4.1.2.3	Indicator 3: Report shall be made available to the management for their review.	The audit report was 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	Management reviewed was conducted 21 Dec 2018 title "Ulasan Mengenai Audit Dalaman Pensijilan MSPO":	Complied



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	continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	Attendance : 12 persons Place : Syarimo Mill Conference room The mill has conducted management review as per planned intervals (annually). All details of internal audit were reviewed during the management review and appropriate actions for improvement were planned and implemented.	
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.	There were action plans for the Continual Improvement being implemented and monitored. The planned and progressively implemented continual improvement activities in the Estates include: <u>Continual improvements for Estates:</u> Increased planting of beneficial plants as such as Cassia cobanensis to 70% ratio as direct bio-control for the prevention of bag worm development. Reduce the usage of pesticides. Increase collection of plastic waste for recycling Additionally portable Palm data devices were used for monitoring of yields from the estates since Jan 2017. Evidence of progress monitoring and completion updates were available for the above continuous improvement action plans.	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. Portable Palm Data Devise was used at the field of estates for FFB bunch checking, counting and reporting.	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 to Field Supervisors and Mandores use of the Portable Palm Data Devise at field operations for FFB bunch checking and data logging. Portable Palm Data Devise refresher training were conducted on SY 2, 4, 6 & 8 estates between 12 Nov and 8 Dec 2018.	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	The IOI's Group consultation and communication procedures are available via website link: http://www.ioigroup.com/corporateresponsibility/environment_plantation.cfm The management has adopted an open and transparent method of communication and consultation when dealing	Complied



	negative environmental or social outcomes.	<p>with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p> <p>Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.</p> <p>Annual External Stakeholders meeting was held for the entire IOI Estates at the Lahad Datu Region in Dec 2018.</p> <p>Internal stakeholder meetings included Employee Consultative Committee (ECC) meetings & Gender Consultative Committee (GCC) meetings, Safety & Health Committee (SHC) meetings.</p> <p>Internal stakeholders, ECC, GCC, SHC meetings at the estates were held between 15 Sept and 14 Dec 2018.</p> <p>All meeting minutes were sighted by the Social Auditor on-site during the audit.</p>	
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 at the IOI website. 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.	<p>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.</p> <p>Appointments letters as issued to the respective Social Liaison Officers at the estates audited were sighted.</p>	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.	<p>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 consultation.</p> <p>Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes.</p> <p>Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.</p>	Complied



4.2.3	C3: Traceability		
4.2.3.1	Indicator 1: The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).	The IOI Group has established, implemented and maintained their procedure for Supply chain traceability for estates FFB up to the POM. The Syarimo Estates and POM has maintained valid certifications in: RSPO Supply Chain requirements and ISCC Traceability and Supply chain requirements	Complied
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	Inspections on compliance was done via the following: Internal Audits and Annual RSPO and ISCC certification audits were conducted between 10 Oct and 16 Dec 2018.	Complied
4.2.3.3	Indicator 3: The management should identify and assign suitable employees to implement and maintain the traceability system.	Assigned person is the Sustainability Palm Oil (SPO) Manager for Sabah region who is supported by team of assistants. Letter of appointment letter was noted as follows: Mr. Agos Atan as Sustainability Manager (Sabah region) appointed on 18.09.2017.	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 filed were maintained and verified to be traceable via the Delivery Notes, Lorry tickets and Weighbridge chits which were maintained at the respective estate offices.	Complied

P3: Compliance to legal requirements

Clause	Requirements	Evidence	Conformity
4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates on 3 Jan 2019 for any relevant updates. The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities. Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines. Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.	Complied



		<p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Medical history records of the workers were available and noted to be maintained.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Land Assessment and statutory returns to relevant authorities found to be in compliance.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the estates.</p> <p>There were no cases of any violation or actions imposed by relevant authorities.</p> <p>Cases of absconded workers were reported to the Police or Immigration Department in timely manner, i.e. the estate management only lodge the report once a year. Reference: Immigration rules require abscondment cases to be reported as soon as possible.</p> <p>Case of worker’s name shown in the insurance cover is noted to be the same as the name shown in the passport. Reference: Foreign Worker Compensation Scheme under Section 26(2) of the Amended Act 1996 of Workmen’s Compensation Act 1952.</p> <p>Thus previous NC (2018): JMD-01 is effectively closed.</p>	
4.3.1.2	Indicator 2: The management shall list all laws applicable to their operations in a legal requirements register.	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates on 3 Jan 2019 for any relevant updates.</p> <p>All relevant updates are note to be communicated by the IOI HQ to all units of POM and estates within the IOI group.</p>	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>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored with updated changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. which were noted to be satisfactorily adhered.</p>	Complied



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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 Group Plantation Director (GPD) at the HQ, Putrajaya, Selangor.</p> <p>Monitoring of compliance is done by the Environment, Safety & Health (ESH) Manager and Sustainability Team who are based on site.</p> <p>The mechanism of tracking the law changes as identified from the group HQ, would be distributed to the POMs and all the Estates via email.</p> <p>The changes to Environmental related laws are monitored by the Sustainability Team (Sabah region) headed by Mr Agos Atan and the changes in the labour related laws monitored by the Senior GM – Mr SS Ragupathy (Sabah region) as was stated in their respective Job Scope.</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 company plantation areas 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. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p> <p>There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	<p>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.</p> <p>Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1- meter differential Global Positioning System (GPS).</p> <p>Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.</p>	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).	<p>Verified that there were no borders at Syarimo POM which were adjacent to any villages or native land.</p> <p>Therefore, there has been no instances or records of any negotiation or compensation.</p>	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 this is titled land 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.	Maps showing the extent of the legal boundary of the Estates were available. Re-survey was conducted in Nov 2017. The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas. There is no dispute on the land rights in the PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.	Complied
4.3.3.3	Indicator 3: Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	Verified that there were no borders at Syarimo Estates which were adjacent to any villages or native land. Therefore, there has been no instances or records of any negotiation or compensation.	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 Audit report and Management Plans at the estates were documented by the Sustainability Team. Latest revision of the report was in Jan 2019. The plans included monitoring of negative impacts and enhancement of positive ones. Monitoring records were retained and made available as evidence that actions had been taken.	Complied
4.4.2	C2: Complaints and grievances		
4.4.2.1	Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	The management had established the Grievances Procedure dated 5/6/2018 ¹ and since Nov. 2017, IOI group had already adopted a revised Whistleblowing Policy ² which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website. ³ A Complaints / Grievance Register is maintained. Verified that issues registered are mainly on housing repairs, road conditions, water and electricity disruptions, etc. The complaints are reviewed with appropriate actions taken and recorded. ¹ https://www.ioigroup.com/Content/S/PDF/Grievance_mechanism.pdf ² https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf ³ https://www.ioigroup.com/Content/G/G_Whistleblowing	Complied
4.4.2.2	Indicator 2: The system shall be able to resolve disputes in an	The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and	Complied



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	effective, timely and appropriate manner that is accepted by all parties.	<p>be acted upon by the Social Liaison Officers, for example Mr. Zaidan Bin Awang, AM in Syarimo 8 Estate and Mr. Larry Lee Yun, AM in Syarimo 2 Estate. The Social Liaison Officers will investigate the matter and resolve with the affected parties. Verified that there no instances of any serious disputes.</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>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.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.</p>	
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.	Employees and affected stakeholders can make complaints by recording in the Complaints & Grievance Book kept at the Estate offices. Complaint boxes are available at the entrances of offices where affected employees and other stakeholders can drop in their complaints to be acted upon by the Social Liaison Officers.	Complied
4.4.2.4	Indicator 4: Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	<p>The Management informed the invited employees and surrounding communities at the internal and external Stakeholders consultations regarding their complaint/grievance procedure and feedback mechanism.</p> <p>External Stakeholder Consultation for the whole group was held on 4/1//2019 in Lahad Datu Regional Office (LDRO) was attended by more than 50 representatives from Government (school, immigration department, police department, Sabah forestry etc.), neighbouring estates, external suppliers, contractors and NGOs (Humana & Community Learning Centres - CLC).</p> <p>Internal stakeholders' consultations however conducted separately in each operating unit, e.g. in Syarimo 8 Estate it was conducted on 28/12/2018 and in Syarimo 2 Estate it was conducted on 4/1/2019, were attended by Workers representative, estate management and SPO Team (Lahad Datu).</p>	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 is available and noted to have been maintained 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.	<p>Main contribution of the mill and estates to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The management also contributed school bags for school children attending the HUMANA school.</p> <p>HUMANA School setup and functions were noted as follows:</p> <p>The HUMANA School building and associated facilities were provided by the plantation company (i.e. IOI group). The schools are presently concrete buildings with 6-8 classrooms which are furnished with chairs, tables, white boards, cupboards, toilet facilities etc. for the school children including accommodation for external teachers. Playground space is also available for the physical</p>	Complied



		<p>education activities held for the school children. These are the children of the foreign workers mainly Indonesian.</p> <p>Other contributions include;</p> <ul style="list-style-type: none"> • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • All expenses covered for recruitment related fees. This policy covers both new and qualified existing foreign workers. • Road maintenance and clear road signages to ensure safety of the users including neighbouring plantations and villages. For example, signages for the road leading to SK Rangau were specifically requested by the school management. • Close cooperation of Auxiliary Police with the relevant authorities. Especially with police department in dealing with drug related matters and with the Wildlife Department in dealing with illegal hunting related matters. 	
4.4.4	C4: Employees safety and health		
4.4.4.1	<p>Indicator 1: An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p>	<p>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).</p> <p>Annual review was conducted by the Group Safety & Environmental Manager (Sabah region) together with the respective Safety Officers for the estates.</p> <p>Safety Policy and HIRARC documented was reviewed for the estates. Training programs were planned and conducted for all groups of workers, both admin and field. Training records were maintained.</p> <p>Verified through interviews done with workers that they do have adequate understanding of the Safety and Health issues on PPE usage, MSDS/CSDS, First Aid and Emergency Response.</p> <p>Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, generator set maintenance, ramp inspection, bridge and tanks inspection), Monthly Safety inspection and audit was done by the Safety Officer.</p> <p>Verified that the records available were satisfactorily maintained.</p>	Complied
4.4.4.2	<p>Indicator 2: The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p>	<p>Safety & Health Policy and HIRARC was documented and annually reviewed for the estates. The OSH Programme 2019 and planned for 2019 include the following:</p> <ul style="list-style-type: none"> - Safety & Health Committee meetings 4x/year, - Annual medical surveillance, - Accident Reporting & Investigation, - Workplace inspection, - CHRA Audit, - Air compressors annual inspection, - Warning signs, - Chemical Register, - SOP for safe work, - PPE usage, - MSDS/CSDS, - JKPP 8 reporting of accidents annually, - Emergency Response Plan (ERP), - Emergency drills, 	Complied



	<p>i) all employees involved shall be adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products shall be properly observed and applied.</p> <p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk Audit and control such as Hazard Identification, Risk Audit and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved</p>	<ul style="list-style-type: none"> - Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), - Monthly KPI Report on HSE performance, - Monthly Safety inspection & audit by Safety Officer, <p>CHRA report of Apr 2015 was maintained with validity till 2020. 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.</p> <p>Workers trained in First Aid were present in the mill 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, & Health (ESH) committee.</p> <p>Medical care had been provided to all the workers at the Clinics noted to be nearby the estates offices.</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>	
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	<p>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>		
4.4.5	C5: Employment conditions		
4.4.5.1	<p>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.</p>	<p>The management had established the “Group Sustainable Palm Oil Policy” adopted in June 2017 (revised March 2018) signed by Group CEO, which covered the necessary aspects of human rights related issues.</p> <p>This policy can be accessed at IOI Group’s website link https://www.ioigroup.com/Content/S/S_Policy</p> <p>The employees are informed through briefing during muster, at the Gender Consultative Committee (GCC) and Employees Consultative Committee (ECC) meetings.</p> <p>The policy is also prominently displayed (in English and Malay language) at notice boards outside the estates offices and linesites.</p>	Complied
4.4.5.2	<p>Indicator 2: The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p>	<p>The management had established the “Equal Opportunity Employment & Freedom Of Association Policies”¹ where the commitments included providing equal opportunities and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>The Policy is available in English and Malay languages displayed at the estates notice boards.</p> <p>This commitment is also mentioned in the “Group Sustainable Palm Oil Policy” in June 2017 (revised March 2018).</p> <p>Employment records were checked and confirmed that this policy had been implemented and maintained.</p> <p>During the audit no female foreign workers found to be pregnant in all operating units audited. Thus, the major non-conformity #JMD-02 raised in initial assessment will be verified during ASA-02 in 2020.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf</p> <p>Based on above, previous NC (2018): JMD-02 is effectively implemented and closed.</p>	Complied
4.4.5.3	<p>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.</p>	<p>Documentation and conditions of pay for foreign workers hired in the Mill are available. Employment agreement with foreign workers, who are mostly Indonesian, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. Company procedures require the employment contract to be explained by management to potential migrant workers before contracts are signed.</p> <p>Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order (revised 2018)</p>	Complied
4.4.5.4	<p>Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum</p>	<p>The management ensured that employees of contractors are paid based on Minimum Wage Order (revised 2018) by monitoring salary payment and interviewing the contractor’s employees.</p>	



	standards according to the employment contract agreed between the contractor and his employee.	<p>Copies of recent payslips of contractors' lorry drivers & other workers retained at the estate offices, were made available and confirmed that the agreed payments were properly implemented.</p> <p>In all estates it was found;</p> <ol style="list-style-type: none"> The contract between the estates and the contractors is generally satisfactory and comprehensive, however it is still lacking clear statements allowing CBs to visit the contractor's offices for verification purposes. The estates and mill managements are making efforts to monitor contractors' legal compliance, however currently monitoring practice focuses mainly on minimum wages, licensing and legality of workers. 	OBS JMD-02
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.	<p>The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment.</p> <p>A brief description of the work that the foreign workers will be performing is written into the employment contract.</p> <p>Full job descriptions are documented for executive and senior positions, such as Managers, Assistants, Environmental / Social Liaison Officers and Safety & Health Officer etc.</p> <p>In Syarimo 6, house occupancy census is verified to be conducted once a year. However, higher frequency is required as workers tend to bring in or sending family members back without informing the estate managements.</p>	OBS JMD-03
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.	<p>All employees are provided with employment contracts in accordance with Kontrak Pekerjaan (Seksyen 18 Ordinan Buruh Sabah Bab 67 (Pindaan) 2005). 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.</p> <p>Employment contracts are signed by the Estate Managers and witnessed by his Assistant and the Employee.</p> <p>Interview with the employees confirmed that they received a copy of the employment contract.</p>	Complied
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	<p>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.</p>	Complied
4.4.5.8	Indicator 8: The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet	<p>The working hours of the employees and overtime rates are specified in the employment contract i.e. 8 hours per day and overtime rates are in accordance with the Sabah Labour Ordinance.</p>	Complied



	the applicable legal requirement.		
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount. Any overtime, holiday pay, working on rest days or holidays, when applicable, are also shown on the pay slips.	Complied
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.	The employees are offered incentives on output / performance achievements, provided training, access to medical care and other benefits such as free housing, free water supply and free electricity supply. Recreational facilities such as Recreational Clubhouse, Football fields and monthly 'Guest market' -Tamu is organised for easy gathering and shopping.	Complied
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) is yet to be enforced by Sabah Labour Department for Sabah State. However, the estates are noted to have provided adequate amenities to their local and foreign workers including adequate housing, water supplies, medical, educational and public amenities. Water treatment is available at the estates and testing of water quality by external lab is conducted regularly and the results verified to have met permissible regulatory limits. Workers are provided free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with treated water and electricity. The workers are provided with medical, educational and basic public amenities. In Syarimo 2 Estate, linesite maintenance and cleaning activities are conducted regularly but non-biodegradable rubbish were still observed inside the drains including old lorry tyres and children toys.	OBS JMD-04
4.4.5.12	Indicator 12: The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.	The management had established a specific policy on harassment, i.e. " Policy on Harassment at Workplace ", ¹ adopted in June 2018. This commitment is also mentioned in the " Group Sustainable Palm Oil Policy " in June 2017 (revised March 2018). Both policies are available online at IOI website. The policy is displayed at the notice board of the office and the workers are briefed about the policy during muster. ¹ https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf	Complied
4.4.5.13	Indicator 13: The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their	Published statement on equal opportunities is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on " Equal Opportunity Employment & Freedom Of Association Policies " ¹ had also been established in Oct. 2017. Both policies are available online at IOI website. Due to the restriction stated in Immigration Act 1959/63, in which foreign employees are not allowed to form or be affiliated to any society or association, the Mill management had formed the Employees Consultative Committee (ECC) as an alternative mechanism to cater to the collective bargaining needs of the workers.	Complied



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	work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	The ECC meets every two months to discuss issues related to work conditions, complaints, living environment etc. Attendance / Minutes and recorded. Suggestions for improvement are followed up with appropriate actions. ¹ https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf	
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.	The Child Labour Policy 2009 adopted by IOI Group clearly stated that the minimum age of workers is 16 years as stated in the Children and Young Persons, Employment Act 1966 Act 350. In Sabah, the Sabah Labour Ordinance, however, stated that the minimum age for employment is 17 years old. Based on this, the IOI guidelines stated that only those persons of 18 years old and above are qualified to be employed. Generic statement that the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labour is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. Employees and workers profile, that included date of birth, maintained by the Mill showed that there was no underage worker employed.	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.	Training programme planned for year 2019 includes training for all categories of workers. Appropriate trainings on safe working practices are planned for: - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2018 and evaluation carried out on each of the trainings to determine its effectiveness. Training plan for 2019 is available. Appropriate PPE (such as safety helmets, shoes, rubber boots, gloves, respirators and aprons for pesticide spraying goggles etc.) had been provided to estates workers and field workers to cover all potentially hazardous operations. Records of training for each employee, including new employees were maintained.	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable. The training needs analysis discuss in Safety and Health meetings under the agenda of Safety & Health Training.	Complied
4.4.6.3	Indicator 3: A continuous training programme should be planned and implemented to ensure that all employees are	Training programme planned for year 2019 includes training for all categories of workers, such as: - Harvesters: Prosedur Kerja Selamat Memotong dan Mengutip Buah Sawit & PPE training	Complied



	well trained in their job function and responsibility, in accordance to the documented training procedure.	<ul style="list-style-type: none"> - Sprayers: Prosedur Kerja Selamat Menyembur Racun & PPE training. - Manurers: Prosedur Kerja Selamat Menabur Baja, PPE Training - Other trainings include First Aider training, MSDS/CSDS Training, Prosedur Kerja Selamat dan Panduan Keselamatan. 	
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P5: Environment, natural resources, biodiversity and ecosystem services

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	The Environmental policy was established in Aug 2013 and management plans were developed in accordance with the state laws of Sabah and country laws of Malaysia. It is documented and communicated to all levels of the workforce through briefings and placement of the policy on notice boards. Re-briefing on the said policy and management plans was conducted on 8-10 Jan 2019 to all staff and workers.	Complied
4.5.1.2	Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations.	The Environmental Management Plan (EMP) was reviewed on Jan 2018 and had included the environmental policy and also the objectives which was approved by the Mill Manager. The environmental policy, objectives and the aspects/impacts analysis on all Mill operations was included in the document.	Complied
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	The EMP had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones applicable to the estates. Review was done annually. Verified that the reviews were done for the Syarimo 2, 4, 6 and 8 estates between 4 and 10 Jan 2019. Documented aspects and impacts risk assessed included those raised through stakeholders' consultations were implemented in accordance with legal requirements Monitoring of the environmental improvement plans and reviews were satisfactorily implemented.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	The reviewed EMP had considered the mitigation of negative impacts and promotion of positive ones and translated into programmes such as the maintenance of the fencing for the water ponds, electrical fencing along forest borders and signages placed at strategic locations around the estates. Verified that at estates visited ponds identified and their existence is was indicated in the respective conservation maps. Thus pervious NC (2018): SH-02 was effectively implemented and closed.	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees	Verified that the documented training programme had been established.	Complied



	understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	Briefing on the awareness and understanding of the objectives on Environmental management were done in Jan 2019. Understanding is confirmed during interviews done with sampled workers during audit.	
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	Regular meetings and discussions or consultation with employees were conducted in relation to environmental quality issues. In addition, on the job briefings were also conducted by the personnel to the workers during chemical spraying and manuring works. Employee Consultative Committee meeting minutes had covered issues such as environmental monitoring, no spraying zones, proper wearing of PPE etc. The meetings and briefing were held in Nov and Dec 2018 at the said estates audited and records verified to be maintained.	Complied
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on energy consumption for non-renewable fuel (diesel) were maintained at the Estates. Data compiled (5 years) for comparison and monitored to optimize the use of non-renewable energy. Records available were verified and showed satisfactory monitoring of the resources.	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.	Record on the usage of non-renewable energy for machineries involved in the plantation operations were maintained and available. Monthly records on energy consumption i.e. diesel both for own machinery, transport & field operations including the diesel usage provided to contractors for estate road maintenance, FFB & EFB transportation were monitored and maintained at the estates offices. Data compiled (5 years) for comparison and monitored to optimize efficiency on the use of non-renewable energy. Records maintained had showed proper control of the fuel usage.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	It is verified that the renewable energy from was only noted at Syarimo 3 estate office and housing quarters, as the power was supplied from the POM nearby. The rest of estates in the grouping are still dependent on diesel generated power supply pending the complete construction and commissioning of the Biogas plant at the POM which can supply renewable energy to remaining estates.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	Documented identification of all the waste products include scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, wood and plastic. Scheduled Waste identified include spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical	Complied



		containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).	
4.5.3.2	<p>Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. 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>A waste management plan has been developed and is implemented satisfactorily. Segregation of wastes, i.e. general wastes, household wastes and scheduled wastes was verified to be satisfactory carried out in the estates. Proper storage areas were identified for the storage of the recyclable wastes at the estates.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be properly maintained at the estates.</p>	Complied
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. Records on the usage and disposal were well recorded and documented at the estates.</p>	Complied
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 is only recycled for the purpose.</p> <p>The DOE licensed contractor is Lagenda Bumimas Sdn. Bhd (Sandakan) for the handling and disposal of schedule wastes. The license number and the various types of schedule waste categories permitted for transportation were noted to be listed and valid. All SW at the estates were brought to the POM for disposal. Last disposal noted at the POM was on 16 Nov 2018.</p>	Complied
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>Use of landfills is being practiced at the estates for the disposal of household waste. The landfills are found to be located far away from settlement and from water courses. Access roads leading to the landfill sites were noted to be adequately maintained. The landfills were visited and noted to be fenced.</p> <p>The waste disposal plan had adhered to the EQA (Reg 24) (Control of pollution from solid wastes Transfer Station and Landfill) Reg 2009. Records of disposal of solid waste were maintained. Location sites for the landfill areas were identified and noted to be secure with proper fencing and signages and weekly monitoring was done. Workers at the landfill activities were trained on EQA (Reg 25).with appropriate signages erected.</p> <p>At Syarimo 4,6 & 8 estates: For waste management, landfill locations on respective estate maps has been identified.</p>	OBS: AL-01



		<p>However, improvement in landfill planning can be done with study on overall size of landfill needed for use over a 5 year period for each estate and guidelines for re-use of landfill plots to be available for consistency of practice throughout all the estates under Syarimo grouping.</p>	
4.5.4	C4: Reduction of pollution and emission		
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 was documented.</p> <p>Environmental internal audits were conducted by Sustainability Team. The MSPO Internal audits were held between 13 and 15 Nov 2018 and indicated that there were evidence of proper monitoring e.g. solid waste - landfill management, water pollution - water sampling and testing, water treatment for drinking purposes.</p> <p>Data on the level of Greenhouse gases (GHG) emissions are monitored and compiled on yearly basis through the GHG calculation methodology accepted for RSPO and ISCC GHG calculations and certifications which are analysed.</p>	Complied
4.5.4.2	<p>Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p>	<p>The action plan has been established and implementation is ongoing. Improvement such as on consumption of diesel and fertilizers are noted during the audit.</p>	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</p>	<p>Documented water management plan verified to be in place at the estates. The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering streams/ivers.</p> <p>a) Annual review of the Water management plan was done in Jan 2019. Records of water usage are taken daily by the estate management. The water usage in the estate are mainly for the domestic purposes such as washing clothes and dishes, bathing, gardening, etc.</p> <p>b) Water samples were taken at monthly intervals at the upstream and downstream of waterways. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>There are water ponds in the POM and estates. Water samples collected and analysis carried out at least twice a year. The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Stream water analysis are conducted on 4 monthly basis by the appointed environmental consultant, Kiwiheng Environmental Consultants Sdn. Bhd. based from the result there is no evidence of pollution to the water ways been identified in the stream/river which passing through the estate. Recent analysis was done in June and Oct 2018 and results were within DOE permissible limits.</p> <p>c) Rainfall data found to be monitored as part of the water management plan. Rain water is also harvested for washing and cleaning. The Estates Management</p>	Complied



	<p>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>implement rain water harvesting through installation of the rain gutters into Storage Containers to ensure maximize the water trapping without fully relying on the water from just rivers and water ponds. The operating unit management monitors the condition of the water piping system in the estate through regular linesite inspection. Piping systems are checked for any leakages which are reported in the inspection record for Management action – if needed</p> <p>d) Site visits to environmentally sensitive areas and natural waterways were carried out and noted to be satisfactorily maintained and monitored.</p> <p>Visits to site confirmed that the Syarimo 1 to 9 estates have neighbouring OP estates at their borders. Syarimo 3 and 4 also borders the Lamag Forest Reserve at its eastern border. Syarimo 6, 7, 8 and 9 have borders with the Malua Forest Reserve.</p> <p>The Sungai Lamag cuts across Syarimo 3 and 4, and while Sungai Latangan cuts across Syarimo 7, 8 and 9 estates. HCV and other environmentally sensitive areas were documented and inspected on site.</p> <p>Boundaries bordering the forest reserves at Syarimo 7, 8 and 9 were well demarcated with prominent signages displayed as warning against any intrusion into the forest. Trenching was also installed along the forest borders to deter wild animals from coming into the estates. Most of the perimeter boundary were physically separated via estate roads.</p> <p>Verified that extent of the buffer zone at the small streams were demarcated or maintained with visible markings on the palms on the extent of 'No Spraying zones'. Thus previous NC (2018): SH-01 was effectively implemented and closed.</p> <p>As per the recommendations of the Sabah Forestry Dept. the 50 m buffer zones were marked on the palm trees and poles as allocated areas bordering the forest for non-spraying or chemical application areas.</p> <p>The FFB crop were still harvested until the scheduled replanting in the near future. It is understood that the Estate management will not be doing any replanting in the said allocated zones.</p> <p>Conservation / 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. Verified that no spraying or chemical application was noted in the said marked zones.</p> <p>e) The natural vegetation within and along the riparian areas were adequately monitored. The existing palms planted over 10 years ago, which were found within riparian reserves will be removed during the replanting (planned within 5-10 years), as per the replanting programme time table. The area will be then being left for the natural vegetation growth to regenerate.</p> <p>f) There were no bore wells or underground water being extracted for use in the estates.</p>	
4.5.5.2	Indicator 2: No construction of bunds, weirs and dams across	Visits to sites confirm that there was no construction of any structure across waterways that could obstruct or affect the water flows.	Complied



	main rivers or waterways passing through an estate.		
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).	Rain water is harvested mostly at the line site for household purposes, used mainly for washing purposes. Water source for domestic purposes in the estates are all sourced from the water collection ponds. The said water were treated through the water treatment plant before being supplied to the large water tanks installed at high grounds near the labour quarters, which are subsequently supplied to the quarters via gravity feed.	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: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. 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.	HCV assessment was conducted by the IOI Group HQ was reviewed annually and had incorporated feedbacks provided by the various governmental agencies such as Sabah Forestry Department, Department of Irrigation and Drainage, Sabah Wildlife Department and the Environmental Protection Department. Last review was in Oct 2018. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, buffer zones, forest reserve boundaries and was documented based on a landscape level. Buffer zones and perimeter boundaries adjacent to Forest reserves were demarcated and monitored. The forest reserve as confirmed by the Sabah Wildlife Dept., is an important habitat and corridors for some RTE (rare, threatened and endangered) species of wildlife such as hornbills, pygmy elephants, wild buffaloes, deers, monkeys and orangutans. Copies of the IUCN list of RTE for Sabah region was available at the estates and were referred to during environmental patrolling and monitoring done at the estates. Patrolling record books were updated on a weekly basis and noted to be satisfactorily maintained. At estates audited: Information on HCV and Conservation areas was compiled and reviewed. However the changes in status and total land area under conservation need to be more accurately updated i.e. The breakdown on the data on the areas involved for the respective estates occasionally did not match with 'List of external and internal HCV and conservation area' for Syarimo grouping.	OBS-AL-02
4.5.6.2	Indicator 2: If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include: a) Ensuring that any legal requirements relating to the protection of the species are met.	Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the respective estates. The HCV report had reviewed the conservation needed for the wildlife identified such as proboscis monkeys, estuarine crocodiles, pygmy elephants, orangutans, long and short tailed macaque, white beaked hornbills and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.	Complied



	<p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.</p>	<p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Trenches have been dug and electric wire fencing built along the boundaries to deter wildlife from going into the estates. These measures were taken as proposed by the Sabah Wildlife Department to mitigate the incidences of incursions by wild elephants which had been reported in the patrols conducted by the estate personnel.</p> <p>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 training conducted at the estates audited between Nov and Dec 2018.</p> <p>In addition, a few estate personnel has also been qualified and appointed as Honorary Forest Warden to assist in the monitoring and liaison with the relevant Government departments.</p> <p>Ongoing monitoring of the management plan on the status of HCV and RTE had been carried out and evidences of reporting verified to be available.</p> <p>Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification at sites were also made and found to be satisfactory implemented at the estates assessed.</p>	
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	C7: Zero burning practices		
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>IOI Group had observed the policy of 'Zero open burning' for any planned replanting.</p> <p>Field inspections made at Syarimo 2, 4, 6 & 8 estates showed no evidence of any open burning though there was no ongoing replanting yet at the time of audit.</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</p>	<p>Confirmed that there were no instances of such issue at present.</p>	Not applicable



	spread or continuation into the next crop.		
4.5.7.3	Indicator 3: Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	The company practiced a 'No Open Burning' policy. Visit at sites confirmed no such activity took place.	Complied
4.5.7.4	Indicator 4: Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	The Best Management Practice guidelines for Replanting was available at the estates. There were no ongoing tree felling for replanting at the estates audited time of audit.	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.	<p>The respective estates have documented SOPs for the operations. The procedures included the following:</p> <ol style="list-style-type: none"> 1. Sustainable Oil Palm Estate Operation Manual - The manual describes the full range of operational procedures such as nursery practices, land preparation, planting practices, ground cover maintenance, roads, immature stage, harvesting, collection of bunches, manuring, EFB mulching, pesticide application, pests & diseases control. 2. SOPs for pesticides handling and spraying specified safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators. 3. SOP for riparian zone management with specified buffer zones. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p> <p>During audit field visits, the empty fruit bunches that were applied in the fields were observed to have been levelled. Hence, the Minor NC# CBK-01 issued during the previous year's assessment was effectively closed.</p>	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.	<p>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°.</p> <p>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.</p>	Complied



		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.	
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.	<p>The 5-year Business Management Plan (FY 2017/2018 to FY 2022/2023) for the respective Estates audited were documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> 1) Staff and Labour requirements; 2) Crop projection; FFB yield/ha trends; 3) Cost of Production; Cost/mt FFB trends; 4) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); 5) Budget for Environmental, Social, Safety & Health, Training and Promotions. <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> <p>Performances are discussed in the monthly meetings held at POM office and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p>	Complied
4.6.2.2	Indicator 2: Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	<p>Annual replanting program had been prepared up to 2026/2027 for the estates audited.</p> <p>A replanting cycle of 25 years has been adopted by the group.</p> <p>The planned replanting at the estates audited are as follows:</p> <p>Syarimo 1: Progressively i.e. approx.270 ha (10% of planted area) per year from 2019 onwards till 2026.</p> <p>Syarimo 3: Progressively i.e. approx. 230 ha (10% of planted area) per year from 2020 onwards till 2027.</p> <p>Syarimo 7: Progressively i.e. approx. 300 ha (15% of planted area) per year from 2020 onwards till 2027.</p> <p>Syarimo 9: No replanting needed as the palms were matured yielding palms replanted in 2001-2003.</p> <p>No replanting was noted at Syarimo 2, 4, 6 and 8 estates during current audit.</p> <p>Yearly review was performed and actual replanting is still subject to approval from the IOI Group HQ.</p>	Complied
4.6.2.3	Indicator 3: The business or management plan may contain:	<p>The 5-year Business Management Plan (FY 2018/2019 to FY 2023/2024) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p>	Complied



	<p>a) Attention to quality of planting materials and FFB.</p> <p>b) Crop projection: site yield potential, age profile, FFB yield trends.</p> <p>c) Cost of production: cost per tonne of FFB.</p> <p>d) Price forecast.</p> <p>e) Financial indicators: cost benefit, discounted cash flow, return on investment.</p>	<p>1) Staff and Labour requirements;</p> <p>2) Crop projection; FFB yield/ha trends;</p> <p>3) Re-planting materials Clonal, DxP</p> <p>4) Cost of Production; Cost/mt FFB trends;</p> <p>5) Cost of Production; Cost/MT FFB forecast;</p> <p>6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</p> <p>7) Budget for Environmental, Social, Safety & Health, Training and Promotions.</p> <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>	
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. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p>	Complied
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	All of the fresh fruit bunches (FFB) supplied to the mill are from IOI's own estates. The pricing for FFB is an internal matter.	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	<p>Based on contracts agreed between contractors/service providers and POM, 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	C4: Contractor		
4.6.4.1	Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	<p>External contractors are FFB/ EFB Transporting companies whose workers are also provided training. The contractors workers were interviewed and do basically understand the MSPO requirements. Information such as policies and procedures are provided.</p> <p>A non-compliance (CBK-01 Major) was raised as follows:</p> <p>At Syarimo 5 estate, it was noted that Oil Palm Replanting was in progress and the services of a Replanting contractor was used with contractual agreement sighted.</p> <p>However the mechanism to check consistent implementation of MSPO requirements applicable to the Replanting contractor was found to be inadequate.</p> <p>The present checking done, did not include:</p> <p>(a) Required permits (e.g. use of fuel in transportable skid tanks)</p>	NC#CBK-01 Major



		<p>(b) Number of workers employed by the contractor (local and foreign)</p> <p>(c) Identification and legal documentations for foreign workers (passports, work permits etc.)</p> <p>(d) Payment of wages to the workers (minimum wage, timely payment)</p>	
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Contract agreements are signed between the respective Estate Managers and the Contractor. The terms and conditions of the contract are explained to the contractor. A copy of the contract is given to the contractor.	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify Audits through a physical inspection if required.	Acceptance is confirmed by the Management prior to the audit via acceptance of Audit contract and Audit Plan and the 5-year MSPO certification programme.	Complied
4.6.4.4	Indicator 4: The management shall be responsible for the observance of the control points applicable to the tasks 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.	<p>The estates has been established with oil palm plantation since 1980's.</p> <p>There are no new plantings development at the estates.</p>	Complied
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.	<p>EIA for Replanting was submitted in 2016 and was approved by the Environmental Protection Dept. (EPD) Sabah.</p> <p>Monitoring is done via the Environmental Compliance Reports (ECR) which are submitted on 4 monthly basis by the appointed and EPD approved Consultant. Mitigation measures are monitored as verified in latest report of August 2018.</p>	Complied
4.7.2	C2: Peat land		
4.7.2.1	Indicator 1: New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on	It was verified during current Audit on site that there are some peat soils areas at Syarimo 1 and Syarimo 3 estates. Remaining estates in Syarimo group do not have peat soils.	Complied



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	peat land development or industry best practice.	Noted that SOP and Water and ground cover management plan was documented for the monitoring of the subsistence of the planted peat soil areas. Water table levels were noted to be maintained at the minimum of 50 cm level at Syarimo 1 and 3 estates as per the MPOB and BMP guidelines.	
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.	There was no evidence of any new plantings at any areas in the Estates lands.	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.	The respective Social Impact & Environmental Impact Assessment reports and Management plans at all the estates were individually documented by the Sustainability Team of IOI. External stakeholder consultation with local communities was conducted for the whole of the Estates grouping on Oct 2018 at the IOI Lahad Datu Regional Office.	Complied
4.7.3.3	Indicator 3: The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.	The estates audited had reviewed and updated their SIAs and Management Plans between Oct and Nov 2018.	Complied
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.	There are no smallholder schemes at the estates.	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.	Estate soil maps are available and showed no existence of fragile or marginal soils. Soil types as indicated in soil maps were: Luangmanis (Mudstone & alluvium), Gomantong (limestone), Kretam (mudstone & sandstone) and Kinabatangan (alluvium). The recommendations provided by the Agronomist from IOI Research Centre for maintenance of soil nutrient levels such as type and quantities of Fertilizer applications needed at the respective estates are adhered and monitored.	Complied
4.7.4.2	Indicator 2: Topographic information shall be adequate to guide the planning of planting programmes, drainage and	Topographic maps are available and noted used for the planting, drainage, road maintenance and housing programmes.	Complied



	irrigation systems, roads and other infrastructure.		
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.	It was observed during field visits that there was no planting at slopes of greater than 25°.	Complied
4.7.5.2	Indicator 2: Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.	Not applicable.	Not Applicable
4.7.5.3	Indicator 3: Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.	Not applicable.	Not Applicable
4.7.6	C6: Customary land		
4.7.6.1	Indicator 1: No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	Not applicable.	Not Applicable
4.7.6.2	Indicator 2: Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.	Not applicable.	Not Applicable
4.7.6.3	Indicator 3: Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	Not applicable.	Not Applicable
4.7.6.4	Indicator 4: The owner of recognised customary land shall be compensated for any agreed land acquisitions and 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	5 (3 Major & 2 Minor)	1	All NCs and Obs closed during ASA-01
Annual Surveillance - 01	2019	1 Major	4	Next Surveillance

3.2.1 Year 2018: 5 NCs (3 Major & 2 Minor)

NCR	MSPO Indicator	Details of NCR
Minor CBK-01	4.6.1.1 MS 2530-3 Estates	Date issued: 19 Jan 2018
		Noncompliance:
		At Syarimo 9 Estate, it was noted that Empty Fruit Bunches delivered to field block 2N had not been levelled for a period of time as vegetation were seen growing out of these heaps of EFB.
		Root Cause and Corrective Action(s): by Auditee Representative



	<p>Root cause: The EFB is not mulched/ levelled due to the shortage of the workers. To address the issue, management is planning to send backhoe machine to level the heaps of EFB. However, due to multiple breakdowns, unskilled operator (for EFB levelling work) and other work commitment of the vehicle, the levelling of the EFB programme we found being delayed.</p> <p>Corrective Action: The identified spot of EFB heaping have been leveled immediately. FFB Checker have been appointed to monitor the placement of the EFB on daily basis. A work programme of the backhoe has been developed to ensure the EFB dumped in the field is leveled. Base on the checkers report and the backhoe's work programme, further action to arrange the necessary work will be carried out by the management to level the identified EFB heaps once detected.</p>		
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>		
	<p>Minor NC: On-site Off-site Verification on date: 26 Feb 2018 Corrective Actions taken: As stated above Supportive evidences: As received are:</p> <ol style="list-style-type: none"> 1) Training given to all backhoe on application of EFB 2) Copy of checker's Employee Identification Cum Input Document with their job class. 3) Work programme of backhoe which synchronize with the field block which the EFB is applied. 4) Map of programme and actual application of EFB <p>Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached photographs 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 CBK & AL</td> <td>Date closed: 26 Feb 2018</td> </tr> </table>	NC status verified by auditor: Closed by CBK & AL	Date closed: 26 Feb 2018
NC status verified by auditor: Closed by CBK & AL	Date closed: 26 Feb 2018		
	<p>Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: CBK</td> <td>Date verified: 17 Jan 2019</td> </tr> </table>	NC status verified by auditor: CBK	Date verified: 17 Jan 2019
NC status verified by auditor: CBK	Date verified: 17 Jan 2019		

NCR	MSP0 Indicator	Details of NCR
Major SH-01	4.5.5.1 MS 2530-3 Estates	Date issued: 19 Jan 2018
		Noncompliance:
		At Syarimo 3 estate, during field inspection made to Blok 95K, it was observed that the extent of the buffer zone at the small streams were not clearly demarcated or maintained. Some of the buffer markings were found to have faded. Also, there seemed to be two colouring system used to mark the buffer area i.e. Red colour alone and the red/white markings.
		Root Cause and Corrective Action(s): by Auditee Representative



	<p>Root cause: The management are currently in progress of re-marking all the palm in the riparian reserve. As there is only a small number of designated workers to cover such a big area of riparian reserve in the estate, it took some time for the them to complete all the re-marking work.</p> <p>The guideline/SOP for the maintenance of the buffer zone clarifies that the marking of the buffer zone should be in red ring markings at the palm. The estate come out with their own initiative to add the white marking so as to further contrast the red marking color. Though the workers are clearly being aware on purpose of the marking, the management however is unaware of the risk having different clouring system may cause confusion for 3rd parties, or potentially if they have new recruits.</p> <p>Corrective Action: The identified riparian reserve area is marked immediately with red marking. For the existing red-white marking on palms, the white paint will be left to be faded over time. Red zone (zon merah) system is implemented to further enforce the purpose of buffer zone.</p>	
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>	
	<p>MAJOR NC: On-site Off-site Verification on date: 26 Feb – 3 Mar 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Pictorial evidence of marked riparian reserve (Blok 95K). 2) Record of programme and work done in re-marking the riparian reserve. 3) List of names of workers for the work involved. Conclusion: <input checked="" type="checkbox"/> Yes - 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"/> No - 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>NC status verified by auditor: Closed by SH & AL</p>	<p>Date closed: 3 Mar 2018</p>
	<p>Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.</p>	
	<p>NC status verified by auditor: AL</p>	<p>Date verified: 17 Jan 2019</p>

NCR	MSP0 Indicator	Details of NCR
Minor SH-02	4.5.1.4	Date issued: 19 Jan 2018
		Noncompliance:



	<p>MS 2530-3 Estates</p>	<p>1) In most estates visited (e.g. at Syarimo 1, Syarimo 7 and Syarimo 9), there are several ponds identified and their existence is to serve several purposes of domestic use e.g. drinking water.</p> <p>Some of the ponds was observed to have accumulated some unwanted vegetation etc. This is also happening at the ponds near the guest house.</p> <p>The management and action plan implemented was found not to be sufficiently comprehensive for the intended purpose of their existence.</p> <p>The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately documented or followed up by the Estate personnel.</p> <p>2) At Syarimo 9 estate, there exist a seasonal waterfall. The existence of this waterfall was however not taken into consideration and reported Environmental Management Plan and review, although certain measures to manage the area was undertaken. It was also not indicated in the estate map.</p> <hr/> <p>Root Cause and Corrective Action(s): by Auditee Representative</p> <p>Root cause: Lack of awareness of the management on maintaining the cleanliness of the water pond. Due to the seasonal nature of the waterfall, the management had little to none specific management plan for that area. However, the actual implementation on ground had been carried out which is by providing buffer zone to that area.</p> <p>Corrective Action:</p> <p>The water ponds will be clean up immediately. A more detail and comprehensive management of the water pond will be included in the Internal High Conservation Value document and Internal Environment Impact Assessment document. A schedule of cleaning is developed for cleaning to ensure that the water pond is clean and free from unwanted vegetation. This issue will be included in the SPO supervisor report as well.</p> <p>Prohibition signboard will be erected near the waterfall. A documented management plan on it will be included in the internal EIA. The location of the waterfall will be indicated in the field map. Training will be given to the workers on the waterfall once a year while briefing will be conducted once quarterly during muster call. SPO supervisor will patrol to the waterfall as part of monitoring process.</p> <hr/> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>Minor NC: On-site Off-site Verification on date: 26 Feb 2018 Corrective Actions taken: As stated above Supportive evidences: As received are:</p> <ol style="list-style-type: none"> 1) Pictorial evidence of water pond. 2) Revised of EIA document regarding on the management of water ponds. 3) Schedule of the cleaning of the ponds 4) Addition checklist in the of SPO supervisor report on the cleanliness of the water pond 5) Pictorial evidence of the erected signboard at the waterfall. 6) Training record and briefing record. 7) Letter to GIS Department to indicate in the field map with location of waterfall. 8) Record of SPO supervisor patrolling record. 9) Review of EIA document with addition of waterfall management <p>Conclusion: [x] Yes - 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> <hr/> <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by SH & AL</td> <td style="width: 30%;">Date closed: 26 Feb 2018</td> </tr> </table>	NC status verified by auditor: Closed by SH & AL	Date closed: 26 Feb 2018
NC status verified by auditor: Closed by SH & AL	Date closed: 26 Feb 2018			



	Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.
NC status verified by auditor: AL	Date verified: 17 Jan 2019

NCR	MSP0 Indicator	Details of NCR
Major JMD-01	4.3.1.1 MS 2530-3 Estates	Date issued: 19 Jan 2018
		Noncompliance:
		<p>1) In Syarimo 7, cases of absconded workers were not reported to the Police or Immigration Department in timely manner, i.e. the estate management only lodge the report once a year. Reference: Immigration rules require abscondment cases to be reported as soon as possible.</p> <p>2) In Syarimo 9, one worker was found to have two different names. The name shown in the insurance cover is not the same as the name shown in the passport. Reference: Foreign Worker Compensation Scheme under Section 26(2) of the Amended Act 1996 of Workmen's Compensation Act 1952.</p>
		Root Cause and Corrective Action(s): by Auditee Representative
		<p>Root cause:</p> <ol style="list-style-type: none"> In Syarimo 7, the reason of long lapses in the estate's police report for the absconded workers (which was supposed to be at 3 monthly basis) was due to a few changes in the management personnel in the estate. The current management was only able to lodge the police report a year after the previous one, which had include all the absconded worker cases in one year time. The management had overlooked to ensure the name list in the insurance cover and the official name of the worker in the passport are matched. <p>Corrective Action:</p> <ol style="list-style-type: none"> Plantation Controller office (PC office) have issued out the memo or circular for Syarimo Grouping referring to the memo from Human Resources Department (HRD) to lodge the police report for every three months. A specific section at the estate office's notice board will be provided to indicate the last police report on the abscondment cases to ensure it will be not more than 90 days. To provide the confirmation letter from the MSIG regarding of changes of name of workers in the insurance list which match the name in the passport.
		Verification on Corrective Action(s): by Lead Auditor / Auditor



	<p>MAJOR NC: On-site / Off-site Verification on date: 26 Feb – 3 Mar 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Memo/circular from Plantation Controller Office for Syarimo Grouping’s operating units dated on 22/01/2018 2) Confirmation letter from MSIG dated on 19/01/2018 3) Pictures of the last ‘police report for abscondment’ section at the estate notice board. Conclusion: <input checked="" type="checkbox"/> Yes - 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"/> No - 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>						
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by JMD & AL</td> <td>Date closed: 3 Mar 2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.</td> </tr> <tr> <td>NC status verified by auditor: AL</td> <td>Date verified: 17 Jan 2019</td> </tr> </table>	NC status verified by auditor: Closed by JMD & AL	Date closed: 3 Mar 2018	Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.		NC status verified by auditor: AL	Date verified: 17 Jan 2019
NC status verified by auditor: Closed by JMD & AL	Date closed: 3 Mar 2018						
Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.							
NC status verified by auditor: AL	Date verified: 17 Jan 2019						

NCR	MSPO Indicator	Details of NCR
Major JMD-02	4.4.5.2 MS 2530-3 Estates	Date issued: 19 Jan 2018
		Noncompliance:
		In Syarimo 9 estate, one female general worker was found to have hidden her pregnancy from the management for at least 6 months. The absence of clear guidelines on the proper handling female workers who are pregnant, possibly caused the said worker to not reveal her pregnancy, especially if the worker requires the extra income in preparation to receive the new member in the family.
		Root Cause and Corrective Action(s): by Auditee Representative



		<p>Root cause:</p> <p>Memo from Dr. Rajah Krishnananthan, Visiting Medical Officer (VMO) dated on 13th March 2015 stated that all pregnant workers must send back to hometown as soon as pregnancy is discovered. This memo was distributed to all operating units in the region. The estate's clinic had to adhere to this memo without exception. However, at the moment there is no clear guideline for the operating unit on the implementation of the said memo, which had caused some of workers to assume that they have to resign once the pregnancy is detected.</p> <p>Corrective Action:</p> <p>Clear guideline on the pregnancy workers is released containing the following:</p> <ul style="list-style-type: none"> (a) Pregnancy test for general workers (b) Once the workers are detected to be pregnant, they will be stopped from doing heavy work in field including work that exposed to the chemicals. (c) Offer of other alternative work for pregnant female workers (d) Workers husband will not be affected /terminated due to the wife's pregnancy <p>The guideline will be distributed to all operating unit for IOI Syarimo Grouping for implementation. Training will be provided to the estate management, including the EHA on the new established guideline. The SPO Supervisor in the operating units will monitor the continuous implementation of the guidelines with the guidance from the regional sustainability team.</p>
Verification on Corrective Action(s): by Lead Auditor / Auditor		
<p>MAJOR NC:</p> <p>On-site / Off-site Verification on date: 26 Feb – 3 Mar 2018</p> <p>Corrective actions taken: As stated by Auditee in their RC & CA</p> <p>Supportive evidences:</p> <ul style="list-style-type: none"> 1) Memo from Dr. Rajah dated on 12th March 2015 2) Draft of Guidelines for the pregnant workers by IOI Management 3) Draft of Procedural Guidance for new and expectant pregnant foreign workers in Plantation from VMO- Dr. Fikri <p>Conclusion:</p> <p><input checked="" type="checkbox"/> Yes - 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><input type="checkbox"/> No - 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.</p> <p>Subject to further follow-up verification on (dates): Next Assessment</p>		
NC status verified by auditor: Closed by JMD & AL		Date closed: 3 Mar 2018
Verification of effectiveness: Verified on-site during ASA-01, noted effectively implemented and closed.		
NC status verified by auditor: AL		Date verified: 17 Jan 2019

3.2.2 Year 2018: Initial Audit / Stage 2: 1 - Observation (OBS)

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	At Syarimo 1, 7 and 9 estates, the landfill location was not adequately indicated on the maps for proper monitoring.	19 Jan 2018	17 Jan 2019	-
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3.2.3 Year 2019: ASA-01 - 1 Major NC

NC#	MSPO Indicator	Details of Non-Conformance (NC)			
Major: CBK-01	4.6.4.1 Major (Part 3: Plantations)	Date issued: 17 Jan 2019			
		Requirement:			
		Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.			
		Statement of Nonconformance:			
		Replanting contractor have not provided adequate documentation and information as per MSPO requirements.			
		Evidence of Nonconformance:			
		At Syarimo 5 estate, it was noted that OP Replanting was in progress and the services of a Replanting contractor was used with contractual agreement sighted. However the mechanism to check consistent implementation of MSPO requirements applicable to the Replanting contractor was found to be inadequate. The present checking done, did not include:			
		<ul style="list-style-type: none"> (e) Required permits (e.g. use of fuel in transportable skid tanks) (f) Number of workers employed by the contractor (local and foreign) (g) Identification and legal documentations for foreign workers (passports, work permits etc.) (h) Payment of wages to the workers (minimum wage, timely payment) 			
		Root Cause and Corrective Action(s): by Auditee representative			
		Root cause: The required documentation has been submitted by the contractor to the estate office. However, there were no specific personnel appointed in the operating unit to closely monitor the submission and to carry out the monthly compilation of the related document.			
		Corrective Action & Preventive Measure: Appointment of the responsible person in Syarimo 5 to monitor the documentation submission and compilation. The required summary of documentation are to be verified by the Estate Manager every month			
		Verification on Corrective Action(s): by Lead Auditor / Auditor			
		The following documentation and supporting evidences as submitted were verified:			
<ol style="list-style-type: none"> 1. Appointment of Asst Manager to monitor the replanting contractor's document 2. Training record with Replanting contractor to explain on sustainability requirement and required document 3. Monitoring form for contractor that include all required details as prescribe in the NC statement. 					
NC status verified by auditor: CBK and AL			Date closed: 22 Mar 2019		
Verification of effectiveness: Next assessment					



	NC status verified by auditor: -	Date verified: -
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3.2.4 Year 2019: ASA-01 – 4 Observation (OBS)

Ref No:	MSPO Indicator (Part 3: Plantation)	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AL-01	4.5.3.5	<p>At Estates:</p> <p>For waste management, landfill locations on respective estate maps has been identified.</p> <p>However, improvement in landfill planning can be done with study on overall size of landfill needed for use over a 5 year period for each estate and guidelines for re-use of landfill plots to be available for consistency of practice throughout all the estates under Syarimo grouping.</p>	17 Jan 2019	-	Next ASA
OBS: AL-02	4.5.6.1	<p>At Estates Grouping:</p> <p>Information on HCV and Conservation areas was compiled and reviewed.</p> <p>However the changes in status and total land area under conservation need to be more accurately updated i.e. The breakdown on the data on the areas involved for the respective estates occasionally did not match with 'List of external and internal HCV and conservation area' for Syarimo grouping.</p>	17 Jan 2019	-	Next ASA
OBS: JMD-01	4.6.4.1	<p>Location: All estates</p> <p>3. The contract between the estates and the contractors is generally satisfactory and comprehensive, however it is still lacking clear statements allowing CBs to visit the contractor's offices for verification purposes.</p> <p>4. The estates managements are making efforts to monitor contractors' legal compliance, however currently monitoring practice focuses mainly on minimum wages, licensing and legality of workers. Other areas such as safety or environmental compliance has not been included.</p>	17 Jan 2019	-	Next ASA
OBS: JMD-02	4.5.3.2	<p>Location: Syarimo 4 Estate</p> <p>Linesite maintenance and cleaning activities are conducted regularly but non-</p>	17 Jan 2019	-	Next ASA



		biodegradable rubbish were still observed to be discarded and found at the drains including old tyres and plastic items such as chairs, slippers and toys.			
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3.2.3 Identified Positive Elements

- 1) The Operating units has contributed towards the education of children of estate foreign / migrant workers. IOI Corporation has provided has education assistance for more than 2000 children under the HUMANA school programme.
- 2) The Operating units has contributed towards the local economy and provided proper infrastructure such as more access roads, better housing, sports and recreational facilities.
- 3) Employment opportunities for the local community and other youths in the State of Sabah.

3.3 Stakeholders consultation and feedback

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

3.3.1 Feedback Raised by Stakeholders (Year 2018)

Communication done via prior audit in Dec 2017 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies:</p> <p>Feedback received:</p> <p>Sabah Forestry Dept. (SFD) via faxed letter on 20 Jan 2018.</p> <p>Recommendations made on:</p> <p>a) Environmental Protection</p> <p>b) Biodiversity Conservation</p> <p>c) Community development</p> <p>Malaysian Palm Oil Board (MPOB) via email on 24 Dec 2017.</p> <p>Statement: There are no outstanding enforcement actions to be taken against PMU Syarimo grouping – Unit Pengurusan Ladang Syarimo.</p>	<p>The recommendations made are considered for continual improvement.</p> <p>Ongoing consultations with SFD will be maintained.</p> <p>Ongoing consultations with MPOB will be maintained.</p>	<p>Verified during on-site assessment that most of the SFD recommendations were implemented under the findings made the related MSPO Indicators.</p> <p>Verified that there were no outstanding issues under the MPOB license.</p>	<p>Feedback was addressed during ASA-01.</p>
<p>Non-Governmental Organizations:</p> <p>No feedback received for Syarimo PMU.</p>	<p>No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>



<p>Local Communities - Stakeholders' Consultation:</p> <p>Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 18 Jan 2018.</p> <p>A total of 12 stakeholders: 3 governmental representatives, 2 transporters, 1 local communities, 2 Humana, 2 contractors and 2 suppliers were present at the consultation.</p> <p>They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations include:</p> <p>Sabah Wildlife Officials would like to hold more presentations for better understanding of Orang Utan behaviour and Elephant re-location programs.</p> <p>HUMANA school facilities to be further improved e.g. better tables & chairs, toilets and teacher accommodations.</p> <p>CLC to be given separate building facility and additional classrooms rather than just sharing with HUMANA.</p> <p>More introductory tour for Teachers and students and interested stakeholders to some interesting locations within IOI Syarimo group, e.g. boundaries, streams, rivers, irrigation, line sites etc. on the conservation efforts made.</p> <p>More gatherings to foster better rapport between local communities and the PMU.</p> <p>Assistance needed during flash floods and estate road access.</p>	<p>The PMU has taken some actions as earlier suggested.</p> <p>Further consideration on the concerns and suggestions from the stakeholders as briefed by the auditors during the closing meeting.</p>	<p>To be followed up during the next Assessment.</p>	<p>Feedback was addressed during ASA-01.</p>
<p>Local Communities - Interviews:</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 15 to 19 Jan 2018 at the PMU:</p> <p>Staff/Workers sampling:</p> <p>POM: 18 male, 11 female Estate Office: 25 male, 22 female Field/sites visit: 34 male, 41 female</p>	<p>Ongoing consultations via ECC, Safety & Health, Gender</p>	<p>Findings were reported during the current audit.</p>	<p>Feedback was addressed during ASA-01.</p>



All complaints & issues has been allowed, properly recorded and attended to by the Mill & Estate management. No further new issues raised by the sampled staff and workers.	committee meetings etc. will be maintained.	No further response needed.	
Other interested parties: No feedback received.	No response needed.	No response needed.	Nil

3.3.2 Feedback Raised by Stakeholders: Year 2019

Communication done via email prior audit in Nov 2018 to various categories of stakeholders (see list under para 2.5):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: Malaysian Palm Oil Board (MPOB) via email on 21 Dec 2018. Statement: There are no outstanding enforcement actions to be taken against PMU Syarimo grouping – Unit Pengurusan Ladang Syarimo.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Monitoring to continue during next surveillance
Non-Governmental Organizations: No written feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	-
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 17 Jan 2019. A total of 11 stakeholders including from neighbouring estates, smallholder, schools, contractors and suppliers were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations: <ul style="list-style-type: none"> • SK Sangau requested road signages directing visitors to the school to be completed all the way to the main road. • Planting of more trees at riparian zones to provide wildlife with shades and food sources. This will also prevent wildlife from damaging the trees within the estates. • Humana School to be built in Syarimo 5 Estate to reduce the crowd in Syarimo 1 Humana School. 	PMU responded that this matter will be reviewed by the management.	To be followed up during the next Assessment.	Monitoring to continue during next surveillance
Staff / Workers - Interviews:			



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<p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from: 14 to 17 Jan 2019</p> <p>Staff/Workers sampling: POM - 11 males, 7 females Estate Offices = 21 males, 17 females Field/sites visit = 31 males, 35 females</p> <p>All complaints & issues has been allowed, properly recorded and attended to by the Mill & Estate management.</p> <p>No further new issues raised by the sampled staff and workers.</p>	<p>Ongoing consultations via ECC, Safety & Heath, Gender committee meetings etc. will be maintained.</p>	<p>To be followed up during the next Assessment.</p>	<p>Monitoring to continue during next surveillance.</p>
<p>Other interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	



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4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Syarimo 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 Syarimo Oil Palm Estates Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Augustine Loh
Lead Assessor
Date: 05 May 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. Kathiravan Subramaniam
Senior Manager (Syarimo PMU)
Date: 06 May 2019



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

Certificate No:	MSPO 002B
Original Issue date:	30 March 2018
Expiry date:	29 March 2023
Organisation	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
Name of Estates	As per Table A (below)
Address of Estates	As per Table A (below)
Standards	MSPO MS 2530-3:2013 for the Oil Palm Plantation.
Certification scope:	Oil Palm Plantations Supplying FFB

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

Name	Address	GPS Reference		Certified (Titled) Area (ha)
		Latitude	Longitude	
Syarimo Sdn Bhd - Syarimo Palm Oil Mill (Capacity: 90 MT/hour)	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	05°20.001'N	117°46.875'E	18,417.26
Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E	
Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E	
Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E	
Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E	
Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E	
Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E	
Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E	
Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E	
Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E	

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

Syarimo Estates	Annual Tonnages (MT)
FFB	390,400



APPENDIX A:

Qualifications of Lead Auditor and Audit Team

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

(Palm Oil Mill, Environment, Social, Conservation & HCV area, GAP, IPM, Land Use and Supply Chain)

– Master in Business Administration, USA and Diploma in Maritime Studies, Singapore

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

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

(Social Responsibility, Workers Welfare and GAP)

– BSc (Social Science)

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

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

(Good Agriculture Practice, Integrated Pest Management and Social)

– BSc in Food Technology, University of Reading, UK

Mr. Chin Bit Kee has more than 20 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.



**Appendix B:
 Audit Plan (Actual)**

Date	Time	Auditors and Audit Activity			
		Audit Team			
14 Jan 2019 (Day 1)	7.00 am – 1.00 pm	Travel to Syarimo POM			
	1.00 pm - 2.00 pm	Lunch Break			
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)			
	2.30 pm – 5.00 pm	Document Review and Audit by all Auditors at POM			
		AL	CBK	JMD	
		Site Audit at Mill P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P5 Environment, Natural Resources, Biodiversity P6 Best Practices	Site Audit at Mill P1 Management Commitment P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site Audit at Mill P1 Management Commitment P3 Compliance to Legal requirements P4 Social Responsibility	
	Verification of effectiveness of corrective actions for non-conformances (previous audit)				
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion				

Date	Time	Auditors and Audit Activity			
		AL	CBK	JMD	
15 Jan 2019 (Day 2)	8.30 am – 12.30pm	Site Audit at Estate-1 P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P5 Environment, Natural Resources, Biodiversity P6 Best Practices	Site Audit at Estate-1 P1 Management Commitment P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site Audit at Estate-1 P1 Management Commitment P3 Compliance to Legal requirements P4 Social Responsibility	
		Lunch Break			
	1.30 pm - 5.00 pm	Site Audit at Estate-2 P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P5 Environment, Natural Resources, Biodiversity P6 Best Practices	Site Audit at Estate-2 P1 Management Commitment P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site Audit at Estate-2 P1 Management Commitment P3 Compliance to Legal requirements P4 Social Responsibility	
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			



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Date	Time	Auditors and Audit Activity			
16 Jan 2019 (Day 3)	8.30 am – 12.30pm	AL	CBK	JMD	
		Site Audit at Estate-3 P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P5 Environment, Natural Resources, Biodiversity P6 Best Practices	Site Audit at Estate-3 P1 Management Commitment P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site Audit at Estate-3 P1 Management Commitment P3 Compliance to Legal requirements P4 Social Responsibility	
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	Site Audit at Estate-4 P1 Management Commitment P2 Transparency P3 Compliance to Legal requirements P5 Environment, Natural Resources, Biodiversity P6 Best Practices	Site Audit at Estate-4 P1 Management Commitment P3 Compliance to Legal requirements P6 Best Practices P7 New Planting	Site Audit at Estate-4 P1 Management Commitment P3 Compliance to Legal requirements P4 Social Responsibility	
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Auditors and Audit Activity			
17 Jan 2019 (Day 4)	8.30 – 12.30 pm	AL	CBK	JMD	
		Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation, HCV & GHG • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community Notes 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders prior to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement		
	12.30 – 1.30 pm	Lunch Break			
	1.30 – 3.00 pm	Team Meeting and Discussions with POM Management Representative			
	3.00 – 4.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office			
	4.00 pm onwards	Travel to Hotel			

Date	Time	Auditors and Audit Activity			
18 Jan 2018 (Day 5)	8.30 am – onwards	AL	CBK	JMD	
		Travel and flight back to Kuala Lumpur			



Appendix: Audit Team Competency Matrix

MSPO Principles	Areas	Lead Auditor (LA) / Auditors (A) / Technical Experts (TE)			
		AL (LA/TE)	CBK (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 (applies to Estates only)	√	√		



APPENDIX C-1:

Location Map of IOI Syarimo Grouping, Lahad Datu, Sabah

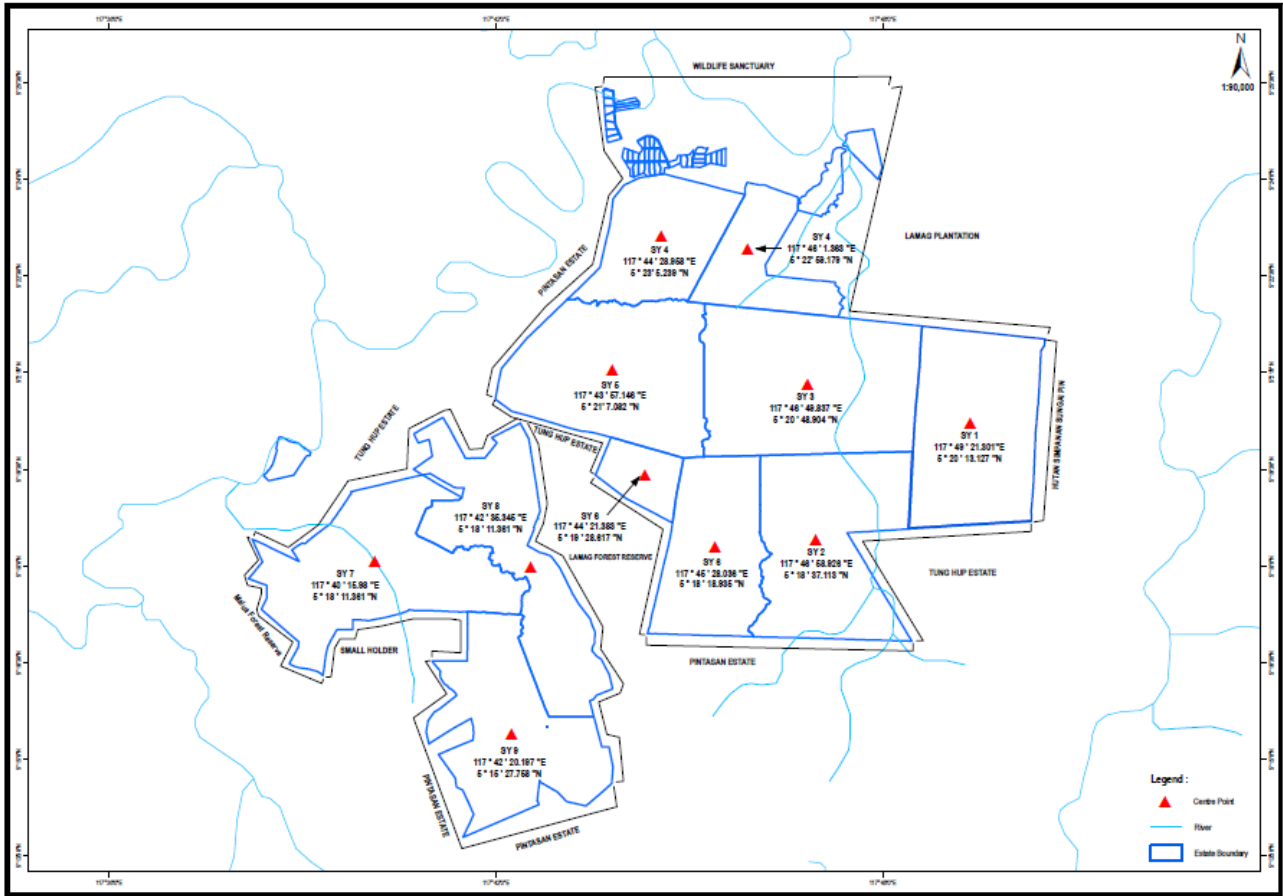
Scale 1: 200 km





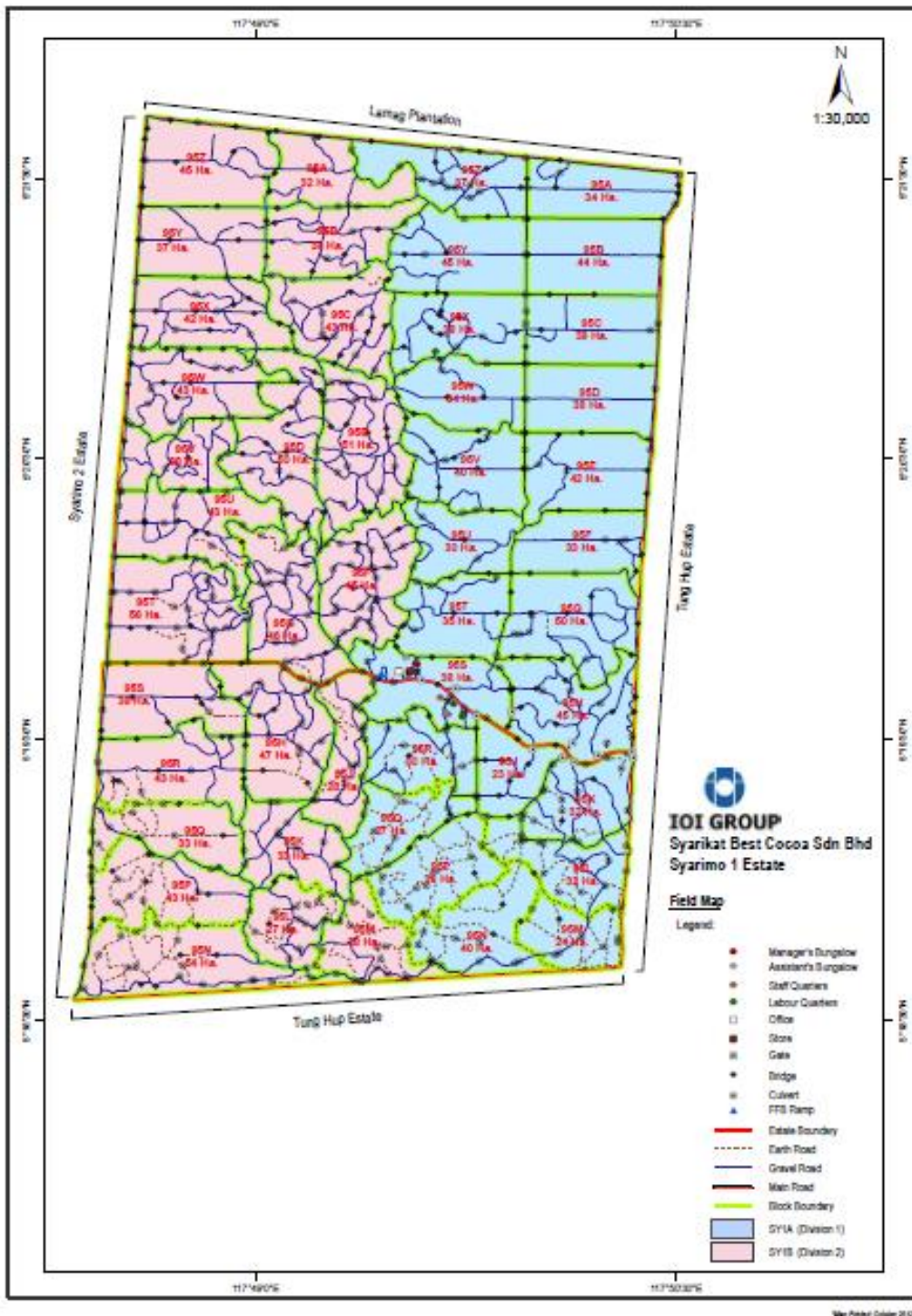
APPENDIX C-2:

Location Map of IOI Syarimo Grouping (Estates), Kinabatangan, Sabah



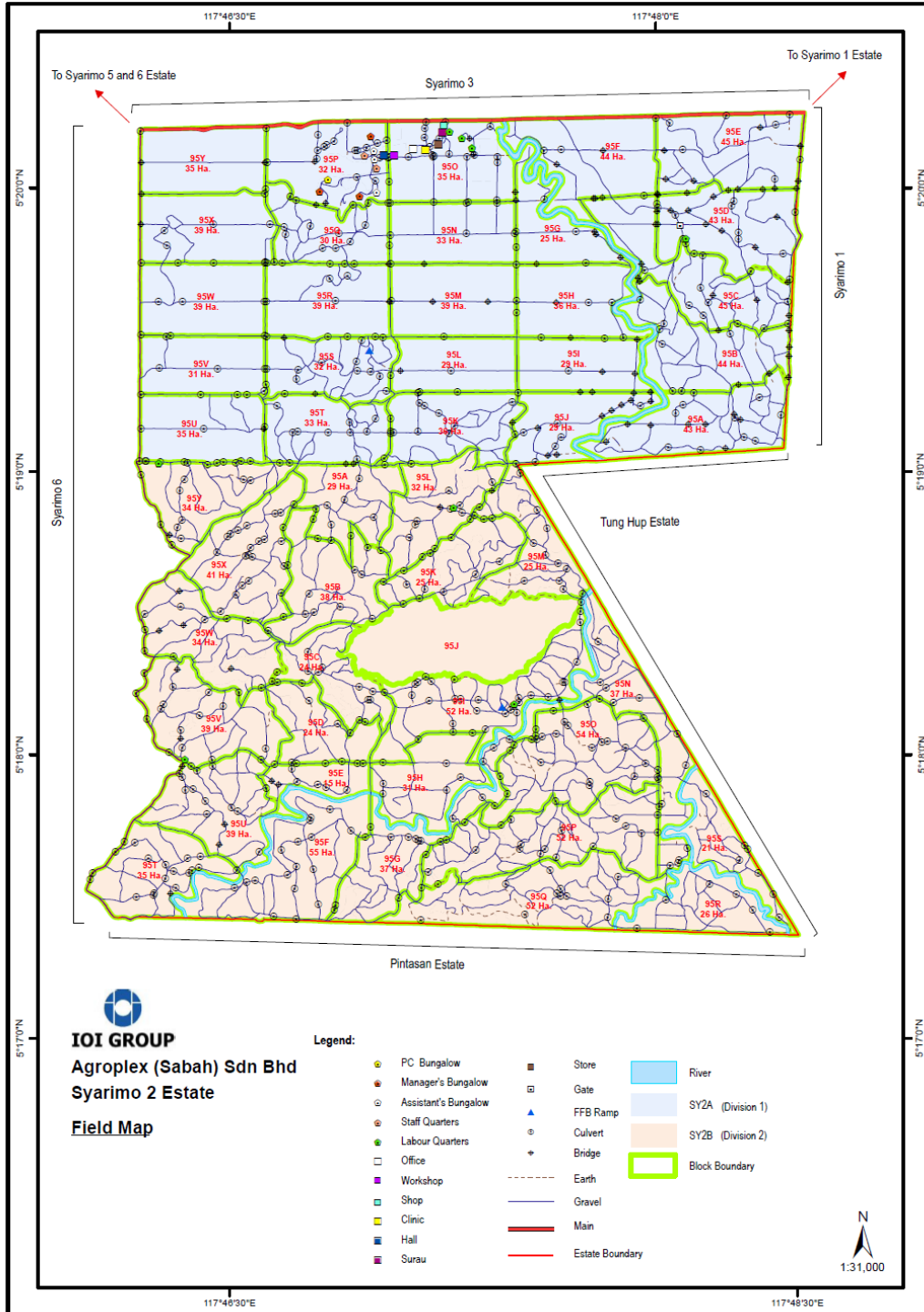


Appendix C-3 - 1: Map of Syarimo 1 Estate



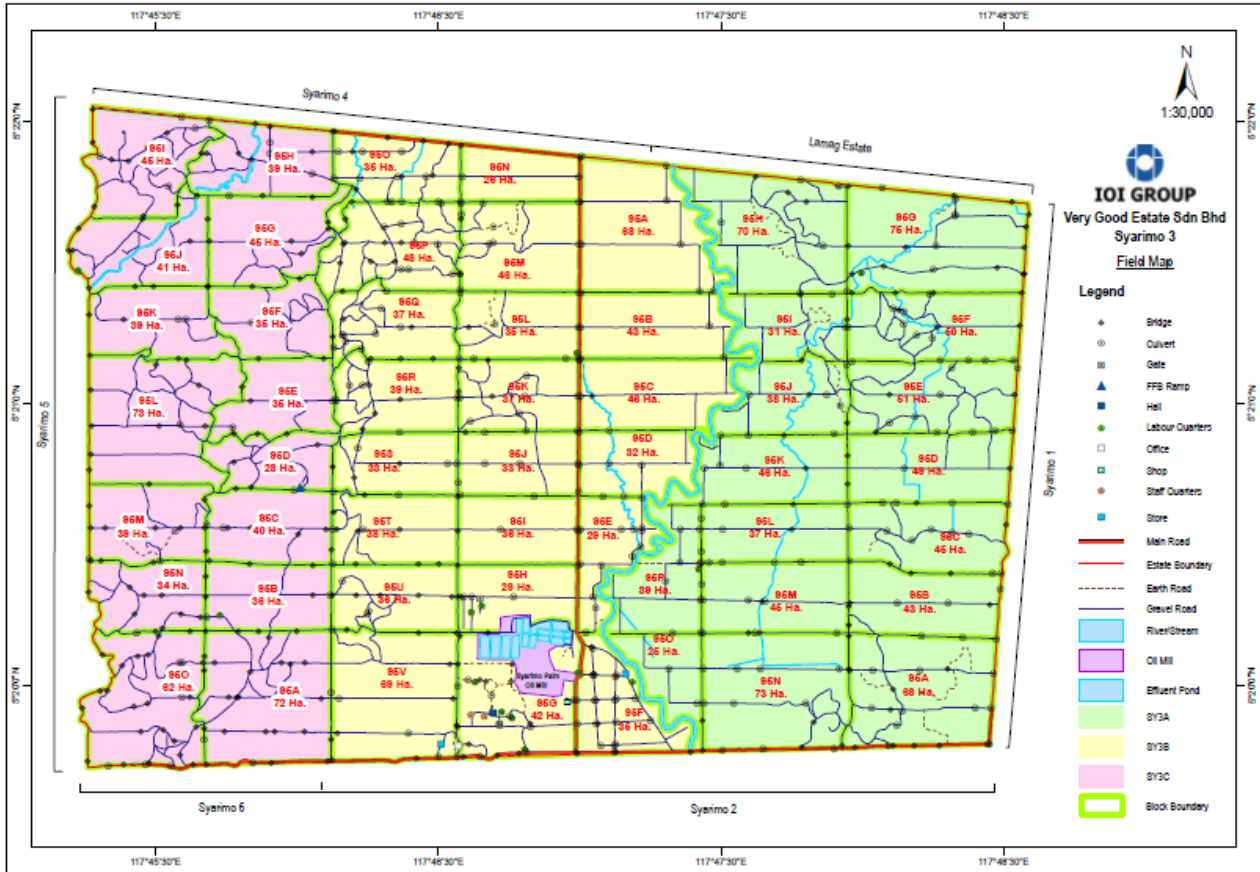


Appendix C-3 - 2: Map of Syarimo 2 Estate





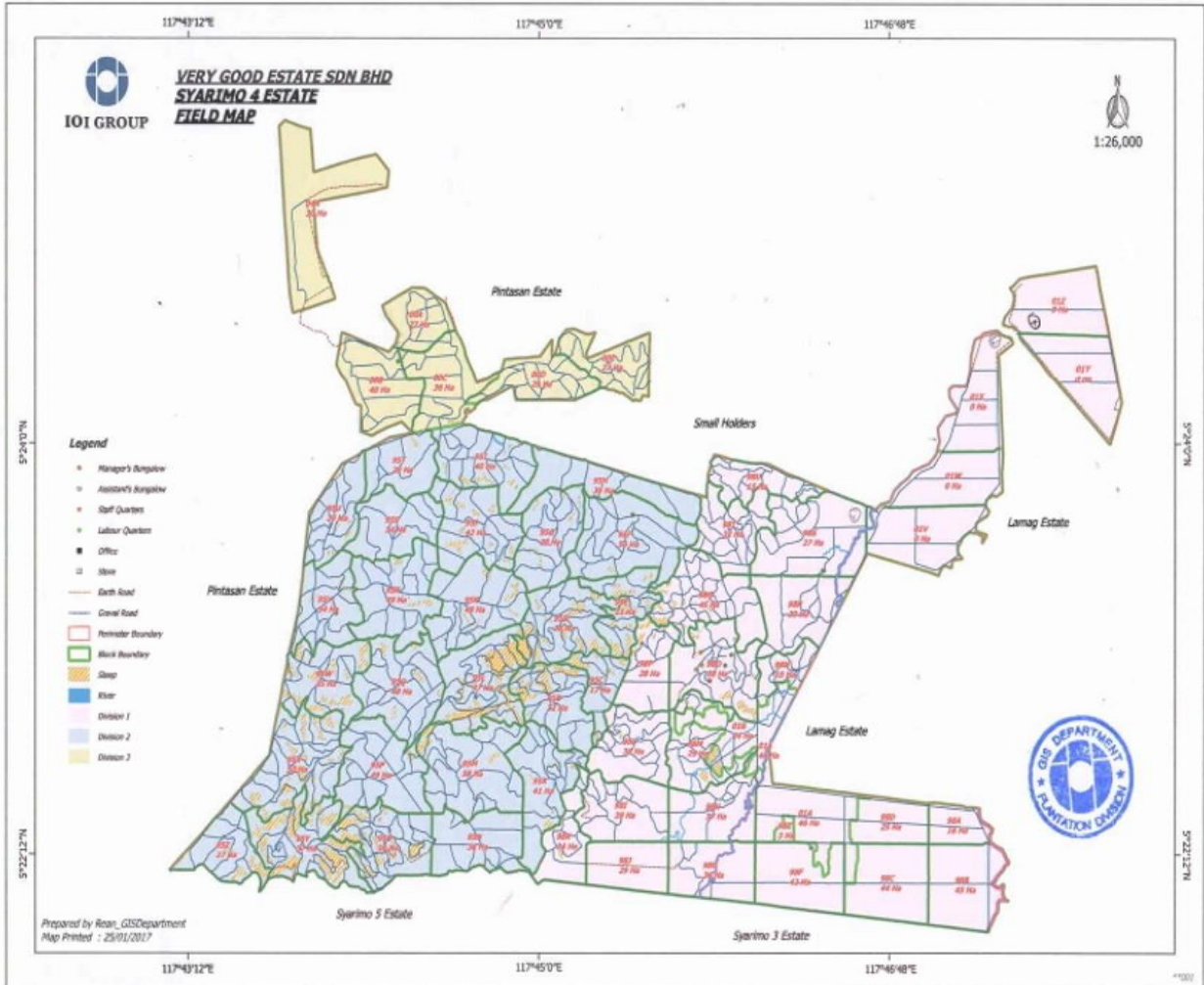
Appendix C-3 - 3: Map of Syarimo 3 Estate



*Map Printed: October 2012

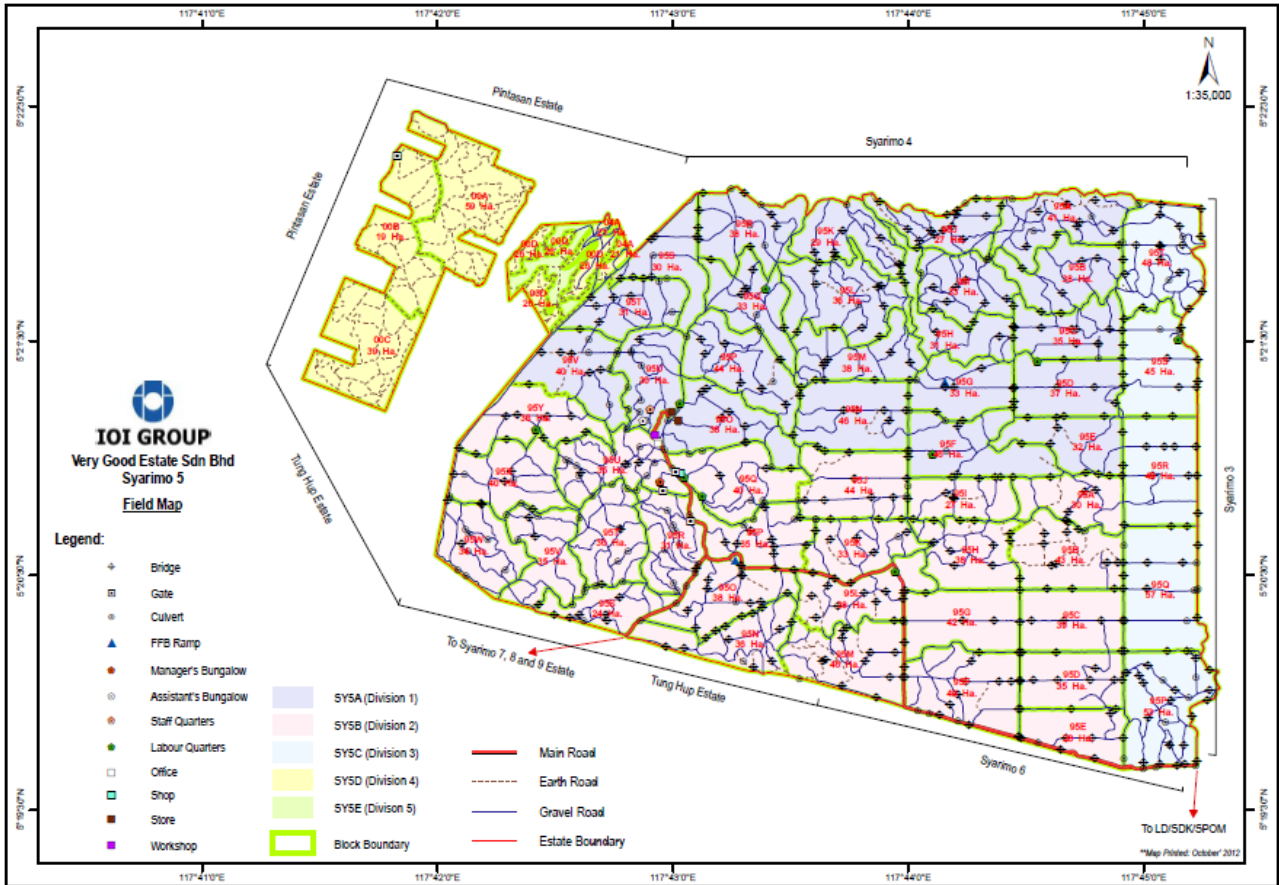


Appendix C-3 - 4: Map of Syarimo 4 Estate



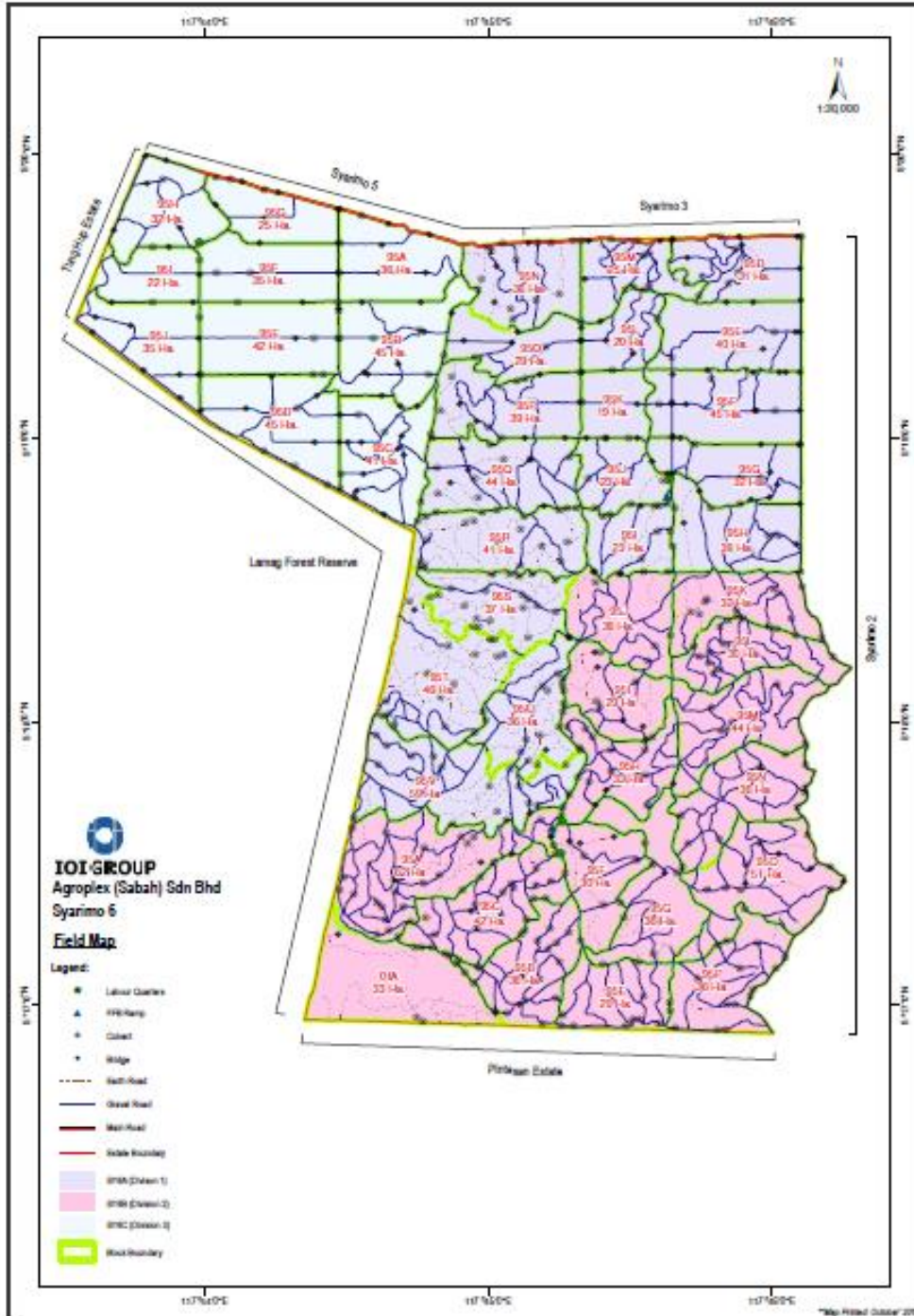


Appendix C-3 - 5: Map of Syarimo 5 Estate



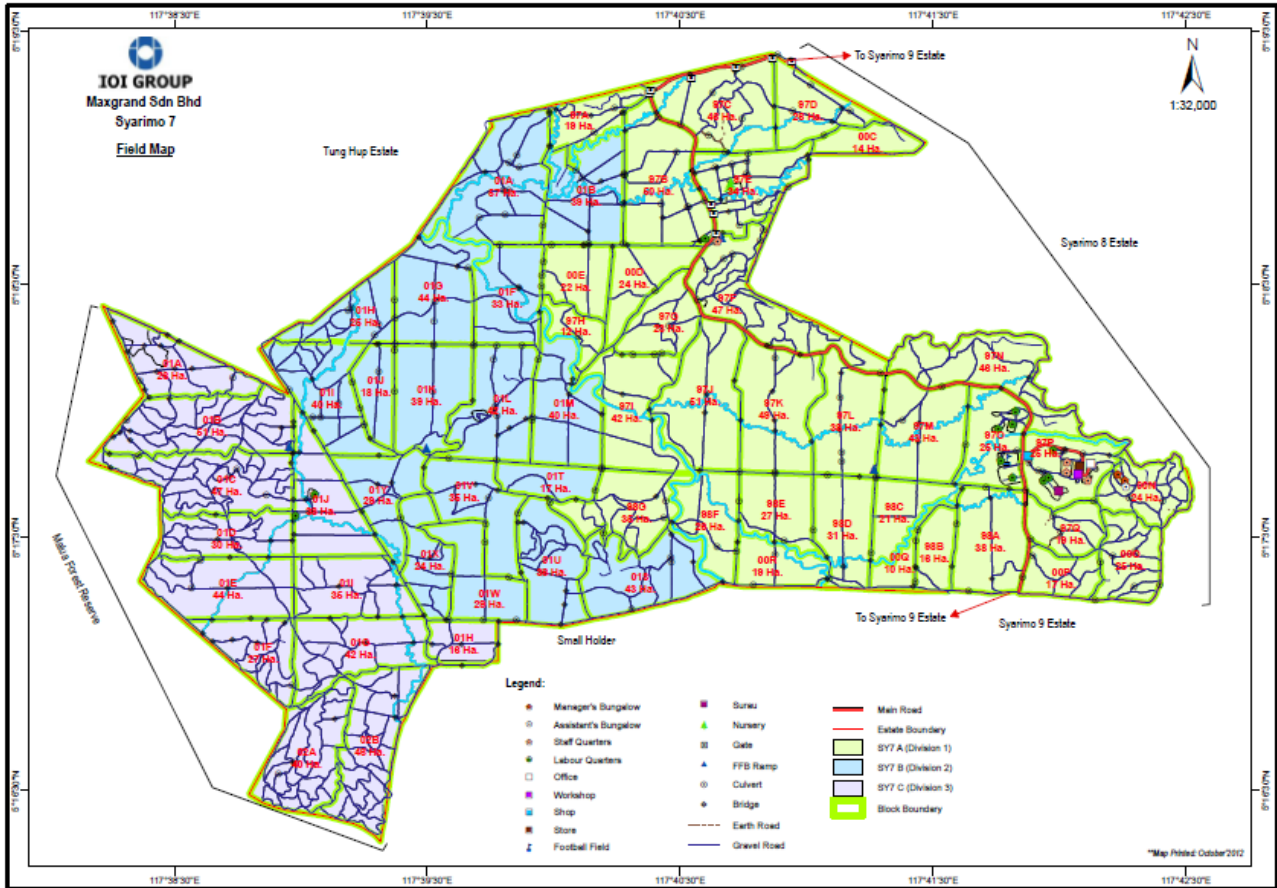


Appendix C-3 - 6: Map of Syarimo 6 Estate



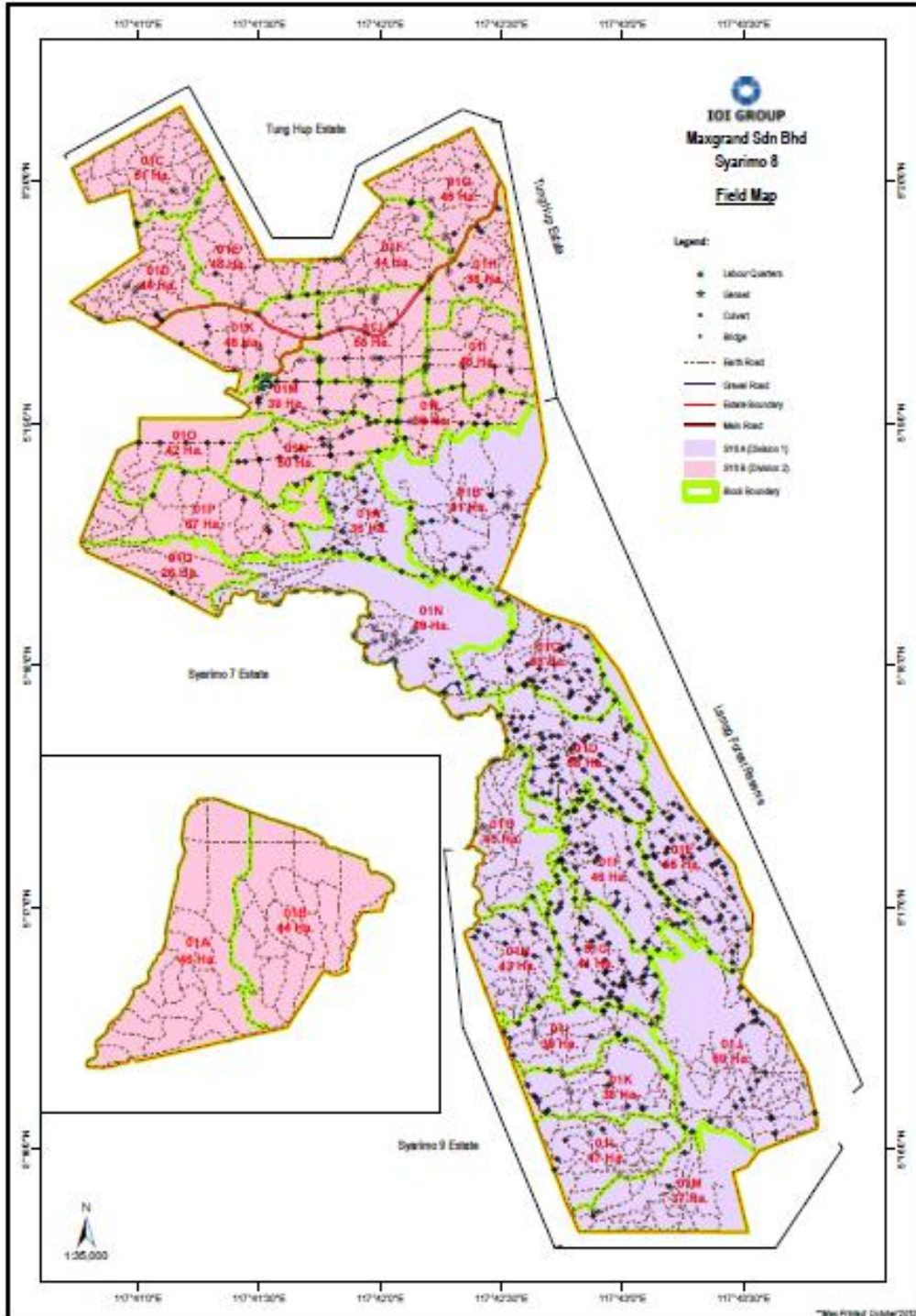


Appendix C-3 - 7: Map of Syarimo 7 Estate





Appendix C-3 - 8: Map of Syarimo 8 Estate





Appendix C-3 - 9: Map of Syarimo 9 Estate

