

MSPO CERTIFICATION
ANNUAL SURVEILLANCE AUDIT - 01
SUMMARY REPORT

<p>IOI CORPORATION BERHAD</p> <p>Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd (POM)</p> <p>Rompin, Pahang, Malaysia</p>
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Certificate No:	INTERTEK MSPO 003A
Original Start date:	6 Jul 2018
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Expiry date:	5 Jul 2023
Audit Type	Audit Dates
Initial / Stage 2	19–22 Mar 2018
Annual Surveillance - 01	04–08 Mar 2019
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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1.0 SCOPE OF AUDIT

1.1 Introduction

This Annual **Surveillance Audit (ASA-01)** was conducted on the Pukin Palm Oil Mill and Estates of IOI Corporation Berhad (hereafter abbreviated as IOI), from **04-08 Mar 2019**, to assess the organization's operations of the Pam Oil Mill and its FFB supplying plantations / estates are in compliance against the **MSPO Standard for Palm Oil Mills (MSPO MS 2530-4: 2013)**.

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

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

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

1.3 Description of FFB supply base

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

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

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



Table 2: Estate Area Summary

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

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplatable areas including HCV (if any) marked out at the estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and any high conservation value areas.
3. Reduction in certified area and planted area for Segamat Estate is due to land acquired by IOI Properties for conversion to housing.

1.4 Summary of plantings and cycle

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

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

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



				S-total	1,601	0	1,601
4	Segamat Estate	1991	1 st	14	0	14	
		1993	1 st	42	0	42	
		1994	1 st	152	0	152	
		1995	1 st	63	0	63	
		1996	1 st	98	0	98	
		1997	1 st	44	0	44	
		2001	1 st	51	0	51	
		2002	1 st	122	0	122	
		2003	1 st	72	0	72	
		2004	1 st	158	0	158	
		2005	1 st	119	0	119	
		2006	1 st	94	0	94	
		2013	1 st	114	0	114	
		2016	2 nd	0	133	133	
		2017	2 nd	0	304	304	
2018	2 nd	0	119	119			
				S-total	1,143	556	1,699
5	Bukit Serampang Estate	1995	1 st	91	0	91	
		1996	1 st	104	0	104	
		1997	1 st	179	0	179	
		1998	1 st	268	0	268	
		1999	1 st	366	0	366	
		2000	1 st	456	0	456	
		2001	1 st	533	0	533	
		2002	1 st	195	0	195	
		2007	1 st	7	0	7	
		2011	1 st	88	0	88	
		2012	2 nd	96	0	96	
		2018	2 nd	0	175	175	
				S-total	2,383	175	2,558
				G-Total	8,812	731	9,543



1.5 Summary of Land Use and HCV Areas

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

Table 4: Conservation and HCV Areas

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

1.6 Other certifications held and Use of MSPO Trademarks

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

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

1.7 Organizational information / Contact Person

At Head Office:

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

At Pukin Grouping – Management Unit:

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



1.8 Tonnages Verified for Certification

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

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

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

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

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

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

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

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



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

Table 7: Annual Tonnages – FFB, CPO & PK

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

1.9 Abbreviations Used

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



2.0 AUDITING PROCESS

2.1 Auditing Methodology, Plan and Site Visits

Since 01 Feb 2019, Intertek has initiated stakeholder communications and notifications via emails to the relevant stakeholders before the audit to provide feedback and comments on their concern (if any) on the Pukin Grouping regarding the environmental, biodiversity, community development and other relevant issues.

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

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

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

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

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

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

2.2 Date of next scheduled visit

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

2.3 Qualifications of the Lead Auditor and Audit Team

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

2.4 Certification Body

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

2.5 Process of stakeholder consultation

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

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



Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands and Mines (Kuala Lumpur)
2. Department of Environment (Kuala Lumpur)
3. Department of Forestry Peninsular Malaysia (Kuala Lumpur)
4. Department of Immigration (Kuala Lumpur)
5. Department of Irrigation & Drainage (Kuala Lumpur)
6. Department of Labour (Kuala Lumpur)
7. Department of Occupational Safety & Health (Kuala Lumpur)
8. Department of Orang Asli Affairs (Kuala Lumpur)
9. Department of Wildlife & National Parks (Kuala Lumpur)
10. Department of Environment, Johor
11. Department of Forestry, Johor
12. Department of Immigration, Johor
13. Department of Irrigation & Drainage, Johor
14. Department of Labour, Johor
15. Department of Occupational Safety & Health, Johor
16. Department of Wildlife & National Parks, Johor
17. Land and Mines Office, Johor
18. Pertubuhan Keselamatan Sosial (SOCSO), Johor
19. Department of Immigration, Pahang
20. Department of Irrigation & Drainage, Pahang
21. Department of Labour, Pahang
22. Department of Occupational Safety & Health, Pahang
23. Department of Wildlife & National Parks, Pahang
24. Land and Mines Office, Pahang

Statutory Bodies (by emails)

25. Malaysian Palm Oil Board (MPOB)
26. Malaysian Palm Oil Board (MPOB) - Northern Region
27. Malaysian Palm Oil Board (MPOB) - Central Region
28. Malaysian Palm Oil Board (MPOB) - Southern Region
29. Malaysian Palm Oil Board (MPOB) - Eastern Region
30. Malaysian Palm Oil Board (MPOB) - Sarawak Region
31. Malaysian Palm Oil Board (MPOB) - Sabah Region
32. Malaysia Palm Oil Association (MPOA)
33. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
34. Malaysia Palm Oil Association Sabah (MPOA)
35. UNION – AMESU

NGOs (by emails)

36. All Women's Action Society (AWAM)
37. BCSDM - Business Council for Sustainable Development in Malaysia
38. Borneo Child Aid Society (Humana)
39. Borneo Resources Institute Malaysia (BRIMAS)
40. Borneo Rhino Alliance (BORA)
41. Center for Orang Asli Concerns COAC
42. Centre for Environment, Technology and Development, Malaysia - CETDEM
43. Eco Knights
44. ENO Asia Environment
45. Environmental Management and Research Association of Malaysia (ENSEARCH)
46. Environmental Protection Society Malaysia (EPSM)
47. Friends of the Earth, Malaysia
48. Future in Our Hands Society, Malaysia
49. Global Environment Centre
50. HUTAN - Kinabatangan Orang-utan Conservation Programme
51. Institute of Foresters, Malaysia (IRIM)
52. JUST - International Movement for a Just World
53. Malaysian CropLife & Public Health Association (MCPA)
54. Malaysian Environmental NGOs - MENGO



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55. Malaysian National Animal Welfare Foundation – MNAWF
56. Malaysian Nature Society Johor
57. Malaysian Nature Society Pahang
58. Malaysian Plant Protection Society (MAPPS)
59. National Council of Welfare & Social Development Malaysia - NCWSDM
60. National Union of Plantation Workers (NUPW)
61. Partners of Community Organisations (PACOS)
62. Pesticide Action Network Asia and the Pacific (PAN AP)
63. Proforest - South East Asia Regional Office
64. R.E.A.C.H. - Regional Environmental Awareness Cameron Highlands
65. SUARAM - Suara Rakyat Malaysia
66. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
67. Sustainable Development Network Malaysia (SUSDEN)
68. Tenaganita Sdn Bhd
69. The Malaysian Forum of Environmental Journalist (MFEJ)
70. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
71. Transparency International - Malaysian Chapter
72. Treat Every Environment Special Sdn Bhd. (TrEES)
73. United Nations Development Programme - UNDP Malaysia
74. Wetlands International (Malaysia)
75. Wild Asia Sdn Bhd
76. World Wide Fund for Nature (WWF) Malaysia

Local community (On-site interviews)

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



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd - POM	
Auditor/s: Dr. Ooi Cheng Lee (OCL), Sazali Bin Hasni (SH), Jumat Majid (JMD) and Mohamad Amirul Saifullah (MAS) (Provisional Auditor)	Audit Dates: 04-08 Mar 2019

P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: Policy for the implementation of MSPO shall be established.	IOI Corporation Berhad has documented the Group Sustainable Palm Oil Policy (SPOP) dated 12 Jun 2017 alongside a detailed Sustainability Implementation Plan (SIP). The company has documented its MSPO Policy to comply with all applicable legislation and codes of practice within the SIP.	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize 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 is a documented procedure for conducting internal audit - SOP 8 Issue 1 Rev 0 (17/02/2018). The Internal Audit Procedure stated that audit shall be planned and carried out at least once a year. It also stated that additional internal audits shall be conducted based upon the number of non-conformances raised, new process or changes in system and any issues raised by interested parties. Corrective action for the previous assessment (2018) Minor NC# OCL-01 found to be effectively implemented.	Complied
4.1.2.2	Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	A procedure for internal audit was established and documented, i.e. SOP 8 Issue 1 Rev 0 (17/02/2018). Internal audit on POM was conducted on 19/01/2019. There were 25 non-conformances raised for the internal audits on the POM. Audit results evaluated and corrective actions taken on the non-conformances, which have all been closed.	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 requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	Management review for POM was conducted on 20/02/2019 and minutes of meeting maintained. The management review includes the following: (1) Analysis of the audit findings to demonstrate that the audit was effective and can be relied upon. (2) Review of environmental issues. (3) Review of social issues. (4) Review of safety issues (5) Continual improvement and changes to the system, if any. Corrective action for the previous assessment (2018) Major NC# OCL-01 found to be effectively implemented.	Complied
4.1.4	C4: Continual improvement		
4.1.4.1	Indicator 1: The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.	Action plans for continual improvement on social and environment impact and opportunities for improvement in operational performance have been specified and documented for the POM.	Complied



		The action plans include measurable objectives/targets in order to determine the effectiveness of the outcomes. Corrective action for the previous assessment (2018) Major NC# OCL-02 found to be effectively implemented.	
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.	Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company. The POM has a Biogas plant for power generation for usage at POM and nearby estates and housing quarters.	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, social and legal issues relevant to sustainable practices in the relevant languages and forms.	The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings. Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.	Complied
4.2.1.2	Indicator 2: Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Management documents such as Policies, Stakeholder consultation processes, Financial Annual Reports are available upon request and at the IOI website: http://www.ioigroup.com/Content/S/S_Policy Any commercially confidential information will need special request before being provided.	Complied
4.2.2	C2: Transparent method of communication and consultation		
4.2.2.1	Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.	The management had established procedures and mechanisms to conduct stakeholders consultations, handle complaints and grievances through stakeholders meetings, Gender Consultative Committees (GCC), Employee Consultative Committees (ECC), Safety & Health Committees (SHC).	Complied
4.2.2.2	Indicator 2: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).	The Mill Manager is overall responsible for any issues raised by local communities and other affected or interested parties regarding mill operations. Social Liaison Officers are also nominated to coordinate activities of the stakeholders, GCCs, ECCs and SHCs. Appointments letters as issued to the respective Social Liaison Officers.	Complied
4.2.2.3	Indicator 3: 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.	The lists of stakeholders at the POM are adequately maintained and kept current. The lists of stakeholders were used for inviting external stakeholders during external stakeholders' consultation. Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes. Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up. Corrective action for the previous assessment (2018) Minor NC# JMD-01 found to be effectively implemented.	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 IOI Group has established, implemented and maintained a procedure for traceability of FFB from the estates to the CPO and PK produced by the POM. Documented SOP on Traceability: SOP/COC/3 Issue No. 06 dated 03/04/2018.	Complied



4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	Compliance with the traceability system determined via regular inspections, checking of records and internal audits.	Complied
4.2.3.3	Indicator 3: The management shall identify and assign suitable employees to implement and maintain the traceability system.	The Palm Oil Mill and Estates Organization Charts and job responsibilities of employees (Mill Manager, Estate Managers, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined for the implementation and maintenance of the traceability procedure. Interviews of the relevant staff confirmed their knowledge of the traceability requirements for their respective areas of operations.	Complied
4.2.3.4	Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	All records of incoming FFB transported / received, CPO and PK produced and delivered out, on a daily basis, were maintained and verified to be traceable via the Delivery Note, Lorry Ticket and Weighbridge Ticket which were maintained at the POM office. The POM monitors the stock volumes of CPO in the storage tanks and PK in the silo on a daily basis.	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.	<p>A Legal Requirements Register (LRR) covering the applicable local and international laws and regulations has been compiled for the POM.</p> <p>The relevant laws and legislations identified and listed cover safety and health, environment, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Based on the site observations, interviews and records checking at the POM, there were evidences of compliance with the relevant laws, regulations, local and international laws.</p> <p>Licenses and permits (Workers' Wages Deduction Permit, Overtime Permit, Permit for Diesel, Permit for Chemicals, MPOB license, MPOB license, DOSH Certificate, DOE Permit, BOMBA Fire Certificate, Energy Commission License, etc.) were monitored for their expiry dates and found to be renewed and valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as 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).</p> <p>The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH. Valid license for diesel generators issued by Energy Commission ("Suruhanjaya Tenaga"). Valid licenses for authorized gas tester,</p>	Complied



		<p>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. Medical history records of the workers were available and noted to be maintained. Noise Monitoring Report is available.</p> <p>There are no foreign workers employed in the POM.</p> <p>Statutory returns to relevant authorities found to be in compliance. For example, JKPP8 for the reporting of incidences and accidents to DOSH and the Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 – latest submission for Q3 (01 Jul – 30 Sep 2018) sighted.</p> <p>The POM is in compliance with the requirements of the Factories and Machinery (Noise Exposure) Regulations 1989.</p>	
4.3.1.2	Indicator 2: The management shall list all relevant laws related to their operations in a legal requirements register.	The organization has listed all local and international laws applicable to their operations in a Legal Requirements Register (LRR).	Complied
4.3.1.3	Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	<p>There is a documented system for identifying, determining, reviewing and updating applicable legal and other requirements. However, review of the Legal Requirements Register and changes to laws were not evidenced at the local level.</p> <p>Location: Pukin POM</p> <p>There was no documented evidence (e.g. a dated sign-off) that the Legal Register was reviewed by the POM Manager and the changes to laws were noted for implementation at the local level.</p>	Major NC# OCL-01
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	<p>Tracking of regulatory requirements and communication of changes is performed by the Senior General Manager at the IOI Group HQ, Putrajaya, Federal Territory.</p> <p>The mechanism of tracking the law changes as identified from IOI Group HQ, would be distributed to all POMs and Estates via email.</p> <p>Monitoring of compliance is done by the Sustainability, Safety and Health (Peninsular) Manager and Sustainability Team, who are based on site.</p>	Complied
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	<p>Communities surrounding the POM are able to move freely without any issues or problems.</p> <p>Verified during site inspection that no such limitations had occurred.</p>	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	<p>The POM is located within Pukin Estate. 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.</p> <p>The POM has legal use of the land for oil palm milling activities.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p>	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.	Locations of several boundary stones and markers were visited and verified to be within the boundary perimeter of the POM.	Complied
4.3.2.4	Indicator 4: Where there are, or have been disputes, documented proof of legal	No land disputes concerning the land occupied by the POM. As such, the process of fair compensation and FPIC is currently not required to be applied.	Complied



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

P4: Social responsibility, health, safety and employment condition

Clause	Requirements	Evidence	Conformity
4.4.1	C1: Social impact Audit (SIA)		
4.4.1.1	Indicator 1: Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.	Social Impact Assessment report and Management Plans at the POM were documented by the Sustainability Team. The plans included monitoring of negative impacts and enhancement of positive ones. Social impact assessment [SIA] for the year 2019 for IOI Pukin Grouping has been conducted together with relevant external and internal stakeholders in separate sessions. For example, external consultation session for Pukin POM and Pukin Estate was conducted on 13/2/2019. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc. In addition, internal stakeholders' consultation in Pukin POM was also conducted on 18/2/2019. Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels. These consultations were also very well documented. Monitoring records were retained and made available as evidence that actions had been taken.	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.	It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Pukin Grouping. Among others, the affected parties have several options to register their complaints and grievances including Grievance Book, annual stakeholder consultation, morning muster, during Employee Consultative Committee (ECC), Gender Consultative Committee (GCC) and Safety meetings. Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in	Complied



		<p>most cases are the Assistant Managers. Training and explanation on how to utilise this system were given and verified by the auditor.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance are addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received are recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the supervisors. The workers also allowed to elect their own representatives in the Joint Consultative Committee (JCC) as opposed to the representatives being dictated by the management.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature, but since Nov. 2017 IOI group had adopted a revised Whistleblowing Policy (https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf) which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website (https://www.ioigroup.com/Content/G/G_Whistleblowing).</p>	
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.	<p>The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and be acted upon by the Social Liaison Officers who will investigate the matter and resolve with the affected parties. Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>Verified that there no instances of any serious disputes.</p>	Complied
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	<p>All complaints and grievances received are documented either in the form of log book as in the Grievance Book, meeting minutes for the ECC, GCC, Safety meetings and annual stakeholder consultations or respond forms. Decisions and action as response to the complaints and grievances received also very well documented with sufficient supporting documents as proofs. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public. However, it was noted that numbers of grievances recorded from workers in the grievance books are declining. This decline is mainly due to many different avenues for the workers to raise their concerns to the management, especially through frequent meetings between workers and the management.</p>	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.	<p>The Management informed the invited employees and surrounding communities at the internal and external stakeholders' consultations regarding their complaint/grievance procedure and feedback mechanism. For example, external consultation session for Pukin POM and Pukin Estate was conducted on 13/2/2019. Whilst internal stakeholders' consultations in Pukin POM was conducted on 18/2/2019. Internal stakeholders' consultations in each operating unit were attended by different categories of workers. Participation of external stakeholders were verified from contractors, suppliers, government agencies, police, neighbouring estate, etc.</p>	Complied



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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.	Main contribution of the POM to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The mill is also supplying free treated water and electricity to the nearby workers housing area belong to both the POM and Pukin Estates. The POM is also at the same time providing a considerably big number of job opportunities to the communities surrounding the POM.	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.	Occupational Safety and Health Policies and Plans were established and verified to be in accordance with the OSH Act,1994 and FMA 1967 (Act 139). The Plans have been reviewed (annually), up-dated and approved by the Mill Manager.	Complied
4.4.4.2	Indicator 2: The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: i) all employees involved are adequately trained on safe working practices; and ii) all precautions attached to products should be properly observed and applied. 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). 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)	Safety Policy and HIRARC documented for the POM. The HIRARC was reviewed in Jan 2019. The OSH Programme 2019 include the following: <ul style="list-style-type: none"> • Safety & Health Committee meetings were held quarterly. • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer, CHRA report issued in Apr 2014 is still valid and recommendations were verified to have been adhered on-site. Next CHRA assessment scheduled for year 2019. Surveillance programmes for protecting workers' health and safety were satisfactorily implemented. Accident and emergency procedures had been established and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily.	



	<p>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 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>Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH) committee.</p> <p>Medical care had been provided to all the workers at the Clinics noted to be nearby the POM office.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG insurance noted to be valid. Starting 2019, IOI will replace FWCS with Social Security Organisation (SOCSSO) contribution for the foreign workers based on Employer's Circular No. 3 Year 2018 issued by The Human Resource Ministry.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p>	
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" (http://www.ioigroup.com/Content/S/PDF/Sustainable%20Palm%20Oil%20Policy.pdf) in Mar 2018, signed by Group CEO, which covered the necessary aspects of human rights related issues.</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>Published statement on equal opportunities is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on "Equal Opportunity Employment & Freedom of Association Policies" had also been established in Oct. 2017 and also available online at IOI website (https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf).</p> <p>This policy clearly stated that IOI Group including IOI Pukin grouping prohibits and will actively prevent any discrimination based on race, nationality, religion or gender.</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</p>	<p>Documentation and conditions of pay for workers (including foreign workers) in the POM are available. Employment agreement with foreign workers, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice</p>	Complied



	to meet basic needs and provide some discretionary income based on minimum wage.	period, company rules. Company procedures require the employment contract to be explained by management to potential foreign workers before contracts are signed. Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2018.	
4.4.5.4	Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	The management ensured that employees of contractors are paid based on Minimum Wage Order 2018 by monitoring salary payment and interviewing the contractor's employees. At the POM, a small number of workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism, long holidays, five Sundays in a month, etc. These reasons were verified as sufficiently accurate during the audit. However, evidence is clear that the workers, who reached the daily target and working the whole month without being absent, received at least the minimum wages. Noted that majority of the workers received much higher than the minimum wages.	Complied
4.4.5.5	Indicator 5: The management shall establish records that provide an accurate 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 maintains 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 the regulations. The terms of employment are clearly specified in the contracts, which included position offered, period of employment, salary, overtime rate, rest days every Sundays, rate of pay when working on rest days, days and hours of work, approved deductions, termination of employment, holiday pay, rate of pay when working on holidays, leave pay, sick leave, maternity leave, passage expenses, expatriations of remains and burial arrangement, insurance. The employment contract is signed by the Mill Manager or his Assistant and the employee. Interview with the employees confirmed that they received a copy of the employment contract. Translations of the employment contracts were sighted during the audit, translations into Hindi for Indian workers, Malay for Indonesian workers were sampled. With these translations the observation #JMD-01 raised in initial assessment is effectively closed.	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	The working hours of the employees and overtime rates are specified in the employment contract, i.e. 8 hours per day. The working hours, breaks and overtime rates are in accordance with the regulations.	Complied



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	meet the legal requirement applicable.		
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount. Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.	Complied
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or 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. Also offered free education facilities, free childcare, and medical services to foreign workers and dependents of local workers.	Complied
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	The POM complied with The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) by providing adequate housing, water supplies, medical, educational and public amenities to their local and foreign workers. Workers are provided with free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with treated water and electricity. The treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality) (see also 4.5.5.1). Linesite inspection is conducted weekly by the assigned staff and monthly by the Visiting Medical Officer (VMO). Domestic waste is collected twice a week and disposed at appropriate landfill inside the palm oil field. All workers handling the wastes are properly trained in good waste management as evidence throughout the audit, i.e. appropriate collection schedule, on time collection, waste segregation and appropriate landfill location. The workers are provided with medical, educational and public amenities. With regards to Minor NC# JMD-02 raised in previous assessment (2018), it was verified during the audit that water supply is adequate with no interruption. Corrective action therefore found to be effectively implemented.	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.	Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on harassment, i.e. "Policy on Harassment at Workplace" adopted in June 2018 has also been established and available online at IOI website (https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf .) GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to harassment and violence. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted in each operating unit audited. Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence. Meeting minutes selected for Pukin POM conducted on 9/11/2018.	Complied



		To show the management commitment on issues related to with harassments and violence, briefing sessions were conducted between 12-14/9/2018 with speakers invited from Labour Department. These sessions involved participants from IOI Pukin Group, Gomali Group and Leepang Group. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.	
4.4.5.13	Indicator 13: The management shall respect the right of all employees to form 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. 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>Published statement recognising freedom of association is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy is available online at IOI website (https://www.ioigroup.com/Content/S/S_Policy).</p> <p>The POM had formed JCC and ECC as mechanisms to cater for the collective bargaining needs of the workers. Results of JCC meetings were minuted and available for verification. JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is properly documented and filed complete with photographic evidence. Participants in JCC meetings normally involved workers representatives from different categories of workers such as general workers, drivers, laboratory, workshops, etc. JCC is one level higher than ECC meetings, where in ECC meetings all foreign workers are invited to attend and give their inputs on relevant concerns.</p> <p>The meeting minutes are accessible to all members in the JCC and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised.</p> <p>It was verified during the audit that JCC meetings were held every two months. Corrective action for the Minor NC# JMD-03 raised in previous assessment (2018) found to be effectively implemented.</p> <p>At Pukin POM, minutes of JCC meetings are available for verification. Issues raised during the meetings were also verified to be effectively closed by the management and recorded in the social mitigation plans as well as other documents. However, methods and dates of closures of these issues were not specifically mentioned in the meeting minutes and no reference made to any appendices.</p>	OBS# JMD-01
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>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy corresponds with Children and Young Persons (Employment) Act 1966 (Act 350).</p> <p>Employees and workers profiles were sighted during the audit and no underage workers found. This fact was further verified through interviews with staff and workers in IOI Pukin group. Passport photos and birthdays of the foreign workers hired by the operating units were checked and none of them found to be underage.</p>	Complied
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular Audit of training needs	Training programme planned for year 2019 includes training for all categories of workers. 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	Complied



	and documentation, including records of training.	tests, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2018 and evaluation carried out on each of the trainings to determine its effectiveness. Appropriate PPE (such as safety helmets, shoes, ear plugs, goggles etc.) had been provided to Mill workers, FFB unloaders at the place of work to cover all potentially hazardous operations. Records of training for each employee, including new employees were maintained.	
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable. The training needs analysis discuss in Safety and Health meetings under the agenda of Safety & Health Training.	Complied
4.4.6.3	Indicator 3: A continuous training programme 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.	Training programme planned for year 2018 includes training for all categories of workers. Trainings were conducted based on categories of work stations. Sampled trainings and records include Grading Station, Loading Ramp Station, Threshing Station, Boiler Station etc.	Complied

P5: Environment, natural resources, biodiversity and ecosystem services

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	A policy on environment was developed in accordance with the relevant country and state laws. It is documented and communicated to all levels of the workforce through briefings and placement of the policy on notice boards. The said policy and management plans were effectively communicated and implemented.	Complied
4.5.1.2	Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations.	The Environmental Management Plan was prepared on 17 February 2019. It included only the environmental policy . The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. The scope of assessment had included the management of mill effluents, management of pests and diseases (IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements. The EIA report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant stakeholders to identify impacts and develop the mitigation measures such as relevant conservation activities. However, the objectives set are general and not quantitative. In addition, it is not measurable and tally with MSPO requirement.	Major NC# SH-01
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. Buffer zones along streams were demarcated. Maintenance, desilting and clearing of overgrown natural vegetation and debris along the reservoir in the estate, meant for mill and domestic use, was also carried out. The POME and EFB are delivered/recycled to the plantation for fertiliser and moisture retention purposes.	Complied



		Waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. The implementation and monitoring of the documented environmental improvement plan were found to be satisfactorily implemented.	
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	A Continual Improvement Plan has been developed and implemented for the promotion of positive impacts such as the maintenance of the fencing for the water ponds, placing of signages such as no hunting at areas bordering the forest, riparian signage at strategic locations around the POM	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	There were a number of training programmes established and continuously being implemented. Corrective action for the previous assessment (2018) Minor NC# SH-01 found to be effectively implemented.	Complied
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	Regular meeting is being conducted to address the concerns of workers about environmental quality once in every 3 months.	Complied
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on the consumption were maintained for comparison to optimize the use of the non-renewable energy at the POM.	Complied
4.5.2.2	Indicator 2: The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	Records on the usage of non-renewable energy for machineries involved in the plantation operations were maintained and available. Monthly records on energy consumption, i.e. diesel both for own machinery, transport & field operations including the diesel usage provided to contractors for estate road maintenance, FFB & EFB transportation were monitored and maintained at the estate offices. Data is being compiled for comparison and monitored to optimize efficiency on the use of non-renewable energy. Records maintained had showed proper control of the fuel usage.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	At the POM, use of renewable energy is mainly in the use of fibre and shell as fuel for the boiler.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	All waste products and sources of pollution were identified and documented. The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, stack emissions and boiler ashes were maintained and monitored. Scheduled Waste identified included spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).	Complied



4.5.3.2	Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	A waste management and disposal plan has been documented and implemented. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates. Schedule waste disposal was done by an appointed contractor that is licensed by the Department of Environment. The solid waste management and disposal plan for household waste is subcontracted to MIDO Enterprise and disposal was to sites approved by local authority. Recycling of crop residues / biomass i.e. EFB, had been implemented.	Complied
4.5.3.3	Indicator 3: The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and adhered to accordingly. Record on the usage and disposal were well recorded and documented at estates.	Complied
4.5.3.4	Indicator 5: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	The disposal of household waste was contracted out to third party handlers and the disposal is in accordance to the rules and regulation of the local authority. No landfill practise being conducted here.	Complied
4.5.4	C4: Reduction of pollution and emission		
4.5.4.1	Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	All polluting activities were assessed through the aspect and impact method and are documented. The activities are inclusive of green gas emissions, chemicals, fertilizer, scheduled waste, solid waste and household waste. Data relating to such activities were collected and analysed. GHG emissions calculation is up to date and has been compiled for Jan-Dec 2018. Data used in the calculation is verified true and reliable.	Complied
4.5.4.2	Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	The action plan has been established and implementation is ongoing. Improvement such as on consumption of diesel and fertilizers are noted during the audit. Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered to and is within the Malaysian Environmental Air Quality Regulations, 1978 Standard and Limits. 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. Reports were submitted to the Department of Environment once every six months. The schedule waste disposal, by Kualiti Alam Sdn Bhd (latest dated 19 Feb 2019) were adhering to DOE requirements. Water samples were regularly taken and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge points. The water samples were sent for analysis. This was conducted by ENV Consultancy & Monitoring Services. Records are maintained and verified on-site to have met the permissible regulatory limits. Domestic Water	Complied



		Discharge Quality Report was also submitted to DOE once every six month and complied to the requirements.	
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 method should be in accordance with the respective state and national policies and regulations.	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel usage have been documented at the POM. This has been verified on-site.</p> <p>It was verified that the POME is treated using aerobic and anaerobic ponds, before the final discharge. Water samples were regularly taken monthly and tested by POM 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 the nearby estate, Water quality analysis of is done weekly. Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD < 10 ppm). For the mill, the reading has always been less than 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>Monthly report on the environmental monitoring in relation to disposal of EFB and effluent discharge was also done and submitted to DOE, latest report was dated January 2019.</p>	Complied
4.5.5	C5: Natural water resources		
4.5.5.1	Indicator 1: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	<p>A water management plan was documented on 11 Feb 2019 and will be reviewed next year. The plan had indicated the sources of water supply to the POM and line site.</p> <p>Water is sourced from Sungai Pukin and being treated at the POM for both mill and domestic use.</p> <p>The Water Quality Index of the river was monitored twice a year. Record on the water quality was made available during the audit. No rain water harvesting being conducted at the housing site for other alternative uses.</p> <p>Location: Pukin POM The water management plan produced is not site specific.</p>	Major NC# SH-02
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 irrigation into smaller stream/waterways at the nearest estate before entering the main stream.	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	POM has documented SOPs for its operations. The procedures included the following:	Complied



	consistently implemented and monitored.	<p>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. This was revised i.e. Doc No IOI/STOP/A on 01 July 2017 (Issue 02).</p> <p>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.</p> <p>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.</p> <p>4. SOP for Mill RSPO Supply Chain Certification System was revised on 03/04/2018. Presently applied by POM is the Identity Preserved (IP) module.</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	
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>Best Management Practices (BMP) implemented include Water Management, Monitoring of Emissions – Discharges & Pollution, Monitoring of Safety & Health of Workers, Water Ponds for Domestic & Recreational purposes</p> <p>Corrective action for the previous assessment (2018) Major NC# AL-01 found to be effectively implemented.</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>Business Plans for 5 years (FY 2018/2019 to FY 2022/2023) are available for the Palm Oil Mill.</p> <p>Details of the Business Plans include the following:</p> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); (7) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.). <p>The Mill Manager monitors the operational performance against Key Performance Indications and targets (costs, yields, quality, productivity, 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 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 IOI HQ at Putrajaya.</p>	Complied
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other	All of the fresh fruit bunches (FFB) supplied to the mill are from IOI's own estates or diverted FFB from other IOI	Complied



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	services shall be documented and effectively implemented.	certified Estates Grouping. The pricing for FFB is available at the POM office.	
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.	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. Interview with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. It is further verified that payments to contractors and other service providers are paid within the period specified in the contract agreement.	Complied
4.6.4	C4: Contractor		
4.6.4.1	Indicator 1: In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	During external stakeholder's consultations and during training, the contractors are made to understand MSPO requirements. Information such as policies and procedures are provided. External contractors are FFB/ EFB transporting companies whose workers are also provided training. The contractors workers were interviewed and do basically understand the MSPO requirements. Information such as policies and procedures are provided. Monitoring records on Road Tax, Driving license and Insurances is available. Checks done on sample basis verified that the licenses and insurance coverage were still valid.	Complied
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 IOI 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	2018	8 (3 Major & 5 Minor)	3	Actions taken on the NCRs and OBS verified to be effective during Annual Surveillance – 01.
Annual Surveillance Audit -01	2019	3 (3 Major & 0 Minor)	1	Next Surveillance Assessment

3.2.1 Year 2018: 3 Major NCs

NCR	MSPO Indicator	Details of NCR
Major OCL-01	4.1.3.1 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		Management review for the POM was conducted on 08/03/2018 and minutes of meeting maintained. However, the minutes merely make a reference to the Internal Audit Report for the POM and there was no analysis of the audit findings to demonstrate that the audit was effective and can be relied upon.
		Root Cause and Corrective Action(s): by Auditee Representative



	<p>Root cause: Though only the internal audit non-compliances were highlighted in a summarized form during the management review, all the internal audit findings of the mill was attached as an appendix together with the Management Review Meeting Minutes Document.</p> <p>Corrective Action: An analysis and summary of all the internal audit findings for the IOI Pukin mill was done and presented in the Management Review Meeting Minutes. Please refer to Appendix 1.</p>
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>
	<p>MAJOR NC: On-site / Off-site Verification on date: 14 & 15 May 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Revised Management Review Meeting minutes contained the analysis and summary of all the internal audit findings. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>
	<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>
	<p>NC status verified by auditor: Closed by OCL Date closed: 15 May 2018</p>
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>
	<p>NC status verified by auditor: OCL Date verified: 08/03/2019</p>

NCR	MSPO Indicator	Details of NCR
Major OCL-02	4.1.4.1 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		Action plans for continual improvement have been specified and documented for the POM. However, some of the action plans did not have measurable objectives/targets in order to determine the effectiveness of the outcomes.
		Root Cause and Corrective Action(s): by Auditee Representative



		<p>Root cause: The continuous improvement plans have been planned and presented individually by each estate management and mill management during the management review meeting. However, when those plans are documented in the management review meeting minutes, they have been summarized and documented in a simplified form which led to lack of certain information such as the main objective and monitoring of the progress.</p> <p>Corrective Action: The documentation of those continuous improvement plans have been revised and presented in detail in the Management Review Meeting Minutes. Please refer to Appendix 1.</p> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>MAJOR NC: On-site / Off-site Verification on date: 14&15 May 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Continuous improvement plans documented in the revised Management Review Meeting Minutes. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p> <p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 15 May 2018</td> </tr> </table> <p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: OCL</td> <td style="width: 30%;">Date verified: 08/03/2019</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 15 May 2018	NC status verified by auditor: OCL	Date verified: 08/03/2019
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NCR	MSPO Indicator	Details of NCR
Major AL-01	4.6.1.2 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		<p>Location: Pukin POM</p> <p>1) Summary of recommendations by the medical doctor on the Annual Medical Surveillance report such as to get eyesight checked and corrected, to lose weight etc. on some of the workers, did not have clear evidence of followed up done.</p> <p>2) Areas under construction were not cordoned off or placed with signages to indicate safety precautions needed at those areas e.g. near Settling tank area, and Biogas – Site lab area.</p>
		Root Cause and Corrective Action(s): by Auditee Representative



	<p>(1) <u>Pukin POM – Root Cause</u> As the Hospital Assistant (HA) had already advised the workers regarding their medical conditions and precautions to be taken, the Management thought that that would be sufficient.</p> <p><u>Pukin POM – Corrective Action</u> The affected workers were sent to;</p> <ul style="list-style-type: none"> a) Mill’s panel clinic (Klinik Yeo Sdn Bhd) on 20th April 2018 for consultation regarding the eye problems (Fathul Hadi and R. Ramakrishnan). – App 1 (a). b) Hospital Assistant on 5th and 9th April 2018 for consultation regarding the weight problem – App 1 (b) c) Mill’s panel clinic (Klinik Yeo Sdn Bhd) on 6th April 2018 for consultation regarding the diabetic control – App 1 (c) d) Klinik Kesihatan Segamat on 11th April 2018 for others health problem (Liver ultrasound and blood sugar level test) – App 1 (d) <p>Briefing was conducted by Mill Manager and Hospital Assistant to all tested worker – App 1 (e)</p> <p>(2) <u>Pukin POM – Root Cause</u> Though the contractor carrying out the construction work near the Settling tank area was given a briefing on safety precautions (<i>Safety and Health Instruction for Contractor</i>) to be taken including cordoning off the work area and placing appropriate safety sign boards, and he failed to do so.</p> <p>The biogas area workers failed to remove the bolts and nut after removing a tank near the Biogas – Site lab area.</p> <p><u>Pukin POM – Corrective action</u> The following measures were taken by Pukin mill management:</p> <ul style="list-style-type: none"> a) The contractor was given another briefing on 2nd April 2018 and told to comply with all safety requirements; <ul style="list-style-type: none"> i. Safety and Health Instruction for Contractor - App 2 (a) i ii. Safety and Health briefing photos – App 2 (a) ii b) The work area was cordoned off and safety sign boards were displayed - App 2 (b) c) The bolts and nuts on the floor of the tank area was removed immediately - App 2 (c) <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p><u>MAJOR NC:</u> On-site / Off-site Verification on date: 14–16 May 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: (1) At Pukin POM, follow up action has been taken on the Annual Surveillance Report. Other supporting document relevant to the follow up action were made available during the verification. (2) At the POM, visit to site confirmed that, the areas under construction, the work site, has been cordoned and signage displayed. The bolts and nuts was also removed. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>
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	<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
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3.2.2 Year 2018: 5 Minor NCs

NCR	MSPO Indicator	Details of NCR
Minor OCL-01	4.1.2.1 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		The Internal Audit Procedure SOP 8 Issue 1 Rev 0 (17/02/2018) stated that audit shall be carried out once a year. This does not fully satisfy the requirement that internal audit shall be planned and conducted regularly, taking into consideration the strong and weak points and potential area for further improvement.
		Root Cause and Corrective Action(s): by Auditee Representative
		Root cause: As we carry out separate internal audits for RSPO, MSPO and ISCC in our operating centres every year, we felt that that once a year audit for MSPO would be sufficient. We also failed to notice the MSPO internal audit requirement
		Corrective Action: The Internal Audit Procedure SOP 8 Issue 1 Rev 0 (17/02/2018) has been revised to include the requirement that internal audit for MSPO certification shall be planned and conducted regularly, taking into consideration the strong and weak points and potential area for further improvement. Please see Appendix 1 Internal Audit Procedure SOP 8 Issue 1 Rev 1 (03/05/2018).
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<p>MAJOR NC: N.A On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion: [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates):</p>



	<p>Minor NC: On-site / Off-site Verification on date: 14&15 May 2018 Corrective Actions taken: As stated by Auditee in their RC & CA Supportive evidences: Revised Internal Audit Procedure SOP 8 Issue 1 Rev 1 (03/05/2018) satisfactorily addressed the requirement. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
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NCR	MSPO Indicator	Details of NCR
Minor SH-01	4.5.1.5 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		At the POM, awareness training programe to ensure employees understood the policy and objectives of the environmental management and improvement plans was not available and implemented to achieve the desired result.
		Root Cause and Corrective Action(s): by Auditee Representative
		Root cause: Policy training was given in general, referring to all established group policies. This is including stand-alone environment policy which was referred to explain on the company commitment towards environment. However, the content of the policy is too complicated for the understanding of general workers. In addition, mill management was not aware that management and improvement plans should be included in the environment awareness training for employees.
		Corrective Action: The company is in the midst of revising the Environmental Policy. Upon completing the revision of the policy on June 2018, the revised policy will be circulated to all operating centres, then it will be used together with improvement plans to train employees on environmental awareness.
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<p>MAJOR NC: N.A On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion: <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates):</p>



	<p>Minor NC: On-site / Off-site Verification on date: 14&15 May 2018 Corrective Actions taken: As stated by Auditee in their RC & CA Supportive evidences: Training on the environmental policy has been conducted to all employees. At the same time, the policy is also now under revision and the new policy will soon be conveyed to all staff and workers. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by OCL & SH</td> <td>Date closed: 15 May 2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL & SH	Date closed: 15 May 2018
NC status verified by auditor: Closed by OCL & SH	Date closed: 15 May 2018		
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: SH</td> <td>Date verified: 08/03/2019</td> </tr> </table>	NC status verified by auditor: SH	Date verified: 08/03/2019
NC status verified by auditor: SH	Date verified: 08/03/2019		

NCR	MSPO Indicator	Details of NCR
Minor JMD-01	4.2.2.3 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		Latest stakeholders list sighted at Pukin POM was found to be incomplete. Four directly hired contractors are found not included in the list, e.g. CPO transportation and schedule waste contractors.
		Root Cause and Corrective Action(s): by Auditee Representative
		<p>Root cause: Incomplete stakeholder list due to documentation error. The management thought the stakeholder list was sufficient with all the relevant stakeholders. The transporter contractors were verified to attend the latest stakeholder meeting, however not included in the updated stakeholder list.</p> <p>Corrective Action: Stakeholder list has been updated with addition of crude palm oil (CPO) transporters and schedule waste contractor e.g: Sasaran Perentas, Pengangkutan Wawasan Kota, Teo Tuan Kwee Sdn. Bhd. and OLST Petro Chemical Sdn Bhd. Refer to Appendix 1 – Revised Stakeholder List for Pukin Palm Oil Mill</p>
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<p>MAJOR NC: N.A On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion: <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates):</p>



	<p>Minor NC: On-site / Off-site Verification on date: 14&15 May 2018 Corrective Actions taken: As stated by Auditee in their RC & CA Supportive evidences: Updated Stakeholder list verified to be complete. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by OCL & SH</td> <td>Date closed: 15 May 2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL & SH	Date closed: 15 May 2018
NC status verified by auditor: Closed by OCL & SH	Date closed: 15 May 2018		
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: JMD</td> <td>Date verified: 08/03/2019</td> </tr> </table>	NC status verified by auditor: JMD	Date verified: 08/03/2019
NC status verified by auditor: JMD	Date verified: 08/03/2019		

NCR	MSPO Indicator	Details of NCR
Minor JMD-02	4.4.5.11 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		On 19 Mar 2018, Pukin POM was found to have supplied insufficient water to the linesite. This has resulted in some contract FFB harvesters unable to prepare their meals. For this reason the harvesters decided not to turn up for work to avoid working in weak condition.
		Root Cause and Corrective Action(s): by Auditee Representative
		<p>Root Cause: Due to insufficient water supply to line site, the management were in the process of replacing 2 inches poly pipe with 3 inches pipes to cater for increased demands of water from workers and staff. Due to this, the water supply was disrupted as the pipe replacement work was being carried out during the time of audit. It took about 1 day for the supply to become normal.</p> <p>Corrective Action: Replacement of piping for line site has been completed. Water supply is back to normal. Management have been told to arrange for alternate water supply whenever pipe maintenance work or water disruptions occur at the line site. or staff quarters (Appendix 1: Photos of new piping installation work at Pukin Mill) (Appendix 2: Email to Pukin Palm Oil Mill regarding water supply to Line site)</p>
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<p>MAJOR NC: N.A On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion: <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates):</p>



	<p>Minor NC: On-site / Off-site Verification on date: 14&15 May 2018 Corrective Actions taken: As stated by Auditee in their RC & CA Supportive evidences: Piping replacement at line site verified to be completed. Instruction for alternative water supply during maintenance works or water disruption. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by OCL & SH</td> <td>Date closed: 15 May 2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL & SH	Date closed: 15 May 2018
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NC status verified by auditor: JMD	Date verified: 08/03/2019		

NCR	MSPO Indicator	Details of NCR
Minor JMD-03	4.4.5.13 MS 2530-4 POM	Date issued: 22 Mar 2018
		Noncompliance:
		Currently, the effective policy for JCC in IOI Pukin group is to conduct a meeting once in every two months. However, it was found that Pukin POM JCC did not have any meeting in Sep 2017. For the Jan 2018 meeting it has been postponed to Feb 2018.
		Root Cause and Corrective Action(s): by Auditee Representative
		Root Cause: Meeting was not conducted in September 2017 and January 2018 meeting due to overload of work, peak crop and change in person-in-charge of JCC meetings.
		Corrective Action: JCC meeting was held on 04/04/2018 at 4.30pm. Mill Manager reminded the Social Liaison Officer and Sustainability Staff to ensure that JCC meetings are held without fail once every two months. Attachment 1(a): JCC Meeting Notice Attachment 1(b): JCC Meeting minutes Attachment 1(c): JCC Meeting photos Attachment 1(d): Email to Pukin Mill regarding JCC Meeting
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<p>MAJOR NC: N.A On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion: [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates):</p>



	<p>Minor NC: On-site / Off-site Verification on date: 14 & 15 May 2018 Corrective Actions taken: As stated by Auditee in their RC & CA Supportive evidences: JCC meeting verified to be conducted with minutes of meeting. Email sent out regarding the conduct of JCC meeting at two months' interval. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by OCL</td> <td>Date closed: 15 May 2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 15 May 2018
NC status verified by auditor: Closed by OCL	Date closed: 15 May 2018		
	<p>Verification of effectiveness: Verified at Annual Surveillance – 01 that the implementation of corrective action is effective.</p>		
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NC status verified by auditor: JMD	Date verified: 08/03/2019		

3.2.3 Year 2018: Initial Audit / Stage 2: 3 Observations

Ref No:	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark (if any)
OBS# SH-01	4.5.4.3 MS 2530-4 POM	There was no lay out plan placed at the effluent site.	22/03/2018	08/03/2019	-
OBS# AL-01	4.6.1.2 MS 2530-4 POM	First Aid Kit at Laboratory noted without the Checklist of Items.	22/03/2018	08/03/2019	-
OBS# JMD-01	4.4.5.6 MS 2530-4 POM	At the POM fully translated version of contract agreements into languages understood by the workers were found to be not available during the audit. This situation did not occur in the estates audited where fully translated version of contract was immediately produced when requested by auditors. The practice of using complete translation of contract should consistently be implemented in both POM and the estates. However, from training records sighted and interviews with workers it was confirmed that the workers at the POM have very good understanding of the content of the contract that they had signed.	22/03/2018	08/03/2019	-

3.2.4 Year 2019: Annual Surveillance Audit – 01: 3 Major NCRs

NCR	MSPO Indicator	Details of NCR
Major OCL-01	4.3.1.3 MS 2530-4 POM	Date issued: 08/03/2019
		Requirement:
		The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.
		Statement of Nonconformance:
		Review of Legal Register and changes to laws were not evidenced at the local level.
		Evidence of Nonconformance:



		Location: Pukin POM	
		There was no documented evidence (e.g. a dated sign-off) that the Legal Register was reviewed by the POM Manager and the changes to laws were noted for implementation at the local level.	
		Root Cause and Corrective Action(s): by Auditee Representative	
		Root cause: Any changes of legal requirement register were sent to the mill through email. By practice, sustainability staff would directly print and file the amendment of law since there is no column or space provided for manager to sign on the document.	
		Corrective Action: Verification column for manger's signature and verification date has been provided. Please refer to the attachment: Verified Legal Requirement Register of Pukin POM.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		MAJOR NC: On-site / Off-site Verification on date: 21/05/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified Legal Requirement Register of Pukin POM. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
		Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
		NC status verified by auditor: Closed by OCL	Date closed: 21/05/2019
		Verification of effectiveness: Next Assessment	
NC status verified by auditor: -	Date verified: -		

NCR	MSPO Indicator	Details of NCR
Major SH-01	4.5.1.2 MS 2530-4 POM	Date issued: 08/03/2019
		Requirement:
		The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.
		Statement of Nonconformance:
		There are no specific quantitative objectives set that achievement can be measured.
		Evidence of Nonconformance:



		Location: POM		
		The objectives set are general and not quantitative. In addition, it is not measurable.		
		Root Cause and Corrective Action(s): by Auditee Representative		
		Root cause: As the previous format of the Environment Impact Assessment was acceptable during previous audits, we felt that it was appropriate and sufficient.		
		Corrective Action: Together with the management of the Pukin POM, we revised the EIA and decided on the following new objectives which are quantitative and measurable. These objectives will be monitored yearly. Attachment: Appendix 1 Page 5 of the revised objective for Environment Impact Assessment of Pukin POM.		
		Verification on Corrective Action(s): by Lead Auditor / Auditor		
		MAJOR NC: On-site / Off-site Verification on date: 21/05/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Documented quantitative and measurable objectives for the Environment Impact Assessment of Pukin POM. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment		
		Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.		
		NC status verified by auditor: Closed by SH & OCL		Date closed: 21/05/2019
		Verification of effectiveness: Next Assessment		
NC status verified by auditor: -		Date verified: -		

NCR	MSPPO Indicator	Details of NCR
Major SH-03	4.5.5.1 MS 2530-4 POM	Date issued: 08/03/2019
		Requirement:
		The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: <ul style="list-style-type: none"> a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
		Statement of Nonconformance:



	There was no site specific water management plan available. The action plan was also not conducted.	
	Evidence of Nonconformance:	
	Location: Pukin POM The water management plan produced is not site specific.	
	Root Cause and Corrective Action(s): by Auditee Representative	
	Root cause: Water Management Plan was drafted by Sustainability Department in a general format and the content was edited site specifically, however the additional detail of water needs assessment, water quality analysis, water contingency plan etc; were not detailed well in the Water Management Plan.	
	Corrective Action: Water management is revised for Pukin Mill in order to be site specific by including water needs assessment, water contingency plan, justification on analysis of stream water quality report and domestic water analysis report. Attached is the revised Water Management Plan for Pukin Mill.	
	Verification on Corrective Action(s): by Lead Auditor / Auditor	
	MAJOR NC: On-site / Off-site Verification on date: 21/05/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Water Management Plan for Pukin POM dated 11/02/2019 Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
	Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
	NC status verified by auditor: Closed by SH & OCL	Date closed: 21/05/2019
Verification of effectiveness: Next Assessment		
NC status verified by auditor: -	Date verified: -	

3.2.5 Year 2019: Annual Surveillance Audit – 01: 0 Minor NCR

3.2.6 Year 2019: Annual Surveillance Audit – 01: 1 Observation

Ref No:	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS# JMD-01	4.4.5.13	Location: POM	08/03/2019	Next Audit	-



		Minutes of JCC meetings are available for verification. Issues raised during the meetings were also verified to be effectively closed by the management and recorded in the social mitigation plans as well as other documents. However, methods and dates of closures of these issues were not specifically mentioned in the meeting minutes and no reference made to any appendices.			
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3.2.7 Identified Positive Elements

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



3.3 Feedback Raised by Stakeholders and Findings

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

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

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

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



Report No.: M003A/18-2 IOI Corporation Berhad
Pukin POM: Annual Surveillance Audit - 01

4.0 AUDIT CONCLUSION AND RECOMMENDATION

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

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Dr. Ooi Cheng Lee
Lead Assessor
Date: 28 June 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd

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

Date: 01 July 2019



4.2 INTERTEK – MSPO Certificate details for the Pukin POM

Certificate No:	MSPO 003A
Original Issue date:	6 Jul 2018
Expiry date:	5 Jul 2023
New Certificate Start date	6 Jul 2019
Organisation	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
Name of POM	Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd
Address of POM	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang
MPOB License No:	500090704000
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 tonnages approved are:

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

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

Pukin POM	Annual Tonnages (MT)
FFB	210,000
CPO	47,250
PK	9,450



APPENDIX A:

Qualifications of Lead Auditor and Audit Team

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

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

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

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

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

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

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

– BSc (Social Science)

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

Mr. Mohamad Amirul Saifullah bin Mohamad Senan – Provisional Assessor

– Bachelor of Agricultural Science, Universiti Putra Malaysia

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



Appendix B:

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

Date	Time	Auditors and Audit Activity		
		Audit Team		
04 Mar 2019 Monday (Day 1)	7.00 am – 11.00 am	Travel from Kuala Lumpur to Pukin POM		
	11.00 am – 11.45 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	11.45 am – 12.45 pm	Lunch break		
	12.45 pm – 5.30 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
		OCL (*MAS)	SH	JMD
		Site Audit at Mill <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements • P6 Best practices 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P3 Compliance to legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P3 Compliance to legal requirements • P4 Social responsibility, health, safety and employment condition
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			
		• Verification of effectiveness of corrective actions for non-conformances (if applicable)		

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
05 Mar 2019 Tuesday (Day 2)	8.30 am – 12.30pm	Site Audit at Shahzan IOI 1 Estate <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements • P6 Best practices • P7 New plantings 	Site Audit at Shahzan IOI 1 Estate <ul style="list-style-type: none"> • P3 Compliance to legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Shahzan IOI 1 Estate <ul style="list-style-type: none"> • P3 Compliance to legal requirements • P4 Social responsibility, health, safety and employment condition
		Lunch Break		
	1.30 pm - 5.30 pm	Continue Site Audit at Shahzan IOI 1 Estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		



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

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



Date	Time	Assessors and Audit Activity		
		OCL	SH	JMD
08 Mar 2019 Friday (Day 5)	8.30 am – 10.30 am	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community • Settlers, in the case of independent and organized smallholders. 	JMD
	10.30 am – 11.00 am			
	11.00 pm – 11.30 pm	Preparation for Closing Meeting		
	11.30 pm – 12.00 pm	Team Meeting and Discussions with POM Management Representative		
	12.00 pm – 1.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
	1.30 pm onwards	Travel back to Kuala Lumpur		

Appendix: Audit Team Competency Matrix (Audit Areas)

MSPO	Areas	Lead Auditor (LA) / Auditor (A) / Technical Expert (TE)		
		OCL (LA / TE)	SH (A / TE)	JMD (A / TE)
P1	Management commitment and responsibility	√		
P2	Transparency	√		
P3	Compliance to legal requirements	√	√	√
P4	Social responsibility, health, safety and employment condition	√		√
P5	Environment, natural resources, biodiversity and ecosystem services	√	√	
P6	Best Practices at POM / Estates	√		
P7	New Plantings (only for MS 2530-3)	√		

Special note:

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



APPENDIX C:

Location Map of Pukin Palm Oil Mill, Rompin, Pahang



Base 801957 (R02595) 11-98