

**MSPO CERTIFICATION
INITIAL AUDIT**

SUMMARY REPORT

<p>IOI CORPORATION BERHAD</p> <p>Morisem Palm Oil Mill Sdn Bhd (POM)</p> <p>MPOB License Number: 500351504000</p> <p>Lahad Datu, Sabah, Malaysia</p>
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Certificate No:	INTERTEK MSPO 001A
Issued date:	22 February 2018
Expiry date:	21 February 2023
Audit Type	Audit Dates
Initial / Stage 2	25 - 28 Sep 2017
Annual Surveillance - 01	
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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1.0 SCOPE OF AUDIT

1.1 Introduction

This Initial Audit was conducted on the Morisem Palm Oil Mill and Estates of IOI Corporation Berhad (hereafter abbreviated as IOI), from **25 – 28 Sept 2017**, to assess the organization's operations of the Pam Oil Mill and its FFB supplying plantations / estates are in compliance against the **MSPO Standards for Palm Oil Mills (MSPO MS 2530-4: 2013)**.

The Morisem Palm Oil is registered under Morisem Palm Oil Mill Sdn Bhd and the FFB supply base are made up of estates owned by IOI Corporation Berhad (IOI).

1.2 Location (address, GPS and map) of Palm Oil Mill and estates

The Morisem Grouping consists of one (1) palm oil mill, namely Morisem Palm Oil Mill and eight (8) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 8 estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

Name	Address	GPS Reference	
		Latitude	Longitude
Morisem POM (Capacity: 105 MT/hour)	Jalan Jeroco Batu 13, KM 70, 91100 Lahad Datu, Sabah, Malaysia	5°29'38.65"N	118°22'8.54"E
1. Morisem 1	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E
2. Morisem 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E
3. Morisem 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E
4. Morisem 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E
5. Leepang 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E
6. Leepang 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E
7. Leepang 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E
8. Ladang Asas (Tas & Halusah)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"E



1.3 Description of FFB supply base

The supply base i.e. FFB sources to the POM at Morisem Grouping are from the abovementioned 8 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 Morisem Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous (FY Jul 2015 / Jun 2016)		Area Summary (ha) – Current (FY Jul 2016 / Jun 2017)	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 1 estate	2032.00	1896.00	2032.00	1896.00
Morisem 2 estate	2042.14	1886.00	2042.14	1886.00
Morisem 3 estate	2013.70	1830.00	2013.70	1819.00
Morisem 4 estate	2023.00	1896.00	2023.00	1896.00
Leepang 2 estate	2159.19	1962.00	2159.19	1962.00
Leepang 3 estate	1914.43	1838.00	1914.43	1838.00
Leepang 4 estate	1425.21	1354.00	1425.21	1354.00
Ladang Asas estate (Tas & Halusah)	2021.85	1909.00	2021.85	1909.00
Total:	15,631.52	14,571.00	15,631.52	14,560.00
Percentage:	100 %	93.22%	100%	93.19%

Notes:

1. This Audit covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Audit have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.



1.4 Summary of plantings and cycle

The 8 estates had been developed beginning from 1990 and the replanting (2nd cycle) in 2007 onwards at the various estates. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (FY Jul 2016 / Jun 2017)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Morisem 1 estate	2007-2010	2 nd Cycle	1896	0	1896.00
Morisem 2 estate	2008-2013	2 nd Cycle	1489	397	1886.00
Morisem 3 estate	1990-1991 2014-2015	1 st Cycle 2 nd Cycle	952	878	1830.00
Morisem 4 estate	1991-1992 2013-2014	2 nd Cycle	1304	592	1896
Leepang 2 estate	1995-1999 2015	1 st Cycle 2 nd Cycle	1751	211	1962
Leepang 3 estate	1996-1997	1 st Cycle	1838	0	1838
Leepang 4 estate	1996-2003	1 st Cycle	1354	0	1354
Ladang Asas estate (Tas & Halusah)	1992-1998 2015-2016	1 st Cycle 2 nd Cycle	1185	724	1909
		Total	12,186.00	2385.00	14,571.00

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

1.5 Summary of Conservation and HCV Areas

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

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	(FY Jul 2016 / Jun 2017) Hectarage – Ha
1	Planted Area (ha) – Oil Palm	
	- Mature	12,224
	- Immature	2,343
2	Conservation Area (ha)	
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	430.62
3	HCV Area (ha)	
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	97.50



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1.6 Other certifications held and Use of MSPO Trademarks

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

The MSPO's 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 Communications & Claims" during the Audit.

1.7 Organizational information / Contact Person

At Head Office:

Mr. N.B. Sudhakaran

Plantation Director (Group)

IOI Plantation Services Sdn Bhd

Level 8, Two IOI Square,

IOI Resort, 62502, Putrajaya

Tel: 603-89478888

Fax: 603-89478988

Email: nbsudha@ioigroup.com

At Morisem (Sabah) POM & Estates Grouping:

Mr. S.S Ragupathy,

Senior General Manager (Sabah Region)

IOI Plantation Services Sdn Bhd

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Email: ragupathy@ioigroup.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 at Morisem Grouping based on the actual tonnages is as in Table 5 below:

Table 5: Tonnages Verified for Certification (FY Jul 2016 / Jun 2017)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Morisem 1 estate	47,157.13	Morisem POM	Intertek
2.	Morisem 2 estate	25,097.07	Morisem POM	Intertek
3.	Morisem 3 estate	27,285.30	Morisem POM	Intertek
4.	Morisem 4 estate	31,725.68	Morisem POM	Intertek
5.	Leepang 2 estate	44,638.69	Morisem POM	Intertek
6.	Leepang 3 estate	34,871.18	Morisem POM	Intertek
7.	Leepang 4 estate	32,961.30	Morisem POM	Intertek
8.	Ladang Asas /Halusah estate	0	Diverted to Unico POM	-
	Sub-total for MU estates	243,736.35		
9.	Other IOI MUs Estates:	0	-	-
10.	Outside Crop Producers (OCP):	0	-	-
	Grand total	243,736.35		

Note: The entire FFB crop from Ladang Asas/Halusah estate has been diverted to Unico POM (another IOI Group POM nearby) for FY 2016 / 2017

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

Table 6: FFB Processed (tonnages)

Estate / Supplier	FFB Processed in FY Jul 2015 / Jun 2016 - Actual		FFB Processed in FY Jul 2016 / Jun 2017 - Actual		FFB Processed for FY Jul 2017 / Jun 2018 - Projected	
	MT	%	MT	%	MT	%
Morisem Grouping Estates	245,086.70	100	243,736.35	100	277,460	100
Other certified IOI MUs	0	0	0	0	0	0
Certified FFB	245,086.70	100	243,736.35	100	277,460	100
Non-certified FFB	0	0	0	0	0	0
Total	245,086.70	100	243,736.35	100	277,460	100

Note: The FFB tonnages are currently certified under RSPO P&C certification.



1.8.2 The annual certified tonnages of CPO and PK production by the MU Grouping as verified during this current Audit and projected for next FY are detailed as follows:

Table 7: Certified FFB Tonnages

POM	FY Jul 2015 – Jun 2016 - Actual		FY Jul 2016 – Jun 2017 - Actual		FY Jul 2017 – Jun 2018 – Actual + Projected	
Total certified FFB Processed (MT)	245,086.70		243,736.35		277,460	
Total certified CPO Production (MT)	51,838.62	OER: 21.15%	49,997.07	OER: 20.51%	59,654	OER: 21.50%
Total certified PK Production (MT)	12,222.64	KER: 4.99%	11,846.97	KER: 4.86%	14,567	KER: 5.25%

Note: The FFB tonnages are currently certified under RSPO P&C 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 21 Aug 2017, Intertek has initiated stakeholder communications and notifications via emails to the relevant stakeholders before the audit to provide feedback and comments on their concern (if any) on the Morisem Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 25 to 28 Sep 2017, the Audit team of Intertek conducted the Audit in which the Palm Oil Mill and 4 out of the 8 estates of Morisem Grouping, namely Morisem 1, Morisem 4, Leepang 2 and Leepang 4 Estates were audited for compliance against the respective MSPO Certification Standards for POM and Oil Palm Plantations.

The number of estates sampled was based on the sampling methodology with reference to the RSPO Certification Scheme i.e. minimum sample of X estates = $(0.8\sqrt{Y}) \times Z$, where Y is the number of estates and Z is the multiplier as defined by the risk audit. The Z multiplier value was determined as High 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.

Note: The number of estates sampled based on the above sampling methodology is higher and meets the minimum as provided under the MSPO Certification Scheme.

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

The Audit team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the audit and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

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

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

2.2 Date of next scheduled visit

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

2.3 Qualifications of the Lead Assessor and Audit Team

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

2.4 Certification Body

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



2.5 Process of stakeholder consultation

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

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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



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

Local community (On-site interviews)

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



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: Morisem Palm Oil Mill Sdn Bhd – POM	
Auditor/s: Augustine Loh, Sazali Hasni & Chin Bit Kee	Audit Dates: 25 – 28 September 2017

P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: Policy for the implementation of MSPO shall be established.	The company has a total of 18 policies. Verified that the policy on the implementation of MSPO is available. The policy was dated June 2017.	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	The policy had also clearly stated the company's commitment which included continual improvement in the overall aspects of plantation management and community development.	Complied
4.1.2	C2: Internal audit		
4.1.2.1	Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	There was a procedure for conducting Internal Audit. The internal audit is planned to be conducted at least once a year. Internal Audit members of IOI SPO Team Lahad Datu comprise; Lead : Mr. Agos Atan Member: Mdm. Zahidah Dahalan, Mdm. Asmawati Arsjad, Ms. Valerie Binati, Mr. Felix Francis, Ms. Sumarni Sudirman and Mr. Wee Siaw Hwen.	Complied
4.1.2.2	Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	A procedure for internal audit was established and documented i.e. MSPO/SOP/IA/1 (Rev 01, dated 1 Aug 2017). The recent internal audit was conducted on 21 st August 2017 accordingly to the planned schedule. There was no non-conformance raised. Improvement areas were also indicated. On overall, the audit was verified to be effective and reliable.	Complied
4.1.2.3	Indicator 3: Reports 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 continuous suitability, adequacy and effectiveness of the	Management review was conducted on the 18 th September 2017 and had included all issues for the effective implementation of MSPO.	Complied



	requirements for effective implementation of MSPO and decide on any changes, improvement and modification.		
4.1.4	C4: Continual improvement		
4.1.4.1	Indicator 1: The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.	<p>There were action plans for the Continual Improvement being implemented and monitored. The planned and progressively implemented continual improvement activities in the POM include:</p> <p><u>Continual improvements for the POM:</u></p> <ol style="list-style-type: none"> 1. Timely monitoring, disposal and updating records for disposal of Schedules Wastes via e-consignment: spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409) and used filters (SW 410). 2. Recycling and reduction of waste (recycle scrap iron, plastic and paper) 3. Development of GHG reduction activities such as the higher use of renewable energy sources (EFB, shredded shell, fiber) 4. Replacement of chimney for boiler No.2 effective Nov 2016. 5. Planting of leguminous crop at mill compound beginning March 2017. 6. New drainage system at EFB dumpsite (pumping it to effluent pond) preventing leachate from EFB / boiler ash going to stream. 	Complied
4.1.4.2	Indicator 2: The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.	<p>Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company.</p> <p>Presently, the POM has budgeted for the construction of a Biogas plant for Power generation for usage at POM and nearby estates and housing quarters.</p> <p>The most recent programme in the relation of introduction and implementation of new technology was the 'Time Attendance Setup Training (Fingers Thumbprint System)', which was done on 01.06.2017.</p> <p>For the construction of a Biogas plant, it has been budgeted for the next financial year budget. Meetings and consultations on the construction of the biogas plant were held on 21 July and 16 Dec 2017 and plans submitted for the budget approval by HQ, expected by June 2018.</p>	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 adequate information to other stakeholders on environmental,	The IOI's Group consultation and communication procedures are available via website link:	Complied



	social and legal issues relevant to sustainable practices in the relevant languages and forms.	<p>http://www.ioigroup.com/corporateresponsibility/environment_plantation.cfm</p> <p>The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings. Communications are in Bahasa Malaysia, English and native dialects.</p> <p>Internal stakeholder meetings included Employee Consultative Committee (ECC) meetings & Gender Consultative committee (GCC) meetings, Safety & Health committee (SHC) meetings.</p> <p>All meeting minutes were sighted by the Social Auditor on-site during the audit. Details noted were as follows: Internal Stakeholder Meeting: 18.09.2017 and ECC Meeting: 24.02.2017 / 05.04.2017 / 10.06.2017 /19.08.2017</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.	Policies and procedures are available at the website and upon any special request.	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: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).	<p>The Mill Manager is 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>Social Liaison Officer: Mr. Jamuih Kulipang appointed on 01.04.2016</p>	Complied
4.2.2.3	Indicator 3: A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.	<p>The lists of stakeholders at the POM and 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 commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.	The company has established, implemented and maintained their procedure for Supply chain traceability for their FFB, CPO and PK. The company 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.	Complied
4.2.3.3	Indicator 3: The management shall 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 storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	All records of FFB transported and received, CPO processed and delivered out, on a daily basis, were maintained and verified to be traceable.	Complied

P3: Compliance to legal requirements

Clause	Requirements	Evidence	Conformity
4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations shall be in compliance with applicable local, national and ratified international laws and regulations.	The documented system for identifying, determining, reviewing and updating applicable legal and other requirements. Verified applicable laws and regulations has been satisfactorily implemented and adhered.	Complied
4.3.1.2	Indicator 2: The management shall list all relevant laws related to their operations in a legal requirements register.	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 11 Jan 2017 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	Complied



		<p>Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired.</p> <p>Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Noise Monitoring Report is available. Annual Audiometric testing of workers exposed to high noise levels were done on 15 May 2017. No workers found with hearing impairments.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p>	
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 for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.</p>	Complied
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and	<p>Tracking of regulatory requirements and changes are done by Senior GM at the HQ, Putrajaya at Selangor.</p> <p>Monitoring of compliance is done by ESH Manager and SPO team.</p>	Complied



	update the changes in regulatory requirements.	The mechanism of tracking the law changes as identified from the group HQ, would be distributed to all the Estates and POMs via email. The changes to Environmental related laws would be monitored by the Sustainability Team (Sabah region) headed by Mr Agos Atan and the changes in the labour related laws will be monitored by the Senior GM – Mr SS Ragupathy (Sabah region) as was stated in their respective Job Scope.	
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	Communities surrounding the company POM and plantation areas are able to move freely without any issues or problems. Verified during site inspection that no such limitations had occurred.	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group. The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use. There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit. There has been no recorded dispute over the ownership during the tenure of the land.	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.	It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palms and agricultural use. 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). Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.	Complied
4.3.2.4	Indicator 4: Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	There were no borders at Morisem POM which were adjacent to any villages or native land. Therefore, there has been no records of any negotiation or compensation.	Complied
4.3.3	C3: Customary land 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.	Complied



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 POM were available. Re-survey was conducted on Dec 2016. The land is 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 MU. 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 the relevant agreements should be made available.	There were no borders at the POM which were adjacent to any villages or native land. Therefore, there has been no records of any negotiation or compensation.	Complied

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 should be implemented to mitigate the negative impacts and promote the positive ones.	Social Impact Audit report and Management Plans at the mill and the estates were documented by the Sustainability Team. 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 Complaints and Grievances Procedure i.e. Prosedur Aduan and Carta Alir Laporan Aduan on 21 Aug 2017.	Complied
4.4.2.2	Indicator 2: The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.	The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and be acted upon by the Social Liaison Officers who will investigate the matter and resolve with the affected parties.	Complied
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	Employees and affected stakeholders can make complaints by recording in the Complaints & Grievance Book kept at the Mill office. 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 surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	The Management informed the invited employees and surrounding communities at the internal and external Stakeholders consultations regarding their complaint/grievance procedure and feedback mechanism. The details of meetings held were noted as follows:	Complied



		<p>External Stakeholder Meeting: 28.08.2017 attended by representatives from Government (school, immigration department, police department, Sabah forestry etc.), neighbouring estates, external suppliers and contractors.</p> <p>Internal Stakeholder Meeting: 18.09.2017 attended by Workers representative, Mill management and SPO Team (Lahad Datu).</p>	
4.4.2.5	Indicator 5: Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	The Complaint and Grievance Books that recorded the nature of complaints and the resolutions had been maintained and available for the past 3 years.	Complied
4.4.3	C3: Commitment to contribute to local sustainable development		
4.4.3.1	Indicator 1: Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.	<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 education activities held for the school children. These are the children of the foreign workers mainly Indonesian.</p>	Complied
4.4.4	C4: Employees safety and health		
4.4.4.1	Indicator 1: An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.	<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 POM and estates.</p> <p>Safety Policy and HIRAC documented was reviewed for the POM. 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, gen set maintenance, ramp inspection, bridge and tanks inspection), Monthly Safety inspection and audit was done by the Safety Officer and records available.</p>	Complied



<p>4.4.4.2</p>	<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 chemicals used at the palm oil mill:</p> <p>i) all employees involved are adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products should 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 shall 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 that affect their business such as</p>	<p>Safety Policy and HIRAC documented was reviewed for the POM and estates. The OSH Programme 2017 include the following:</p> <p>Safety & Health Committee meetings 4x/year,</p> <p>Annual medical surveillance,</p> <p>Accident Reporting & Investigation,</p> <p>Workplace inspection,</p> <p>CHRA Audit,</p> <p>Air compressors annual inspection,</p> <p>Warning signs,</p> <p>Chemical Register,</p> <p>SOP for safe work,</p> <p>PPE usage,</p> <p>MSDS/CSDS,</p> <p>JKKP 8 reporting of accidents annually,</p> <p>Emergency Response Plan (ERP),</p> <p>Emergency drills,</p> <p>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),</p> <p>Monthly KPI Report on HSE performance,</p> <p>Monthly Safety inspection & audit by Safety Officer,</p> <p>CHRA report of Feb 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. Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH) committee.</p> <p>Medical care had been provided to all the workers.</p>	
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	<p>those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be 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 shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG insurance noted to be valid.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p>	
4.4.5	C5: Employment conditions		
4.4.5.1	<p>Indicator 1: The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p>	<p>The management had established the "Group Sustainable Palm Oil Policy" in June 2017 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 http://www.ioigroup.com/corporateresponsibility/environment_plantation.cfm</p> <p>The employees are informed through briefing during muster, at the GCC and ECC meetings. The policy is also displayed at notice boards in the office.</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 Job Opportunity Policy 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 local languages and English and displayed at the Mill's notice boards.</p> <p>Employment records showed that this policy had been implemented and maintained.</p>	Complied
4.4.5.3	<p>Indicator 3: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per 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>	Complied



		Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2012.	
4.4.5.4	Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	The management ensured that employees of contractors are paid based on Minimum Wage Order 2016 by monitoring salary payment and interviewing the contractor's employees.	Complied
4.4.5.5	Indicator 5: The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment. A brief description of the work that the foreign workers will be performing is written into the employment contract. Full job descriptions are documented for senior positions, such as Managers, Social Liaison Officer, and Safety & Health Officer etc.	Complied
4.4.5.6	Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.	All employees are provided with employment contracts in accordance with Kontrak Perkerjaan (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. The employment contract is by the Mill Manager or his Assistant and the employee. Interview with the employees confirmed that they received a copy of the employment contract.	Complied
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.	The management had installed a biometric time recording machine that records the working hours and is linked to the database containing the details of each employee. Data recorded by the time recording machine are used for calculating the working hours and overtime.	Complied
4.4.5.8	Indicator 8: The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.	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.	Complied



4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	<p>Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount.</p> <p>Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.</p>	Complied
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings	The employees are offered incentives on output, provided training, access to medical care and other benefits such as free housing, free water supply and free electricity supply.	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.	<p>The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) is yet to be enforced by Sabah Labour Department. However, the MU is noted to have provided adequate amenities to their local and foreign workers as well the grouping has provided adequate housing, water supplies, medical, educational and public amenities.</p> <p>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.</p> <p>The workers are provided with medical, educational and public amenities.</p>	Complied
4.4.5.12	Indicator 12: The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.	The management had established the Policy On Prevention And Eradication Of Sexual Harassment In The Workplace. The policy is displayed at the notice board of the office and the workers are briefed about the policy during muster.	Complied
4.4.5.13	<p>Indicator 13: The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining.</p> <p>Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p>	<p>The management had established the Polisi Hak Sama Rata & Kebebasan Berpersatuan Pekerja which was approved by Group Plantation Director on 20 Aug 2009.</p> <p>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.</p> <p>The ECC meets every two months to discuss issues related to work conditions, complaints, living environment etc.</p>	Complied



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.	<p>Employees and workers profile, that included date of birth, maintained by the mill showed that there was no underage worker employed.</p> <p>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.</p>	Complied
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular Audit of training needs and documentation, including records of training.	<p>Training programme planned for year 2016 includes training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as 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 2017 and evaluation carried out on each of the trainings to determine its effectiveness.</p> <p>Appropriate PPE (safety helmets) had been provided to FFB harvesters and loaders at the place of work to cover all potentially hazardous operations.</p> <p>Records of training for each employee, including new employees were maintained.</p>	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	<p>A formal training programme on all aspects of MSPO requirements have been established and implemented.</p> <p>Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.</p> <p>The training needs analysis discuss in Safety and Health meetings under the agenda of Safety & Health Training. Recent discussion was held on 03.12.2017</p>	Complied
4.4.6.3	Indicator 3: A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.	<p>Training programme planned for year 2016 includes training for all categories of workers.</p> <p>Trainings were conducted based on categories of work stations. Sampled trainings and records include Grading Station, Loading Ramp Station, Threshing Station, Boiler Station etc.</p>	Complied



Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.	The sustainability policy statement encompasses the protection of environment and the protection of wildlife. It is documented as one of the 18 policies available.	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 Impact Audit (EIA) for the POM have been reviewed on 29 th September 2017 by the Environmental Liaison Officer and approved by the Mil Manager. The environmental policy, objectives and the aspects/impacts analysis 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, implemented and monitored.	The EIA document developed had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones applicable to the POM.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	The reviewed EIA had also considered the mitigation of negative impacts and promotion of positive ones and translated into programmes and implemented.	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.	Verified that the documented training programme had been established. However implementation level at the estates audited had not made special focus on the awareness and understanding of the objectives on Environmental management.	OBS-01
4.5.1.6	Indicator 6: Management shall organize regular meetings with workers where concerns of workers about the 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.	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	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 POM and estates. Data compiled (5 years) for comparison and monitored to optimize the use of non-renewable energy.	Complied



	including fossil fuel, electricity and energy efficiency in the operations over the base period.	Records available were verified and showed satisfactory monitoring of the resources.	
4.5.2.2	Indicator 2: Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.	Record on the usage of non-renewable energy for machineries involved in the plantation operation is available. Monthly records on energy consumption for both renewable fuel (palm fiber and PK shell) and non-renewable fuel (diesel) were maintained at the POM. Data compiled (5 years) for comparison and monitored to optimize the use of renewable energy. Record presented had showed a satisfactory monitoring of the resources.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	The POM has been using part of the EFB, FFB mesocarp fibers and shells in the boiler operations for power generation and supply. This has helped to reduce the consumption of diesel. Quantities of fibre and shell usage in 2017 was as follows: Fibre: 21,123.79 mt Shell: 5,280.94 mt	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.	The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and boiler ashes were maintained and monitored at the POM and estates. Scheduled Waste identified include spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).	Complied
4.5.3.2	Indicator 2: A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.	The waste management and disposal plan were in place at the POM. It has been documented and implemented as required and is being carried out responsibly and satisfactorily. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory practiced in the mill. Proper storage areas were identified for the storage of the recyclable wastes at the POM. Records on the usage and disposal were well recorded and documented at the mill. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be properly maintained at the POM. Disposal of schedule waste was done by an appointed contractor that is licensed by the Department of Environment i.e. Lagenda Bumimas Sdn Bhd. It was properly monitored and recorded. The solid waste management and disposal plan using landfills was also available. Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Recycling bins of three different	Complied



		colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.	
4.5.3.3	Indicator 3: The palm oil mill 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. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.	At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned and according to the legal requirements. Stores for scheduled waste were inspected. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Records of e-Consignments are in order. Latest disposal was done on the 23 Sep 2017 and handled by Lagenda Bumimas Sdn Bhd.	Complied
4.5.3.4	Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.	Domestic waste at line site was disposed using the designated landfill at the nearest estate i.e. Morisem 2 estate. The management of the landfill is satisfactory.	Complied
4.5.4	C4: Reduction of pollution and emission including greenhouse gas		
4.5.4.1	Indicator 1: An Audit of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	Monthly records on energy consumption for both renewable fuel (palm fiber and PK shell) and non-renewable fuel (diesel) were maintained at the POM. Data compiled (5 years) for comparison and monitored to optimize the use of renewable energy. Environmental internal audits were conducted by Sustainability Team. The most recent MSPO internal audit held on 03.08.2017 had 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. Level of Greenhouse gases (GHG) emissions are monitored on yearly basis through the GHG calculation methodology accepted for RSPO and ISCC GHG calculations and certifications which are achieved and valid. Records presented had showed a satisfactory monitoring of the resources.	Complied
4.5.4.2	Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	Environmental impact Audit on potential pollution to water, gaseous emissions to air and contamination on land was reviewed on 20 Sep 2017. Mill gas emissions also monitored online by DOE, Sandakan using the Continuous Emissions Monitoring System (CEMS) and it is verified to be within the permissible limits of DOE. POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations. Land application of POME was channelled to nearest estate.	Complied
4.5.4.3	Indicator 3: Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and	Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer usage have been documented at the POM. This has been verified on-site. In addition, the POM has achieved the ISCC EU certification for sustainable biofuels production. Thus the	



	<p>method should be in accordance with the respective state and national policies and regulations.</p>	<p>GHG emissions calculation is up to date and has been compiled for FY 2016/2017. GHG calculation report has also been submitted to RSPO on 20 Sep 2017.</p> <p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered to.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements.</p> <p>The daily CEMS reporting summary chart indicated a maximum of 39.16% and an average of 7.21% opacity (DOE permissible limit is 40% max. opacity).</p> <p>It was verified that the POME is treated using aerobic and anaerobic ponds (total of 8 ponds, consisting of 7 effluent ponds and 1 bio polishing pond)</p> <p>Water samples were regularly taken monthly and tested by mill environment officer in charge and analysed to ensure compliance to DOE requirements at the final discharge point. The discharged water is 100% used for land application into Leepang 2 Estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD < 20 ppm).</p> <p>Water samples collected and analysis carried out at twice a year for treated water. The treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Quarterly report on the environmental monitoring was also done and submitted to DOE, latest report dated 12 July 2017.</p>	
4.5.5	C5: Natural water resources		
4.5.5.1	<p>Indicator 1: The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a) Audit of water usage and sources.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</p> <p>c) Ways to optimise water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of</p>	<p>Water Management Plans for the POM was reviewed on September 2017. Action plans has been identified and implemented accordingly. The water management plan had included the source of water and how it is being treated for mill and domestic use, their usage monitored and recorded.</p> <p>Water quality analysis was also conducted at interval of once every six months.</p>	Complied



	equipment to reduce leakage, collection of rainwater, etc.).		
4.5.5.2	Indicator 2: Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.	The POME was discharged for land application at the nearest estate i.e. Morisem 2 and not to any water course.	Complied

P6: Best practices

Clause	Requirements	Evidence	Conformity
4.6.1	C1: Mill management		
4.6.1.1	Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	<p>POM has documented SOPs for its operations. The procedures included the following:</p> <ol style="list-style-type: none"> 1. Palm Oil Mill Operation from reception of FFB, Operations for Laboratory, Biogas Plant, Polishing Plant, Water Treatment Plant, Boiler, Engine room, Workshops etc. for the processing until the delivery of processed oil and POME management. 2. Quality, Environmental and Occupational Health & Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling. 3. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the POM includes hazards identification, risk Audit and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and "permit to work system" for the mill. 4. SOP for Mill RSPO Supply Chain Certification System was revised on 01 Aug 2017 (Rev.1). Presently applied by POM is the Identity Preserved (IP) module. <p>This was revised i.e. Doc No IOI/StOP/A on 01 July 2017 (Issue 02).</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	Complied
4.6.1.2	Indicator 2: All palm oil mills shall implement best practices.	<p>The POM had adhered to their SOPs and best management practices.</p> <p>Examples of BMP include Water Management, Monitoring of Emissions – Discharges & Pollution , Monitoring of Safety & Health of Workers, Water Ponds for Domestic & Recreational purposes</p>	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 2016/2017 to FY 2020/2021) for the POM was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <p>(1) Staff and Labour requirements;</p> <p>(2) Crop projection; FFB yield/ha trends;</p> <p>(3) Mill extraction rates; OER trends;</p> <p>(4) Cost of Production; Cost/mt FFB trends;</p> <p>(5) Cost of Production; Cost/MT CPO trends;</p> <p>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</p> <p>(7) Budget for Environmental, Social, Safety & Health, Training and Promotions.</p> <p>The Mill and 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 the MU 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 available at the POM office.	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a 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: In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	<p>During external stakeholder's consultations and during training, the contractors are made to understand MSPO requirements. Information such as policies and procedures are provided.</p> <p>However a noncompliance finding was detected as follows:</p> <p>Monitoring mechanism of Road Tax, Driving license and Insurance is available. However, the monitoring of</p>	Minor NC-01



		driving license of a driver (RBA) under the contractor Uniharvest Sdn Bhd, which expired on 8 August 2017 was not detected.	
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Contract agreements are signed between the Mill Manager or his Assistant and the contractor. The terms and conditions of the contract are explained to the contractor. A copy of the contract is given to the contractors.	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify the Audits through a physical inspection, if required.	Acceptance was obtained from the Management. The acceptance was provided via signing by IOI Management on the Contract of Agreement for the MSPO Audit and confirmation of the Audit Plan & Auditors, before the actual audit.	Complied

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	2017	1 (Minor)	1	Next audit – Surveillance 1

3.2.1 Year 2017: Initial Audit / Stage 2 (3 Minor NCR)

NCR	MSPO Indicator	Details of NCR
Minor - 01	MS 2530-4 P6 Best Practices - POM 4.6.4.1	Date issued: 28 Sept 2017
		Noncompliance: Monitoring mechanism of Road Tax, Driving license and Insurance is available. However, the monitoring of driving license of a driver (RBA) under the contractor Uniharvest Sdn Bhd, which expired on 8 August 2017 was not detected.
		Root Cause: Monitoring form of contractor documents was implemented by Morisem Palm Oil Mill. However, mill management was overlooked to detect the expired driving license on 08 August 2017 by UniHarvest Sdn. Bhd Corrective Action: A latest monitoring form with valid contractor's documents was provided by the mill management. This form will be updating every month. At entrance point of MPOM, there is a Palm Kernel Trailer & Safety checklists document to be check by the security. Trainings are also given to the security and as well as to the mill management personnel which includes the critical control point operators (weighbridge, office and security) to ensure that the checklist will be used before any of the contractors enter the mill. The monitoring form will be counter checked by the mill's executive.



	<p>Verification (Corrective Action):</p> <p>Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017:</p> <ol style="list-style-type: none"> 1) Copy of the updated monitoring form of contractor's documents which includes details such as Driver's license and valid Road Tax. 2) Palm Kernel Trailer & Safety Checklists as implemented. 3) Record of training given to Assistant Managers & Mill Executives and critical control point. <i>(Latihan "Palm Kernel Trailer and Safety Checklist" dan Pemantauan Lesen Memandu Pemandu dan Cukai Jalan Lori/Trailer).</i> 4) Supporting photos of usage of monitoring form for contractor at security and weighbridge points. <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
	<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by AL</td> <td style="width: 30%;">Date closed: 1 Nov 2017</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017
NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017		
	Verification (for effectiveness): At next Audit		

3.2.2 Year 2017: Initial Audit / Stage 2: 1 Observation

Ref No:	MSPO Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark (if any)
OBS-01	MS 2530-4 4.5.1.5	POM	The documented training programme established. However implementation level at the POM had not made special focus on the awareness and understanding of the objectives on Environmental management.	28 Sept 2017	Next Audit	-

3.2.3 Identified Positive Elements

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



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Morisem POM: Initial Audit / Stage 2

4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Morisem Grouping had been able to demonstrate its compliance with the MSPO (MS 2530-4:2013) Standard for Palm Oil Mill.

Therefore, it is recommended that the certification of IOI Morisem Palm Oil Mill be approved.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

A handwritten signature in black ink, appearing to read 'Augustine Loh'.

Augustine Loh

Lead Assessor

Date: 13 Feb 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd

A handwritten signature in black ink, appearing to read 'Mr. S.S. Ragupathy'.

Mr. S.S. Ragupathy

Senior General Manager (Sabah Region)

Date: 14 Feb 2018



4.2 INTERTEK – MSPO Certificate details for the POM

Certificate No:	MSPO 001A
Original Issue date:	22 February 2018
Expiry date:	21 February 2023
Organisation	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
Name of POM	Morisem Palm Oil Mill Sdn Bhd
Address of POM	Jalan Jeroco Batu 13, KM 70, 91100 Lahad Datu, Sabah, Malaysia
MPOB License No:	500351504000
Standards:	MSPO MS 2530-4:2013 for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel

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

Name	Address	GPS Reference		Certified (Titled) Area - ha
		Latitude	Longitude	
Morisem POM (Capacity:105 MT/hour)	Jalan Jeroco Batu 13, KM 70, 91100 Lahad Datu, Sabah, Malaysia	5°29'38.65"N	118°22'8.54"E	15,631.52
Morisem 1	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E	
Morisem 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E	
Morisem 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E	
Morisem 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E	
Leepang 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E	
Leepang 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E	
Leepang 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E	
Ladang Asas (Tas & Halusah)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"E	



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The annual tonnages produced at the POM are detailed as follows:

Morisem POM	Annual Tonnages (MT)
FFB	277,460
CPO	59,654
PK	14,567



APPENDIX A:

Qualifications of Lead Assessor and Audit Team

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

(Palm Oil Mill, Environment & Social, Best Practices, GAP and Supply Chain)

Mr. Augustine Loh is an IRCA Third Party Audit (TPA) Lead Auditor and IRCA Lead Tutor for IRCA ISO 9001 and OHSAS 18001 Lead Auditor Courses as well as Tutor for RSPO Certification Programs and Integrated Management System in Intertek, Malaysia. He has over 25 years of fieldwork and experience in Palm based product survey, supply chain monitoring, inspection and testing. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001, ISO 14001, OHSAS 18001, ISO 22001, ISO 27001, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification and the International Sustainable Carbon Certification (ISCC) Lead Auditor courses. He has also completed the RSPO training on RSPO P&C, RSPO Palm GHG tool and RSPO RED requirements. He has conducted Audits 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 Audits in various sectors including oil palm plantations. He was the RSPO CB Audit 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 Audit reports since 2010. He has attended numerous MPOB and MPOCC briefings, workshops and seminars held in 2015 – 2017 on the MSPO Certification requirements.

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

(Environment, Conservation and HCV area)

Mr. Sazali Hasni has over 25 years work experience in the forestry sector. He is an IRCA Auditor for ISO 9001 and auditor for the PEFC Chain-of-Custody Certification. He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He was a member in the stakeholder consultation and development of the Malaysian Criteria & Indicators (MC&I) for Forest management Certification. He has been involved in the auditing of Forest Management Certification for the Perak State Forestry Department and Pahang State Forestry Department. He has also been involved with a German based company in testing their criteria for carbon tracing in an oil palm plantation in 2011. He had also acted as the regional consultant to International Tropical Timber Organization (ITTO) for the Asia Pacific region in the Evaluation and Monitoring of Projects funded by the organization from 1994 to 1998. Projects funded are mainly forestry related such as reforestation, conservation, community forestry apart from other research based projects. He is a member of the RSPO CB Audit team which audited several RSPO certified Plantation Management Units since 2014. He has attended the Intertek In-House briefings on MSPO Certification requirements in 2017 on the MSPO Certification requirements.

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

(Good Agriculture Practice, Integrated Pest Management and Social)

Mr. Chin Bit Kee has more than 10 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 Audit team which audited several RSPO certified Plantation Management Units since 2014. He has attended the Intertek In-House briefings on MSPO Certification requirements in 2017 on the MSPO Certification requirements.



Appendix B:

Audit Plan (Actual)

Date	Time	Auditors and Audit Activity		
		Audit Team		
25 Sep 2017 (Day 1)	8.00 am – 1.00 pm	Travel to Morisem Palm Oil Mill		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	2.30 pm – 5.00 pm	Document Review and Audit by all Auditors		
		AL	CBK	SH
		Site Audit at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site Audit at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social Responsibility • P6 Best Practices 	Site Audit at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, Natural Resources, Biodiversity • P6 Best Practices
	• Verification of effectiveness of corrective actions for non-conformances			
	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		
26 Sep 2017 (Day 2)	8.30 am – 12.30 pm	AL	CBK	SH
		Site Audit at Morisem 1 estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site Audit at Morisem 1 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social Responsibility • P6 Best Practices 	Site Audit at Morisem 1 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, Natural Resources, Biodiversity • P6 Best Practices



	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Site Audit at Morisem 4 estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site Audit at Morisem 4 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social Responsibility • P6 Best Practices 	Site Audit at Morisem 4 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, Natural Resources, Biodiversity • P6 Best Practices
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Auditors and Audit Activity		
27 Sep 2017 (Day 3)	8.30 am – 12.30 pm	AL	CBK	SH
		Site Audit at Leepang 2 estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site Audit at Leepang 2 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social Responsibility • P6 Best Practices 	Site Audit at Leepang 2 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, Natural Resources, Biodiversity • P6 Best Practices
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Site Audit at Leepang 4 estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site Audit at Leepang 4 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social Responsibility • P6 Best Practices 	Site Audit at Leepang 4 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, Natural Resources, Biodiversity • P6 Best Practices
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		



Date	Time	Auditors and Audit Activity		
28 Sep 2017 (Day 4)	8.30 am – 11.00 am	AL	CBK	SH
		Site Audit at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site Audit at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social Responsibility • P6 Best Practices 	Site Audit at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, Natural Resources, Biodiversity • P6 Best Practices
	11.00 am – 12.30 pm	Site Audit at POM or estates to follow up on any specific criteria/areas		
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.30 pm	Preparation for Closing Meeting		
	3.30 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative		
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
5.30 pm – 6.30 pm	Travel to Hotel			

Appendix: Audit Team Competency Matrix

MSPO Principles	Areas	Auditors (A) / Technical Experts (TE)		
		AL (LA/TE)	SH (A/TE)	CBK (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	√		



APPENDIX C:

Location Map of Morisem Palm Oil Mill, Lahad Datu, Sabah

Scale 1: 200 km

