

IOI CORPORATION BERHAD

RSPO Membership No: 2-0002-04-000-00

PLANTATION MANAGEMENT UNIT

Unico-Desa Plantations Berhad

Unico-Desa (Sabah) Grouping
Lahad Datu, Sabah, Malaysia



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Assessment Report

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**ANNUAL SURVEILLANCE REPORT
ON RSPO CERTIFICATION**

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

RSPO Membership No: 2-0002-04-000-00

PLANTATION MANAGEMENT UNIT

Unico-Desa Plantations Berhad

Unico-Desa (Sabah) Grouping
Lahad Datu, Sabah, Malaysia

Certificate No:

Original Start / Issued date:

Expiry date:

RSPO 931288

16 May 2018

15 May 2023

Assessment Type

Main Assessment

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Assessment Dates

11 – 15 Dec 2017

18 – 21 Feb 2019

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

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Unico Desa (Sabah) Grouping: ASA-01 (2019)

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Annual Surveillance Assessment was conducted on the Plantation Management Unit (PMU) - **Unico Desa (Sabah) Grouping** of IOI Corporation Berhad (hereafter abbreviated as IOI), from **18 - 21 Feb 2019** to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

Special Note: The Management unit is aware of the transition needed to implement the revised RSPO Principles and Criteria (14 Nov 2018) and is in process to upgrade its implementation before 13 Nov 2019 (MYNI 2019 – pending).

Note 1: The plantation management unit (PMU) or management unit is equivalent to a certification unit as defined in the RSPO Certification Systems Document. Each PMU consists of one mill and its supply bases which 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 Unico Desa (Sabah) Grouping consists of one (1) palm oil mill, namely Unico Desa (Sabah) Palm Oil Mill and 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 (Legal Registration / MPOB Licence)	Address	GPS Reference	
			Latitude	Longitude
	Name of Palm Oil Mill: Unico-Desa Plantations Berhad (Unico Desa Palm Oil Mill) Capacity (MT/hr): 60 MT/hr	Address: KM60, Jalan Jeroco, Lahad Datu Postal address: Unico Desa POM, KM3, Jalan Segama, 91100, Lahad Datu, Sabah	5° 24' 47.12" N	118°31'45.59"E
1	Unico-Desa Plantations Berhad - Unico 1 Estate	Unico Plantation Sdn. Bhd – Unico 1 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5° 24' 40.93" N	118°31'23.8"E
2	Unico-Desa Plantations Berhad - Unico 2 Estate	Unico-Desa Plantations Berhad - Unico 2 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°25'10.24"N	118°31'29.1"E
3	Unico-Desa Plantations Berhad - Unico 3 Estate	Unico Plantation Sdn. Bhd – Unico 3 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°27'54.44"N	118°33'4.73"E
4	Unico-Desa Plantations Berhad - Unico 4 Estate	Unico Plantation Sdn. Bhd – Unico 4 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°23'52.38"N	118°33'34.1"E
5	Unico-Desa Plantations Berhad - Unico 5 Estate	Unico Plantation Sdn. Bhd – Unico 5 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°22'25.62"N	118°32'11.1"E

Note:

The above PMU grouping is verified to be an established Oil Palm plantation whereby the 5 estates were planted with Oil Palms since 1991 (over past 25 years). There has been no new planting or expansion in the entire certified (land titled) plantation land areas.

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

Name of Operating Unit (as per MPOB License Name)		MPOB License No.	Validity Period
Name of Palm Oil Mill: Unico-Desa Plantations Berhad (Unico Desa Palm Oil Mill)		500220904000	01/08/2018 - 31/07/2019
1	Unico-Desa Plantations Berhad - Unico 1 Estate	502072002000	01/07/2018 - 30/06/2019
2	Unico-Desa Plantations Berhad - Unico 2 Estate	502072002000	01/07/2018 - 30/06/2019
	Unico-Desa Plantations Berhad - Unico 2 Estate (Nursery)	556478011000	01/01/2019 - 31/12/2019
3	Unico-Desa Plantations Berhad - Unico 3 Estate	502966202000	01/12/2018 - 30/11/2019
		504639702000	01/02/2018 - 31/01/2019
		503826202000	01/02/2018 - 31/01/2019
		502072002000	01/07/2018 - 30/06/2019
		502978602000	01/12/2018 - 30/11/2019
4	Unico-Desa Plantations Berhad - Unico 4 Estate	504758002000	01/07/2018 - 30/06/2019
		502072002000	01/07/2018 - 30/06/2019
5	Unico-Desa Plantations Berhad - Unico 5 Estate	502072002000	01/07/2018 - 30/06/2019

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1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Unico Desa (Sabah) Grouping PMU are from the abovementioned estates owned by IOI.

Verification done during the assessment at site confirmed that there were also smallholders / outgrowers / independent suppliers involved in the supply of FFB to the said PMU over the past 12 months.

Details of the planted hectareage for the FFB supply for Unico Desa (Sabah) Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Name of Estate	Area Summary (ha) – Previous (Year 2018)		Area Summary (ha) – Current (Year 2019)	
	Certified (Titled) Area	Total Planted Area	Certified (Titled) Area	Total Planted Area
1 Unico 1 Estate	2317.50	2142	2317.50	2142
2 Unico 2 Estate	2352.02	2146	2352.02	2146
3 Unico 3 Estate	2203.80	2080	2203.80	2080
4 Unico 4 Estate	2235.69	2103	2235.69	2103
5 Unico 5 Estate	2287.47	2147	2287.47	2147
Total:	11,396.48	10,618	11,396.48	10,618

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this 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 high conservation value areas.
3. There has been no significant change in the current sizes of the certified land areas in comparison with the previous year data.

1.4 Summary of plantings and cycle

The estates had been developed and planted from 1995 onwards and are currently in the 1st and 2nd cycle of planting for the oil palms. The age profile is as shown in Table 3.

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

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Unico 1 Estate	2002 - 2013	2 nd Cycle	2142	0	2142
		S-total	2142	0	
Unico 2 Estate	1993 – 1999 2005 - 2010	1 st Cycle 2 nd Cycle	1235 911	0	2146
		S-total	2146	0	
Unico 3 Estate	1994 – 1999 2000	1 st Cycle 2 nd Cycle	1755 325	0	2080
		S-total	2080	0	
Unico 4 Estate	1993 2003 - 2014	1 st Cycle 2 nd Cycle	575 1528	0	2103
		S-total	2103	0	
Unico 5 Estate	1991 – 1992 2014 - 2018	1 st Cycle 2 nd Cycle	1256	891	2147
		S-total	1256	891	

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		Total	9,727	891	10,618
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Note: There has been no New Planting in any of the IOI estates at the said certified areas.

1.5 Summary of Conservation and HCV Areas

The summary of Conservation and HCV Areas as identified in Unico Desa (Sabah) Grouping during this assessment is as shown in Table 4 below:

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

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2018)
1	Oil Palm - Planted Area (ha)	10,618
	OP Mature (Production)	9,727
	OP Immature (Non-Production)	891
	*OP Planted on Peat (see note1)	35.91
	Other crop such as Rubber etc.	0
2	Conservation Area (ha)	
	Conservation (forested)	86.57
	Conservation (non-forested)	0
	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	86.57

* Note 1: OP planted on Peat area was located at Unico estate 3.

1.6 Other certifications held and Use of RSPO Trademarks & Logos

Currently, there is no other certification held by IOI Unico Desa (Sabah) Grouping PMU.

The certification unit had agreed to adhere with the use of the RSPO Trademarks and logos as per the latest "RSPO Rules on Communications & Claims" which was acknowledged through the signed Memorandum of Agreement valid for the duration of the 5-year certification cycle.

At the time of the assessment, it is noted that the RSPO's Trademarks and logo had not been used at the PMU audited.



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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 Unico Desa (Sabah) Grouping:

Mr. Thevendran Balan Nair
Senior Manager – Unico Group
IOI Plantation Services Sdn Bhd
Lahad Datu Region
Tel: 010 9310997 (office)
HP: 019 7469496
Email: unicogmoffice.ioigroup@gmail.com

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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Unico Desa (Sabah) Grouping based on the **actual (Jan – Dec 2018)** shown in **Table 5** below:

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

#	Estate /Supplier	FFB Processed (MT)	Main Processing Palm Oil Mill	Certification CB
A	PMU (own estates) (under certification):			
1	Unico 1 Estate	56945.50	Unico Desa POM	Intertek
2	Unico 2 Estate	52547.90	Unico Desa POM	Intertek
3	Unico 3 Estate	42944.60	Unico Desa POM	Intertek
4	Unico 4 Estate	46313.10	Unico Desa POM	Intertek
5	Unico 5 Estate	22778.20	Unico Desa POM	Intertek
	(a) Sub-total by PMU estates FFB:	221,529.30		
B	External estates under Parent group (certified):			
1	Nil	0		
	(b) Sub-Total other certified estates FFB:	0		
C	External / Other supplies (non-certified):			
1	* External suppliers (Smallholders & Outgrowers)	7,877.66		
	(e) Sub-total non-certified estates:	7,877.66		
	Grand total (a) + (b) + (c):	229,406.96		

Note: * The external suppliers of FFB comprise of about 16 independent smallholders and outgrowers (which have not been certified yet).

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1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Unico Desa (Sabah) Grouping POM for the current and projected period are as follows:

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

Estate / Supplier	Year 2017 - Actual * (non-certified)		Year 2018 - Actual		Year 2019 - Projected	
	MT	%	MT	%	MT	%
A. Own Grouping estates:	215,040.81	96.38%	221,529.30	96.57%	230,000	96.0%
B. External (under IOI group):	0	%	0	%	0	%
C. External Suppliers: (non-certified)	8,068.07	3.62%	7,877.66	3.43%	10,000	4.0 %
Total	223,108.88	100.0%	229,406.96	100.0%	240,000	100.0%
SCCS Model for POM	MB		MB		MB	

Note. FFB output is expected to slightly increase in year 2019 as the young palms mature.

1.8.3 The annual tonnages of FFB, CPO and PK production by the PMU Grouping assessed and verified during current assessment and projected for certification are detailed as follows:

Table 7: Annual Tonnages of CPO and PK (for certification)

POM	Year 2018 (Actual)		Year 2019 (Projected)	
Certified FFB Processed (MT)	221,529.30		230,000	
Certified CPO Production (MT)	47,852.70	OER: 21.60 %	50,600	OER: 22%
Certified PK Production (MT)	10,329.70	KER: 4.66 %	11,500	KER: 4.0%
SCCS Model for POM	MB		MB	

The POM has established and maintained procedures for the book keeping and monitoring requirements for the CPO at the mill. It is verified the POM has procedures for the 'Mass Balance – MB' model in accordance with the RSPO Supply Chain Certification Standards (SCCS) requirements. Verified activities and checked items for the **SCCS of the POM are reported in section 3.1.1.**

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1.9 Time Bound Plan requirements for Multiple Management Units under RSPO Certification Systems for Principles & Criteria (June 2017)

The IOI Plantations Group is a member of RSPO since 2004 and has been taking an active role in support of the RSPO certification.

Today IOI Group manages a total of 19 Plantation Management Units (PMU) which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia. Currently, 14 of its PMUs have been certified with another 5 managed units still 'non-certified'.

IOI Group had reviewed their Time Bound Plan (TBP) from time to time with progressive declarations on new acquisitions of land for oil palm plantations since 2009 and recent years which have encountered operational issues at Sarawak, Malaysia and Kalimantan, Indonesia as stated under the updated Time Bound Plan.

Details of the updated Time Bound Plan as submitted by IOI and reviewed by Intertek are shown in **Appendix E**.

On overall, IOI Group had progressively implemented their TBP and its commitment to complete RSPO certifications on all its 'non-certified' units, targeted by 2023.

Verification of requirements for Uncertified Management Units:

RSPO CS (2017) Clause 4.5.4		
(a) No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since January 1st 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;		
Requirements	Findings and Objective Evidence	Compliance
<p>(a)</p> <ul style="list-style-type: none"> Is there any replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidences of HCV clearance that were reported at the IOI's 3 uncertified units at Kalimantan, Indonesia namely PT BSS, PT SKS and PT BNS since year 2010 is being resolved as per the RSPO NPP and RSPO CP Complaints processes.</p> <p>Another 1 unit namely PT KPAM at Kalimantan, had undergone the NPP public consultation and HCSA was approved in April 2018. Currently, the plantation is under development and pending issuance of Local Government HGU.</p> <p>Reports on the NPP progress made to resolve the issues at the said units were checked and monitored till latest update made available on: Refer to Weblink: https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail</p> <p>Monitoring details and updates are verified. Refer to: Appendix D and E.</p> <p>As at this current assessment, there has been no other incidences of any replacement of primary forest at any other area under the IOI group.</p>	Complied
<ul style="list-style-type: none"> Is there any new plantings since January 1st 2010 and did the new plantings comply with the 	<p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Dec 2018). Refer to: Appendix D and E.</p>	Complied

<p>RSPO New Planting Procedure (NPP)</p>	<p>Based on sources of publicly available at RSPO and IOI websites, and feedback from stakeholder consultations, it is verified that the 4 uncertified units identified (where new plantings occurred) have been making progress to comply with the RSPO NPP (2015).</p> <p>Verified that progress on actions taken include the following:</p> <p>In July 2018, IOI had introduced new Peatland Protection and Management Policy which detailed their effort towards protection, conservation and management of peatlands.</p> <p>In August 2018 IOI and NGO-Aidenvironment, had finalised the design of the South Ketapang Landscape Initiative. The initiative addresses the most common and critical challenges facing the South Ketapang landscape such as peatland management and rehabilitation, biodiversity conservation, flood and fire prevention, and community livelihood development.</p> <p>Sustainability Progress Update (Oct - Dec 2018) https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?ntNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p> <p><i>Summary – extract from above:</i> Phase 1 (Document Review and Consultation) of the external verification of IOI's implementation of its commitments by Proforest was completed in October 2018. Phase 2 (Field Verification) commenced in November 2018 with field visits to Gomali, Johor and Pontianak, Indonesia, followed by Lahad Datu, Sabah in December 2018.</p> <p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>As at this current assessment, there has been no recent new or additional new plantings by the IOI group.</p>	
<ul style="list-style-type: none"> Was the new planting development verified by an RSPO accredited CB; 	<p>At the 4 uncertified units at Kalimantan undergoing the NPP process, the status of appointment are as follows: At PT SKS, PT BNS and PT BSS the accredited CB-BSI, Indonesia was appointed by IOI group.</p> <p>The progress of the NPP process for said units were closely monitored by the RSPO Complaints Panel (CP). It is noted that IOI had engaged HCV experts and NGOs such as from Proforest, Aidenvironment and Global Environmental Centre for the field verifications of action plans made.</p> <p>Recommendations by the RSPO CP via letter of 12 July 2018 supports the IOI's Group commitment and efforts to move towards full certification of the said units.</p> <p>As at 26 Sept 2018, further progress on above is transferred from RSPO CP to the RSPO Investigation and Monitoring unit (IMU).</p>	<p align="center">Complied</p>

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	<p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>Refer to: Appendix E</p>	
<p>(b) Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;</p>		
<p>(b)</p> <ul style="list-style-type: none"> • Are there any existing Land conflicts and is it being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6; 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidence the Land conflict reported at the IOI's uncertified unit i.e. IOI Pelita Plantations Sdn Bhd at Miri, Sarawak, East Malaysia (complainant: Long Teran Kanan community) since year 2010 has been progressively undergoing the RSPO Dispute Settlement process.</p> <p>Verified that progress made todate includes: On 12 September 2018, IOI published an update on facilitation and capacity building for the benefit of community leaders which was attended by local NGOs and the Lead Facilitator, Dr. Ramy Bulan.</p> <p>As of 31 Dec 2018, 8 of 9 communities have given their consent for the Resolution process to move forward. The remaining 1 community had requested for more time to seek advice from their leaders prior to their endorsement on the draft Resolution Plan.</p> <p>Verified that the Stakeholder engagements done with the said communities and NGOs involved are showing positive progress towards resolution.</p>	<p>Complied</p>
<p>(c) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;</p>		
<p>(c)</p> <ul style="list-style-type: none"> • Are there any existing Labour disputes and is it being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3; 	<p>As at this current assessment, under the IOI group, there has been no further known or existing Labour disputes at the uncertified units which are not being resolved in a mutually agreed process in accordance with RSPO P&C criterion 6.3. Refer to: Appendix D & E.</p>	<p>Complied</p>
<p>(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;</p>		
<p>(d)</p> <ul style="list-style-type: none"> • Are there any Legal non-compliance and is it being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1; 	<p>It is noted that IOI group is aware of the Legal compliances needed at the uncertified units and actions has been active taken in stages to address and fully comply with requirements of the related laws and regulations at the uncertified units at Kalimantan, Indonesia.</p> <p>The progress made on above will be further evaluated in the next audit.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Has the organisation conducted an Internal Audit on the above (a) to (d)? • Has the evidence been submitted for verification? 	<p>Internal audit progress report as at 31 Dec 2018 had covered the requirements, conducted by the HQ-Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification.</p>	<p>Complied</p>

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	<p>Verified that IOI Sustainability reports were available as further evidence for verification.</p> <p>This was verified via:</p> <p>1) IOI Sustainability Implementation Plan (Quarter 4) and 2) Sustainability Progress report as at 31 Dec 2018 made available at weblink: https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p>	
<ul style="list-style-type: none"> Has a positive assurance statement been produced based on the internal audit and other supporting assessments results? 	<p>Overall positive assurance statement is made at the conclusion of the Internal audit and Management reviews held at IOI HQ at Putrajaya and verified during Auditor site visit at the IOI HQ, on 28 Jan 2019.</p> <p>This was also verified via:</p> <p>1) IOI Sustainability Implementation Plan (Quarter 4) and 2) Sustainability Progress report as at 31 Dec 2018 made available at weblink: https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p>	Complied
(e) Are the evidences provided in 4.5.4 (a)-(d) adequate?	<p>Verified that supporting evidences were adequately provided. Refer to findings on (a) to (d) above.</p>	Complied
(f) Are the evidences provided in support of the Positive Assurance statement adequate?	<p>Verified that evidences were adequately provided in support of the positive assurance statement made by the IOI Group were available at the HQ and as per IOI website – Public announcements.</p>	Complied
(g) Has the targeted stakeholder consultation, including consultation with the relevant NGO's carried out revealed any negative feedback?	<p>Targeted stakeholder consultations done via emails conducted has not revealed any new negative feedback.</p>	Complied
(h) Has desktop study e.g. web check done revealed complaints which were not addressed?	<p>Desktop study conducted did not reveal any new negative feedback. Progress on past complaints validated by RSPO CP is being progressively resolved. Refer to Appendix E & F.</p>	Complied
(i) Is further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements at the uncertified units, needed to done?	<p>Further stakeholder consultation was done on the uncertified units with IOI HQ and responses to NGOs/Complainants were available and evaluated.</p> <p>The progress of monitoring done and information publicly available on the existing issues on the said units are verified to be adequate.</p> <p>Based on above evaluations made under part (a) to (h), no further stakeholder consultation or field inspection is considered necessary at the said uncertified units at present.</p>	Complied
(j) <ul style="list-style-type: none"> Is there any non-compliance against a major indicator in the non-certified management unit identified? Is the identified major NC being actively addressed? 	<p>Based on above findings made under part (a) to (j), at the said uncertified units, the existing issues were noted to be actively addressed with progress reports available.</p> <p>Thus, it is verified that the current assessment at this PMU can be proceeded and certification can be successfully concluded after effective closure of findings at the PMU.</p>	Complied

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<ul style="list-style-type: none"> • Can the current assessment proceed to a successful conclusion? 		
<p>(k) Is there failure to address any outstanding non-compliances within uncertified unit(s) regarding 4.5.4 (a) – (d) which may lead to certificate suspension(s) to the certified unit(s)?</p>	<p>As at the time of the current assessment at this PMU, there is no evidence to suggest such failure at the uncertified units which may affect the certification of this PMU unit. Justification as received and evaluated were as follows:</p> <ol style="list-style-type: none"> 1) RSPO - Dispute Settlement Facility (DSF) consultation and process for handling dispute has been adhered. 2) Active engagement with Stakeholders has been carried out Progress is monitored and reported 3) NPP and concession land legality issues are being actively resolved as per RSPO NPP process. 4) Under the RSPO RACP Case tracker, updated on Jan 2019, there are no units under IOI Group with RACP issues. 	Complied

Based on the evaluation done, the IOI Group was able to demonstrate commitment and provide positive assurance statements on its commitment to continued compliance with the RSPO P&C Certifications Systems (Jun 2017) Clause 4.5 (Minimum requirements for multiple management units) for all its certified and non-certified units.

Intertek had also referred to the RSPO's Complaints website for the tracking of issues and the latest updates available on cases of legitimate complaints which may be filed against the IOI Group and also IOI's statements of response and actions currently being undertaken to comply with their Sustainability commitments which are indicated in **Appendix F**.

The publicly available updates of announcements on the progress of formal complaints as documented by RSPO and responses made by IOI Group are continually reviewed by Intertek to ensure that all issues as formally lodged and recorded against the IOI Group units has been duly considered, evaluated and risk assessed prior to conducting the continued certification assessments.

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1.10 Abbreviations Used

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

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 17 Jan 2019, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Unico Desa (Sabah) Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 18 - 22 Feb 2019, the Assessment team of Intertek conducted the Assessment in which **4 out of the 5 estates of the PMU, namely Unico 2, 3, 4 and 5 Estates** as well as the Palm Oil Mill were assessed for compliance against the RSPO requirements.

The number of estates sampled was based on the Sampling methodology provided under the RSPO Certifications Systems for Principles & Criteria (Jun 2017) i.e. minimum sample of X estates = $(0.8\sqrt{Y}) \times Z$, where Y is the number of estates and Z is the multiplier as defined by the risk assessment. The Z multiplier value was determined as High risk for this PMU considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally, the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

During the on-site assessment, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectarage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment 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 assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

The POM was also assessed against the requirements for the **Mass Balance (MB) Module as specified in RSPO Supply Chain Certification Standard for CPO mill**. This part of the assessment covered the verification of implementation of documented procedures and availability of records to demonstrate compliance against all the elements for MB Module requirements. These include documented procedure, purchasing and goods in, record keeping, sales and goods out, processing, monitoring and traceability of the CSPO and CSPK quantities, training for staff and claims.

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

After completion of the on-site field assessment, Intertek also performed the evaluation of conformity against the RSPO Certification System requirements for CB. The assessment report, findings and associated documents were evaluated through independent reviews by the Intertek Internal Technical Reviewer/Panel (and External Peer Reviewer for Initial or Re-Certification audits only) 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 Assessment which will be carried out within a 12-month period of the certificate anniversary date / certificate expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

Competency details of the Lead Assessor and Assessment 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 organization dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, 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.

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2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming assessment through the websites of RSPO, IOI and Intertek. E-mails were sent to applicable stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual assessment and stakeholder's response and feedback received were followed up accordingly.

During the assessment, stakeholders were interviewed and their feedbacks were recorded. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, fertilizer suppliers and contractors.

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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

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

Local community (On-site interviews & phone contacts)

65. Consultative Committee & Gender representatives
- 66. Previous Land owners / users**
67. Workers & Workers representatives
68. Village Heads & representatives
69. Suppliers & Contractors representatives

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1		
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
<p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Minor Compliance</p>	<p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>IOI Corporation Berhad (as the parent company) has declared its progress made in the achievement of the RSPO certifications since year 2012 via the RSPO Annual Communication of Progress (ACOP).</p> <p>The latest ACOP made available was submitted for year: 2018</p> <p>https://rspo.org/members/acop/search?name=IOI&member_type=&acopyear=</p> <p>The tracking of cases and issues made publicly available which were monitored and reviewed by the CH include:</p> <ol style="list-style-type: none"> 1) Complaints – Case Tracking 2) NPP – Case Tracking <p>Verified during assessment that the above information was updated to the latest progress made. See report - Appendix F.</p> <p>Date of public notification of this assessment of the PMU was made on: 17 Jan 2019.</p> <p>As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.</p>	Complied
<p>1.1.2 Records of requests for information and responses shall be maintained.</p> <p>Major Compliance</p>	<p>The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates had conducted its internal and external stakeholders' consultations for year 2017.</p> <p>The respective internal and external stakeholders' consultations were held between Oct, Dec 2018 and Jan 2019.</p> <p>Records of participants and feedbacks / responses were maintained and appropriate actions were taken.</p>	Complied
Criterion 1.2		
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance

<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <p>Major Compliance</p>	<p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) dated Jul 2016, alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society:</p> <p>http://www.ioigroup.com/Content/S/PDF/Sustainability%20Palm%20Oil%20Policy.pdf</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> • land titles/user rights, • occupational health and safety plan, • plans and impact assessments relating to environment and social impacts, • pollution prevention plans, • details of complaints & grievances, • negotiation procedures • continuous improvement plan • Public summary of certification assessment report. • Human Rights Policy. <p>Since then, further changes were implemented accordingly and these include:</p> <p>Sept 2017: IOI submitted its Sustainability Report http://www.ioigroup.com/Content/S/S_Policy</p> <p>IOI uploaded the Social Responsibility report by BSR http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>12 Jan 2018: IOI Group on Pelita Sdn Bhd, Sarawak http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869</p> <p>29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</p> <p>30 July 2018: IOI Group – Sustainability Progress Update (Apr- June 2018) Quarterly Report http://www.ioigroup.com/Content/S/PDF/Quarterly%20Sustainability%20Update_20180730_final.pdf</p> <p>30 Oct 2018: IOI Sustainability Implementation Plan – Quarter 3. https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/Overall%20SIP_Q3%202018.pdf</p>	<p align="center">Complied</p>
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	<p>30 Oct 2018: IOI Sustainability Progress update (July-Sept 2018) https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QSU%202018%20Q3.pdf</p> <p>Jan 2019: Sustainability Progress Update (October - December 2018) https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p> <p>These publicly available documents included the key issues and Ongoing Improvement & Management plans for the IOI Group of mills and estates including the IOI Syarimo POM & estates grouping.</p> <p>See also Appendix F.</p>	
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and respective Estates. The original land titles are kept at IOI Group HQ.</p> <p>The lands at the PMU are legally owned by the IOI Plantation Group since 1995 and it is verified that the previous land owners as stated in the State land office in the Country Lease and Native Titles has legally transferred the ownership to the companies, presently under the IOI Plantation group.</p> <p>The unit is an established oil palm plantation and there has been no dispute on the land titles/user rights in the PMU.</p> <p>The lands are not encumbered by any customary lands or user rights issues.</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Policy and HIRAC documented and annually reviewed for the POM (done on 4 Jan 2019) and Estates (done between 5 and 14 Jan 2019).</p> <p>Occupational Safety and Health Plan was reviewed by the PMU Safety Officer and Safety committee.</p> <p>The OSH Programme 2018/2019 have included the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings 4x/year, • 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, 	<p style="text-align: center;">Complied</p>

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	<ul style="list-style-type: none"> Monthly Safety inspection & audit by Safety Officer, CHRA report issued was noted to be still valid till Apr 2019 and recommendations were verified to have been adhered on-site. Programmes for protecting workers' health and safety were satisfactorily implemented. 	
<ul style="list-style-type: none"> Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>Environmental aspect and impact assessment (EIA) conducted for the POM and estates were available and reviewed in Oct / Nov 2018.</p> <p>The Environmental Compliance Reports (done every 4 months by the PMU EIA Consultant) for Pollution Monitoring and Mitigation for Replanting are available and report of Sept – Dec 2018 sighted. Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment carried out. Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied
<ul style="list-style-type: none"> HCV documentation (Criteria 5.2 and 7.3); 	<p>The Internal "HCV and Conservation Areas" Assessment were reviewed in Nov / Dec 2018 at the POM & Estates audited. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective Estates.</p>	Complied
<ul style="list-style-type: none"> Pollution prevention and reduction plans (Criterion 5.6); 	<p>Pollution Prevention Management Plans were reviewed annually for FY2019/2020.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters, obsolete electrical and electronic equipment) and domestic wastes disposal, reuse and recycling (scrap iron, paper, plastic and glass).</p>	Complied
<ul style="list-style-type: none"> Details of complaints and grievances (Criterion 6.3); 	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer also to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI and latest updates:</p> <p>1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/80</p> <p>2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/4</p>	Complied

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<ul style="list-style-type: none"> • Negotiation procedures (Criterion 6.4); 	<p>Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained. The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Timebound Plan.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Continual improvement plans (Criterion 8.1); 	<p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. The plans include the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, environmental and social programs such as recycling and providing new housing quarters for the workers, assistance in the HUMANA schools for children of foreign workers and better medical facilities and benefits for all employees.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Public summary of certification assessment report; 	<p>Public summary of certification assessment reports are available from the company upon request. IOI weblink: https://www.ioigroup.com/Content/BUSINESS/B_Plantation Note: Copies of reports are also available via CB -Intertek's website: http://www.intertek.com/food/rspo-certification-malaysia/</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Human Rights Policy (Criterion 6.13). 	<p>The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised in Jul 2016 and signed by the Group CEO. The said policy was further revised by IOI Group CEO in Oct 2017. Refer to: 31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856 Copies of the revised policy was found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	<p>Complied</p>
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance</p>	<p>IOI Group has a documented policy "Code of Business Conduct and Ethics" signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The topics highlighted included the following:</p> <ul style="list-style-type: none"> - Diversity and Respect in the workplace, - Equal Opportunity Employment, 	<p>Complied</p>

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	<ul style="list-style-type: none"> - Protecting the Environment, - Safety, Health and Security at Work, - Managing Documents, - Intellectual Property and Information, - Management and Security in our Computing Environment, - Data Privacy - Employee Privacy in the Communication and Computing Environment - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Copies of the policy were found to be displayed at prominent locations in the POM and estates.</p> <p>Refer also to:</p> <p>30 Oct 2018: IOI Sustainability Implementation Plan – Quarter 3. https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/OveraII%20SIP_Q3%202018.pdf</p> <p>30 Oct 2018: IOI Sustainability Progress update (July-Sept 2018) https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QSU%202018%20Q3.pdf</p> <p>Jan 2019: Sustainability Progress Update (October - December 2018) https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	
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Principle 2: Compliance with applicable laws and regulations

<p>Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. Major Compliance</p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates on 14 Feb 2019, for changes and relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p>	<p>Complied</p>

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	<p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Noise Monitoring Report is available. Annual Audiometric testing of workers exposed to high noise levels were done for 2018.</p> <p>Legal documents of foreign workers (including work permits and passports) were noted to be valid and renewed with some noted to be in the process of renewal. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities.</p>	
2.1.2	The documented system for identifying, determining, reviewing and updating applicable legal and other	Complied

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<p>A documented system, which includes written information on legal requirements, shall be maintained.</p> <p>Minor Compliance</p>	<p>requirements has been satisfactorily implemented and maintained.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Department of Irrigation and Drainage), Forestry Department, Wildlife Department and Employee Minimum Wage Order (Nov 2018) were updated and maintained.</p>	
<p>2.1.3</p> <p>A mechanism for ensuring compliance shall be implemented.</p> <p>Minor Compliance</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> <p>The PMU had conducted the annual internal audit on 28 Jan – 1 Feb 2019 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained.</p> <p>Management review on implementation was conducted on 1 Feb 2019 and minuted.</p>	Complied
<p>2.1.4 A system for tracking any changes in the law shall be implemented.</p> <p>Minor Compliance</p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register.</p> <p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The change in Minimum Wage Order (Nov 2018) that increased the minimum wage had been implemented.</p> <p>Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p> <p>Observation issued:</p> <p>The summary listing / register of Legal requirements including monitoring of changes effected can be improved for easier checks via listing done in an Alphabetical order.</p>	OBS: AL-01
<p>Criterion 2.2</p> <p>The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available.</p> <p>Major Compliance</p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The land titles were issued by the Sabah State Government for a concession period of 99 years which will expire in 2081.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p>	Complied

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	The land has been planted with oil palms since 1990's. There has been no recorded dispute over the ownership during the tenure of the land.	
<p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of agricultural crop of economic value.</p> <p>Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estate land titled boundaries.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied
<p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p>Minor Compliance</p>	<p>Verified that there has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	Not applicable
<p>2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</p> <p>Major Compliance</p>	<p>There were reported instances of any land conflicts in this PMU.</p>	Not applicable
<p>2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable).</p> <p>Minor Compliance</p>	<p>There was no land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	Not applicable
<p>2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p> <p>Major Compliance</p>	<p>There was no evidence to suggest that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	Not applicable
<p>Criterion 2.3</p> <p>Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p>	<p>Maps showing the extent of the legal boundary of the Estates were available.</p> <p>The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas.</p> <p>There is no dispute on the land rights in this PMU.</p>	Complied

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Major Compliance	The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping is not required.	
<p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p>	The lands were acquired in 1980's from private plantation owners (i.e. Unico Plantations Berhad) and subsequently acquired by the IOI Group in 2016. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).	Complied
<p>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	No cases of land claims in this PMU. As such this process is not applicable for verification.	Not applicable
<p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	This process is not applicable as at current assessment.	Not applicable

Principle 3: Commitment to long-term Economic & Financial Viability

Criterion 3.1		
There is an implemented management plan that aims to achieve long-term economic and financial viability.		
Indicators	Findings and Objective Evidence	Compliance
<p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>Major Compliance</p>	<p>The POM and Estates had documented their respective Business / Management Plans for FY 2019/2020 to FY 2024/2025 was available and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <p>(1) Staff and Labour requirements;</p> <p>(2) Crop projection; FFB yield/ha trends;</p> <p>(3) Mill extraction rates; OER trends;</p> <p>(4) Cost of Production; Cost/mt FFB trends;</p> <p>(5) Cost of Production; Cost/MT CPO trends;</p>	Complied

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	<p>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</p> <p>(7) Budget for Environmental, Social, Safety & Health, Training and Promotions.</p> <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p> <p>The Business management plan of minimum 3 years was documented and available at the POM and respective estates audited. Crop projection data of FFB stated at the estates was verified to be consistent with the projection data at the POM. Thus previous Major NC: AL-01, was effectively implemented and closed.</p>	
<p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>Minor Compliance</p>	<p>Verified that the 5-year replanting program for estates are available at the estates audited.</p> <p>The replanting programs were reviewed annually by the respective Estate Managers as follows:</p> <p>Unico 1: Replanting had completed in 2013.</p> <p>Unico 2: Replanting to commence: 2020-2025 (190- 250 ha per year)</p> <p>Unico 3: Replanting to commence: 2020-2025 (150 -200 ha per year). Note: Peat land at KM3 –Division – no replanting planned.</p> <p>Unico 4: Replanting had completed in 2014,</p> <p>Unico 5: Replanting is ongoing and is expected to complete in 2019/2020</p>	<p>Complied</p>

Principle 4: Use of appropriate best practices by growers and millers

Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p>	<p>IOI Plantations Group - Standard Operating Procedures for the POM and Estate operations were available and verified to be maintained. Most SOPs were established in 2007. Some SOPs were updated for the POM and estates in Jan 2019.</p> <p>Copy of the SOPs are available on-site and based on interview with workers, it was confirmed that they understood the procedures and its needed implementation.</p> <p>Verified samples of SOP for the POM operations which include: FFB Receiving Station, Loading Ramp, Sterilizer, Threshing Station Pressing Station, Depericarperzation Station, Oil Room Station, Boiler Station, Engine Room Station, Laboratory,</p>	

	<p>Water Treatment Plant, Threshing Station, Effluent Treatment Plant and Workshop.</p> <p>Verified samples of SOP for the Estate operations include: Oil Palm DxP Seed Production, Pre-Nursery Seedlings, Pre-Large Polybag Nursery, Land Clearing, Land Preparation for new planting and replanting, Oil Palm Planting Density, Tidal Gates for Water Tables Management, Planting Technique, Foliar sampling, Leguminous cover plant, Manuring, Weeding, Harvesting, Road maintenance, Pest and disease control.</p> <p>Relevant Key Performance Indicators (KPIs) were specified for quality, environment, safety and cost control which were monitored.</p> <p>Observation issued: SOPs were available for estates including the SOP Land Preparation for Replanting (v 2007). The SOP for Replanting was noted to be generic.</p> <p>Site specific measures and actions e.g. for replanting currently at Unico 5 field sites – (Block 19A, undulating and hilly), was unclear. The overall replanting planning and layout was not documented such as mapping for the field / collecting drains, distances of OP planting next to the drains and the measures needed in handling of VOPs found growing adjacent to the field drains and streams.</p>	<p align="center">OBS: AL-02</p>
<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records were checked by the respective Assistant Managers and Managers regularly.</p> <p>These records were satisfactorily maintained during the on-site visit.</p>	<p align="center">Complied</p>
<p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits.</p>	<p align="center">Complied</p>
<p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	<p>The POM had monitored and maintained records of all FBB received for processing including those from 3rd parties which have been supplying FFB over the past 12 months. Verified that records of the 3rd party FFB has been properly maintained. The quantity from these 3rd parties only constituted about 4% of the total POM's processing quantiles.</p> <p>The IOI management had held meetings with a total of 16 outgrowers & smallholders on Aug 2018, in which IOI had also reminded them to comply with IOI requirements and RSPO principles. During audit and stakeholder consultation held by the Audit team, several of the outgrowers /independent smallholder estates has indicated that they started to implement some of the requirements. The status of compliance preparations by the outgrowers would be further followed up by IOI Sustainability team and during the next surveillance audit.</p>	<p align="center">Complied</p>
<p>Criteria 4.2</p>		

Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p>	<p>Annual fertilizer inputs had been monitored through fertilizer recommendations made by Agronomist of IOI Research Centre, Sabah.</p> <p>Good Agricultural Practice (GAP) for minimization of soil erosion and maintenance of soil fertility are maintained via the frond stacking and fertilizer application.</p> <p>These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit.</p> <p>Fertilizer application at the estate fields had adhered to the recommendations at all estate levels.</p> <p>At Unico 4 Estate, application of fertilisers were carried out up to September 2018 in accordance with recommendations by Agronomist. Due to persistent rainfall, fertiliser application was deferred and the management had taken steps to reorganize the fertilizer programme e.g. application of NK mix was scheduled to be carried out in March. It was noted the application of fertilisers was not overly delayed. Hence, the corrective action taken was able to address the minor NC (CBK-01) raised during the previous audit and therefore closed.</p>	Complied
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.	Complied
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p>	<p>Leaf sampling and analysis had been carried out annually. Soil sampling and analysis were carried on a 5-year cycle to determine the nutrient levels.</p> <p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactory.</p>	Complied
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>Geotubes were used to filter the solid from the POME and the solid were used by the estates for field application as organic fertilizer.</p> <p>All the EFB from the POM are delivered to the estates as evidenced by the "Daily/Monthly Summary Report of EFB" maintained by the POM.</p> <p>EFB Mulching Application and field maps indicate the amounts and locations of EFB application in the estates.</p> <p>Records of EFB delivery, mulching quantities and field locations were well maintained.</p>	Complied
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Soil maps for all the estates were available.</p> <p>At Unico 3, peat soil was present in part of Fields 99JC and 99JD. The peat soil areas were small considering the extent of the plantation size. Verified that it was sufficiently well managed.</p>	Complied

<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>Planting terraces had been constructed along contours on slopes of >10°. There were stop bunds to control water flow along terraces.</p> <p>Verified at estates and field audited that the terraces were made and that fields were generally covered with soft grasses, ferns, and herbaceous plants in the mature area while leguminous cover crop had been maintained in the immature area.</p> <p>Generally, the Best Management Practices was followed to control and minimize soil erosion and degradation during replanting activities.</p>	<p align="center">Complied</p>
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Road maintenance programme and maintenance records had been verified at the estates.</p>	<p align="center">Complied</p>
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p>	<p>In Unico 3 estate, peat soil was present, but the areas were small considering the extent of the plantation size. The planted peat soil areas were noted to be below 100 ha.</p> <p>Verified that Best Management Practices for Peat areas were available, and monitoring included: Water table management; Monitoring of soil subsidence at the pegs and water level had been put up in the field and in the water collection drain. Records of water level monitoring showed the water level was maintained between 50 cm. and 70 cm. below ground surface. The water level had been monitored on a monthly basis.</p> <p>A non-compliance was raised as follows: At Unico Desa 3 estate (KM 3 division), where there is peat land planted with Oil Palms (still in 1st cycle planting), the water and subsidence levels are being monitored at two specific locations only.</p> <p>However, it was noted there is no water level measurement carried out over part of a stretch of the collecting drain. This stretch is found to be overgrown with vegetation and there was also fallen palms in the said drain. Further up the same stretch, it is found that the water level was not within the range as specified in the SOP.</p> <p>It was further confirmed during assessment on site that there are no other peat soil areas at the other estates within the PMU.</p>	<p align="center">Major NC# CBK-01</p>
<p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p>	<p>Verified that the peat areas in Unico 3 estates were small and there was has been no recorded experience of any floods occurring in the area. This area was not due for replanting.</p> <p>At the time of audit, the said area was being re-surveyed to determine the actual extent of peat and necessity for a drainability assessment.</p>	<p align="center">Complied</p>
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p>	<p>The Management practices for the peat soil conditions at Unico 3 estates is further reviewed pending the outcome and results of the re-survey currently being conducted.</p> <p>Based on the estates soil maps and visit to the estates, there were no other fragile and problematic soils on the other estates.</p>	<p align="center">Complied</p>
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

<p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p>	<p>Documented Water Management Plan verified to be in place for the palm oil mill and estates, The plan was respectively reviewed on 30 November 2019.</p> <p>The plan includes steps such as soil stabilization, run-off control, and water level control in peat areas, waste water management and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There are water ponds in the POM and estates. Water samples were collected and analysis carried out at least twice a year as part of Environmental Compliance Reporting.</p> <p>The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Rainfall data was monitored as part of the water management plan and rain water harvesting was practiced for washing and cleaning purposes.</p> <p>A noncompliance was issued as follows; Estates – Unico Desa 2, 3, 4 & 5</p> <ol style="list-style-type: none"> It was observed that the water quality analysis for some streams/waterways passing through the estates were not conducted, such as at the final outlet points of each estate. The estates have to ensure that their operations does not result in adverse impacts on other users or contribute to pollution of water. The effectiveness of mitigation measures taken by each estate to protect the water course and water quality were not supported by any additional water analysis at the relevant points. It is noted that the water quality monitored by the external consultant, was for EIA and replanting purpose. The water management plan need to be site specific. 	<p align="center">Minor NC: SH-01</p>
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p>	<p>Buffer zones had been generally maintained for streams passing in the estates as verified during on-site field inspection.</p> <p>During field inspection, there was no evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone.</p> <p>There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p>	<p align="center">Complied</p>
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p>	<p>In palm oil mill, water samples were taken at monthly interval at the discharge point of effluent pond.</p> <p>The BOD level from July 2018 to February 2019 had been in the range of 12.0 mg/l (lowest) to 19.2 mg/l (highest) with an average of 16.35 mg/l.</p> <p>The current upper limit specified by D.O.E. Sabah is stated at 20 ppm which was found to be complied from.</p>	<p align="center">Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the POM were monitored on a monthly basis. From July 2018 to February 2019, usage ranged from 1.04 to 1.36 m³/MT FFB with an average of 1.23 m³/MT FFB.</p>	<p align="center">Complied</p>

Criteria 4.5		
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>Verified that IPM Plans were monitored at the estates audited and that pest infestation was minimal. Programmes for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, and <i>Antigonon leptopus</i> were established and records on areas planted had been verified together with the respective maps.</p> <p>Rat baiting was carried out based on the census of rat attack on FFB. The threshold limit was set at 5% prior to any rat baiting, which was found to have occasionally occurred. Rat baiting was applied and the records of the rat baiting performed were verified to have been properly maintained.</p>	Complied
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p>	<p>IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactorily maintained.</p>	Complied
Criteria 4.6		
Pesticides are used in ways that do not endanger health or the environment.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable. The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows:</p> <ol style="list-style-type: none"> (1) Glyphosate isopropyl amine (41% a.i.) (2) Metsulfuron methyl (20% a.i.) (3) Triclopyr butoxy ethyl ester (32.1% a.i.) (4) 2, 4 Dimethylamine (60% a.i.) (5) Glufosinate ammonium (13.5% a.i.) <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p> <p>Verified that the pesticides were selected to deal with specific species of weeds or pests as listed in the SOP.</p> <p>These were reflected in the weed and pest control records maintained.</p>	Complied
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for 4 years.</p> <p>Verified that the records of monitoring were satisfactorily maintained.</p>	Complied
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>The policy to minimize the use of pesticides in accordance with IPM plan is maintained at the Estates.</p> <p>Verified that no prophylactic use of pesticides had been carried out at the estates.</p>	Complied
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in</p>	<p>The company had a complete list of WHO class 1A and class 1B and Stockholm or Rotterdam conventions pesticide.</p>	Complied

<p>specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>Paraquat had been eliminated since end of year 2011 for IOI Group Estates. Verified that alternatives such as Glyphosate Isopropyl amine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of Paraquat.</p>	
<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	<p>All pesticide operators have been provided training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves and overalls) were provided to the field workers. Verified that pesticides operators had worn the proper PPE during field inspection. Precautions attached to the pesticides (MSDS) have been generally understood and followed by the workers. Training programmes were planned and training records verified to be satisfactorily maintained/ The training include spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area. The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE. Equipment such as spraying pumps were maintained to be in proper functioning condition. First Aid Kits found to be available during pesticides spraying in the fields (as per 4th Schedule). Verified that portable signboard was displayed at areas of spraying activity (as per 5th Schedule).</p>	<p style="text-align: center;">Complied</p>
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974. Emergency shower and eye wash are available near the pesticides store. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are noted to be in English and Bahasa Malaysia version. Used chemical containers were mainly reused as containers for mixing of spraying solution and extras were retained and mixed into a new batch. Verified that prior disposal the empty pesticide containers were triple rinsed and pierced at the bottom. Verified that there was no improper reuse of the chemical containers by the workers at the fields.</p>	<p style="text-align: center;">Complied</p>
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. During interview with workers at field visits to all the estates, it was observed spraying operators had demonstrated knowledge and understanding of using correct nozzle, spray</p>	<p style="text-align: center;">Complied</p>

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	<p>drift, spray quality and run-off. Proper technique for spraying was demonstrated by the workers.</p> <p>It was verified that the workers had been trained on safe handling and application of chemicals, and information of chemicals through MSDS and CSDS.</p>	
<p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p>	<p>The policy of the company was not to carry out any aerial application of pesticides. This was verified to be maintained during on-site field inspection.</p>	Complied
<p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p>	<p>Verified that the Annual Training Plan has included training on pesticides handling.</p> <p>Noted that all new pesticides operators were trained before being assigned to work with pesticides. Existing pesticide operators were also given continual training to enhance their knowledge and skills on pesticides particularly in the handling of new spraying equipment.</p> <p>Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store were found to be satisfactorily maintained.</p>	Complied
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>Used pesticides containers were triple-rinsed and punctured at the bottom and stored in a designated store before being disposed of through a licensed contractor approved by the Department of Agriculture.</p>	Complied
<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance</p>	<p>The CHRA recommendations has been followed in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 as follows:</p> <ol style="list-style-type: none"> 1) Annual Medical Surveillance for all pesticide handlers due to toxicity and highly hazardous nature of the pesticides. 2) Monthly Health checks at the estate clinics were conducted for workers who handled agrochemicals and fertilisers. <p>Based on the above recommendations, it was verified that the following was carried out over the past 12 months:</p> <p>Records of Annual medical surveillance for pesticide handlers were maintained.</p> <p>The medical reports had showed that there was no case of low blood cholinesterase levels for any of the workers. No abnormalities were stated in the reports and the workers were individually found to be fit for the work with pesticides.</p> <p>Other health issues such as hypertension, diabetic or poor eyesight are occasionally noted in the report of several individuals. When these are reported, the individual worker is closely monitored in the monthly health checks done at the Estates clinics by the Estate Health Assistants (EHA).</p> <p>Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Verified that monthly clinical tests were carried out by the Estate Health Assistant on all sprayers and manurers.</p>	Complied

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	<p>Records of the health checks were maintained. Verified that there were occasional cases of mild illness in which workers were accordingly given medical leave and rest. In more severe cases, the workers were sent to the nearest Hospital for the proper medical treatment.</p> <p>It is also verified that there were no reported cases of any blood poisoning amongst the workers at the PMU estates over the past 12 months.</p>	
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>It was the policy that no pregnant or breast-feeding woman be offered work as pesticide worker.</p> <p>List of pesticide operators (with female workers identified) was available on the estates.</p> <p>Female workers found pregnant were notified of the condition and approved to go on leave until delivery.</p> <p>A non-compliance was raised as follows: At Unico Desa 2 estate, during the monthly medical check-up at the estate clinic, the Clinic Assistant had detected one female worker to be pregnant on 25 January 2018. The “Notification For Confirmed Pregnant / Breastfeeding” was subsequently issued to the Estate Manager on the same day. The Checkroll Records showed that the said female worker had been performing spraying of pesticides for eight days between the period of 27 January 2018 and 24 February 2018. The related SOP had not been adhered.</p>	<p>Major NC: CBK-02</p>
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>The occupational health and safety plan shall cover the following: 4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented.</p> <p>The Safety and health policy, approved by the Group Plantation Director dated 11 Nov 2011, had been verified to be maintained. This policy had been explained to the foreign workers (Indonesian) by Field Supervisors in Indonesian language. Confirmed during site interviews of sample field workers that they do have basic understanding of the Safety and Health policy.</p> <p>Records on training and analysis on understanding of training provided by the Safety & Health Officers for the workers were available and verified.</p>	<p>Complied</p>
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance</p>	<p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards at the various activities at the POM and Estates. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire etc. Procedures and actions were implemented to mitigate the hazards. Risk assessment was reviewed in Jan 2019.</p> <p>Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>Precautions as attached to the products via the MSDS had been observed to be complied with by the workers.</p> <p>Assessment of noise levels in the POM was carried out in September 2017 as per the Consultant Report. Work areas</p>	<p>Complied</p>

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	<p>identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db. Mill management have taken the actions recommended such as installing hearing protection signages and using hearing protection devices.</p> <p>Annual audiometric test conducted for all mill staff and workers in 28 June 2018. The audiometric reports revealed that six (6) workers has mild and one (1) moderate hearing impairment and were recommended to wear hearing protectors. The said workers would be retested in June 2019.</p> <p>Baseline audiogram and occupational and medical history records of workers were maintained.</p> <p>Sample of employees exposed to high noise levels were interviewed and they are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers are also aware of the complaints process and mechanism available.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided and being used by the workers.</p> <p>Internal Safety audit was done to ensuring compliance with the minimum standards needed for the types of PPE used.</p> <p>Fire extinguishers and hose reels found to be located at strategic locations and noted in functioning conditions. Location map of fire extinguishers is available at POM.</p> <p>First Aid equipment was available at POM, estates and at worksites and weekly checked. Samples of First Aid boxes checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKPP8 regulations was submitted to JKPP on Jan 2019.</p> <p>Verified that records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps as maintained by the Safety Officer is up-to-date.</p>	
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p>	<p>Awareness and training programme had been carried out, and training records had been verified.</p> <p>All workers involved had been adequately trained in safe working practices.</p> <p>Appropriate PPE had been provided at the place of work to cover all potentially hazardous operations, and all workers had been noted to be wearing the appropriate PPE.</p> <p>Fire-fighting training and fire drills were carried out with the attendance of workers or residents and crèche caretakers.</p>	
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	<p>The persons nominated to be responsible for health, safety and welfare were Mill Manager and Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	<p>Complied</p>

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<p>4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance</p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia 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. The respective Safety & Health Committees chaired by the Mill Manager and the Estate Managers reviewed accident cases during the Safety Committee meeting every three months.</p>	Complied
<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	<p>Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance.</p>	Complied
<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	<p>Records on Lost Time Accident (LTA) metrics had been maintained and verified. JKKP8 reports had been sent to JKPP before end Jan of each year.</p>	Complied
<p>Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance</p>	<p>The formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System 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.</p>	Complied
<p>4.8.2 Records of training for each employee shall be maintained. Minor Compliance</p>	<p>Records of training for each employee, including new employees were maintained.</p>	Complied

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

<p>Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment were conducted and documented on September 2017. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU. Records were made available during audit and found to be satisfactory implemented.</p>	Complied

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<p>5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons.</p> <p>Minor Compliance</p>	<p>The POM and estates continued with the implementation and monitoring of management action plans and continuous improvement programmes. Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were identified.</p> <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the Unico Desa POM. Data were collected and it ensured compliance with relevant regulations.</p> <p>At the estates visited i.e. Unico 2, Unico 3 and Unico 4, the ponds used for water supply of domestic use and recreation were appropriately identified and management and action plans were found to be implemented. The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were adequately followed up by the Estate managers. Thus previous Minor NC:SH-01 was addressed and closed.</p>	<p>Complied</p>
<p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>Minor Compliance</p>	<p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis. For the audit period, the review done in September 2018. The exercise had taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams for flood mitigation.</p>	<p>Complied</p>
<p>Criteria 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p>Major Compliance</p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated 22nd November 2017. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.</p> <p>Visits to site confirmed that the Unico Desa 1, Unico Desa 5 and Unico Desa 6 plantation are surrounded by palm oil estates along its border.</p> <p>Unico Desa 2 plantation borders the Trusan Kinabatangan Forest Reserve on the North. Unico Desa 3 plantation also having borders with Trusan Kinabatangan Forest Reserve at the North and Kretam Forest Reserve at the South. Unico Desa 4 plantation borders the Kretam Forest Reserve at the East.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Boundaries bordering the forest reserves at Unico Desa 2, Unico Desa 3 and Unico Desa 4 were well demarcated to deter wildlife from going into the estate. Trenching was also installed along the forest borders to deter wild animals from coming into the estates. Apart from the 50 m buffer allocated bordering the forest, it was also separated by perimeter boundary roads.</p> <p>Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored.</p>	<p>Complied</p>

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	<p>Sungai Kretam passes through Unico Desa 2 plantation at the North while Sungai Segama passes through Unico Desa 4 plantation at the South.</p> <p>Map of estates were noted to be updated to its current status. Conservation areas identified including landfill locations were shown on the maps. Thus previous OBS:SH-01 was addressed and closed.</p>	
<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p>Major Compliance</p>	<p>Regular patrols within the POM and estates were being carried out and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas. Records in the Patrol book maintained included the occasional sightings wild elephants, boars, monkeys etc.</p> <p>Honorary wildlife wardens were also appointed with the assistance of the Wildlife Department to look into issues relating to wildlife in their areas.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also carried out by the patrolling activities conducted.</p> <p>Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited i.e. Unico Desa 1, Unico Desa 2, Unico Desa 3, Unico Desa 4 and Unico Desa 6 Estates and found to have been satisfactorily erected and maintained.</p>	Complied
<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p> <p>Training programme on RTE has also been organised and attended by personnel across the organisation. The trainings were conducted in August and September 2018. Records of training were available and maintained.</p> <p>Other trainings which included buffer zones, integrated pest management and its importance were also conducted to the field workers.</p>	Complied
<p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>	<p>Management plans were established, and ongoing monitoring is conducted by the estate personnel and also Auxiliary patrols.</p> <p>Verification were also made during on-site assessment and found to be satisfactory recorded the outcome of the monitoring activities.</p> <p>The overall management plan on the status of HCV/RTE of the Unico Desa plantation group was collated, reviewed and monitored by the HQ sustainability team in consultation with other stakeholders, especially the Forestry and Wildlife Departments and the community.</p>	Complied
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the estates visited i.e. Unico Desa 1, Unico Desa 2, Unico Desa 3, Unico Desa 4, and Unico Desa 6 Estates. Thus negotiated agreement of such nature is not applicable.</p>	Complied
<p>Criteria 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

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<p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p>	<p>Visits made to POM and estates showed that all waste products and sources of pollution were identified and documented.</p> <p>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.</p> <p>Scheduled Waste identified included spent lubricant oil (SW 305), spent hydraulic oil (SW 306) used chemical containers/drums (SW 409), used filters (SW 410) clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Unico Desa mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p>	<p>Complied</p>
<p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major Compliance</p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned and in line with the regulation as required.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Lagenda Bumimas Sdn Bhd). Latest disposal was recorded on 5th November 2018. Inventory on the schedule waste was properly recorded and up to date.</p> <p>At the plantations, records on the disposal and recycle of chemical containers and fertiliser bags was also made available during the audit.</p>	<p>Complied</p>
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>Minor Compliance</p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in all the Plantations visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in both POM and estates and were used for solid waste segregation and recycling.</p> <p>Disposal of scheduled waste was done by an appointed contractor that is licensed by the Department of Environment, Lagenda Bumimas Sdn Bhd.</p> <p>The solid waste management and disposal plan using landfills was available at Unico Desa 2, Unico Desa 3, Unico Desa 4, and Unico Desa 5 estates. Landfill management was found to be satisfactory. The location of the landfill is far away from the village and water sources.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management on EFB application plans and progress reports were verified to be satisfactory.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>Previous Minor NC: SH-02 was satisfactorily addressed and closed.</p>	<p>Complied</p>

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Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p>Minor Compliance</p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement. Records were satisfactorily documented.</p> <p>Visit to Unico Desa mill showed evident that they are compiling the data, document it for further action to improve on their efficiency of using the renewable and non-renewable energy.</p> <p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where Palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>It was verified that energy usage was monitored daily, especially at the POM for better control and comparison of trends.</p>	Complied
Criteria 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>Major Compliance</p>	<p>IOI Group had observed the policy of 'Zero open burning' for any replanting, if any, at the estates.</p> <p>Field inspections made at Unico 2, 3, 4 and 5 estates showed no evidence of open burning.</p>	Complied
<p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>Minor Compliance</p>	<p>The PMUs shall adhere to the 'zero burning' policy for replanting at the estates.</p> <p>During the audit, there were no replanting activities carried out in the IOI Unico Desa plantation group.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.</p>	Complied
Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p> <p>Major Compliance</p>	<p>Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Chart. Report showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on-site visit to the Unico Desa mill.</p> <p>POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations.</p> <p>Stack emissions and Boiler ashes were maintained and monitored at the POM. Regular reporting of twice yearly was carried out and report made available during the audit.</p> <p>BOD analysis was also conducted on a monthly basis and result confirmed it was below the allowable limits. Water analysis, both raw and treated water, conducted once every six months, latest being on the 20th October 2018.</p>	Complied
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall</p>	<p>Identification of significant pollutants and greenhouse gas (GHG) emissions has been done e.g. POME, diesel / fuel and fertilizer.</p>	Complied

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<p>be identified, and plans to reduce or minimise them implemented.</p> <p>Major Compliance</p>	<p>Their usage have been recorded and documented at both the POM and PMU.</p> <p>GHG report calculation has also been submitted to RSPO on December 2018 using the version 3.01.</p> <p>Verified that plan to reduce GHG emissions includes budget for the construction of a methane capture system by 2021.</p>	
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements</p> <p>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 Dynakey Laboratories Sdn Bhd. Records are maintained and verified on-site to have met the permissible regulatory limits. (Domestic Water Discharge Quality Report dated September 2018).</p>	Complied

Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mill

<p>Criterion 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>Social impacts in IOI Unico Desa group operations were assessed using various method including consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment (SIA) for each operating unit in IOI Unico Desa grouping has been reviewed in Jan 2019 and conducted together with relevant external and internal stakeholders.</p> <p>External stakeholders' consultation was conducted for the whole grouping on 4/9//2018 in Lahad Datu Regional Office (LDRO) and the consultation was properly documented. The external stakeholder consultation was jointly conducted together with IOI Morisem and IOI Leepang groupings.</p> <p>A total of 79 participants attended the external stakeholder consultation including:</p> <ul style="list-style-type: none"> • Local communities e.g. Village heads, Neighbouring smallholders and plantations • Suppliers e.g. Sundries, Office utilities etc. • Contractors e.g. Transporters of FFB/EFB and CPO, Project Contractors such as for Building, Housing, Road and Replanting (Land Preparation – Tree felling, terracing and drainage) etc. • Government agencies – Human Resource Dept., Forestry Dept, Environmental Protection Dept, Wildlife Dept etc. • NGOs – HUTAN, LEAP, <p>Internal stakeholders' consultations however conducted separately in each operating unit, e.g. in Unico 2 Estate it was conducted on 11/10/2018 and in Unico 3 Estate it was conducted</p>	Complied

	<p>on 17/12/2018. Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels.</p> <p>The number of participants were between 9 and 40, which were noted to include:</p> <ul style="list-style-type: none"> • Harvesters – Workers & Mandores / Leaders • Manurers – Workers & Mandores / Leaders • Sprayers – Workers & Mandores / Leaders • Drivers – Tractors and vehicles <p>It is further noted that the foreign workers nationalities were predominately Indonesian and a minority group of Filipinos. These consultations were noted to be satisfactorily documented.</p> <p>The SIA for each operating unit was audited and evaluated. Verified that the potential impacts considered to be significant were included, e.g. handover of passports and travelling documents to the foreign workers (for their freedom of movement), timely payment of wages, timely renewal of permits and extension of passports, issuance and replacement of proper PPE for workers, upgraded housing, schools and health clinics, safe transport for workers and children etc.</p>	
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>Major Compliance</p>	<p>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the group. Participants in external and internal stakeholder consultations as per above (6.1.1).</p> <p>Participants in meeting such as Joint Consultative Committee (JCC) involved workers own chosen representatives / leader / ketua, from the various levels and categories of workers such as admin, general and field workers, sprayers, manurers, harvesters, drivers both locals and foreign workers.</p> <p>Participants in Gender Consultative Committee (GCC) mainly are women workers and own chosen representatives/leaders attended together with the Social Liaison Officers-Assistant Managers acting as representatives for male workers.</p> <p>During external and internal stakeholder consultation response forms were distributed for written inputs and verbal inputs were also found to be recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. JCC and GCC meetings. Attendance lists and photos for stakeholders' consultations and meetings conducted were maintained and verified.</p>	<p align="center">Complied</p>
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>The feedbacks received during consultations, meetings and interviews conducted by the POM and the estates were noted to have been considered by the Management and noted to be incorporated into the Business Plan of the respective units.</p> <p>A time frame was developed for implementation with Management involvement and respective persons responsible indicated. The status of the implementations was found to be updated on a monthly basis.</p> <p>It noted that from the SIA actions include continuous improvement plans with following activities identified:</p> <ul style="list-style-type: none"> • Admin infrastructure – SAP for integrated Accounting System (installation of VSAT) to ensure more timely reporting by all estate units (even at remote regions, where internet connectivity is limited) – ongoing from mid-2019 to 2020 • Road system and access for all users e.g. for safer travel and transportation of workers, school children, FFB crop 	<p align="center">Complied</p>

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	<p>evacuation and EFB distribution – ongoing and re-planning during the planned replanting over next 2-5 years</p> <ul style="list-style-type: none"> • Replanning of field drainage system during replanting for better flood mitigation issues at low lying and flood prone areas – ongoing and re-planning during the planned replanting over next 2-5 years • Upgrade and refurbishment of housing sites including construction of concrete drainage system for better hygiene – ongoing over next 2-5 years • Upgrade of water treatment systems for supply to the housing sites – ongoing over next 1-3 years (progressively done since 2018) • Better disposal and planning of landfill locations (progressively done since 2018) • More regular collection of domestic waste at housing areas. • More availability of rubbish collection points at the fields 	
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p>Minor Compliance</p>	<p>The latest Social Impact Assessment and Improvement Plans were available for the year 2019. The plans are reviewed annually together participation of the affected parties, especially the workers, who were always consulted during the annual internal stakeholder consultations, the JCC meetings, safety meetings, daily morning muster and individual reports made in the Grievance Books.</p>	<p style="text-align: center;">Complied</p>
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>Minor Compliance</p>	<p>Verified that there was no smallholder scheme within IOI Unico Desa Grouping, thus this criterion is not applicable.</p> <p>It is noted that there were some neighbouring smallholders who have been selling FFB to the Unico Desa POM. But these are independent smallholders without contractual obligation to sell the their FFB solely to Unico Desa POM</p>	<p style="text-align: center;">Not applicable</p>
<p>Criterion 6.2</p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p>Major Compliance</p>	<p>The group has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. their workers, government agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation. Grievance Procedure dated 5/6/2018, related to communication and consultation with interested parties is available at IOI group website¹. It was verified during that audit that at IOI Unico Desa Grouping level, the said procedure was made publicly available to all workers and external parties.</p> <p>During stakeholder consultations and interviews conducted by the Audit team with the respective categories of workers sampled during the audit, it was further verified that the said procedure had been regularly explained in the various meetings and master call briefings.</p> <p>The said procedure was also socialised with external stakeholders during the external consultation sessions and interviews conducted by the management.</p> <p>¹ <a data-bbox="614 2022 1316 2047" href="https://www.ioigroup.com/Content/S/PDF/Grievance_mechanism.">https://www.ioigroup.com/Content/S/PDF/Grievance_mechanism.</p>	<p style="text-align: center;">Complied</p>

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<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>The person responsible to act as Social Liaison Officers (SLO) are the Assistant Managers of the respective operating units. Social liaison officers are responsible in handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties. Interviews done with Mr. Abdullah Bakri, AM, Social Liaison Officer in Unico 2 Estate, Mr. Jatinus Gustin, AM in Unico Desa 3 Estate and Mr. Saharuddin Sunusi, AM at Unico Desa 4 Estate confirmed the understanding of their roles and responsibilities.</p> <p>The identity and contact numbers of the SLO are made known to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviews conducted with workers during the audit verified that the workers do have easy access to the said SLOs.</p>	Complied
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p> <p>Minor Compliance</p>	<p>The List of stakeholders at the IOI Unico Desa grouping was found to be adequately maintained and was noted to be kept current and updated.</p> <p>Noted that there are open and transparent methods for communication and consultation as recorded in the Stakeholder consultation meeting minutes and various workers and worker representative meetings held such as the OSH, ECC/JCC and GCC meetings. Communications records was noted to have taken into consideration the languages used particularly for the foreign / migrant workers who were predominantly Indonesian and some Filipino national workers, who could basically understand the Bahasa Malaysia/Indonesian language.</p> <p>The updated Lists of stakeholders at the POM and estates was referenced for selection by the Audit team for sending invitation and contact with external stakeholders for both individual and group external consultation conducted independently by the Audit team. See indicator 6.1.1.</p>	Complied
<p>Criterion 6.3</p> <p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and found to be satisfactorily implemented in IOI Unico Desa Grouping.</p> <p>Among others, the affected parties have several options to register their complaints and grievances including via the Annual External and internal stakeholder consultations, morning muster, during ECC, GCC and Safety meetings and use of the Grievance Register/book made available at the offices at site.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanations given on how to utilise this system recorded which was verified by the Auditor through interviews conducted and records inspected.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance were addressed or resolved in timely and appropriate manner. Actions taken to address the</p>	Complied

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	<p>complaints and grievances received were found to be recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisors, as basically the Social Liaison Officers were of a higher authority than the field supervisors.</p> <p>It was noted that the workers were also allowed to elect their own representatives / leaders (ketua) in the JCC/ECC which were not being dictated by the management.</p> <p>Under the system established and implemented, the complaints and grievances are investigated, addressed and resolved based on their severity. It was further noted that the complaints were mostly minor issues such as repairs and other housing maintenance requests were found to be resolved within 2-3 working days, whilst any major complaints and grievances are considered and resolved based on urgency or budget involved. Requests such as construction of bigger meeting halls, school classrooms, better transport (vans) for the workers school children and weekend outings to nearest town and better recreational facilities were noted to have been considered by the Management and noted to be progressively provided and / or upgraded and also being planned in the annual budget as CSR activities.</p> <p>The procedures have also included maintaining strict privacy and confidentiality of complainants on any issues raised during the Gender Consultative Committee (GCC) meetings or via the workers GCC representatives. There have been no complaints related to sexual harassment received so far.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.</p> <p>It was noted that IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee since Nov. 2017. Whistleblowing form was available online at IOI group website². The policy has stated that if in case of mutual resolution is not amicably achieved with complainants such as external stakeholders, the unresolved issues will be brought to attention of local authorities and/or RSPO Secretariat.</p> <p>¹ https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>Verified that all complaints and grievances received were documented either in the Grievance Register, meeting minutes for the JCC, GCC, Safety (OSH) meetings and annual stakeholder consultations respond forms and minutes.</p> <p>Decisions and action taken in response to the complaints and grievances received also well documented with sufficient supporting documents as evidences. Noted that all complaints and grievances are accessible to public, whilst the reports of the Gender representatives were handled with adequate care and confidentiality</p>	<p>Complied</p>
<p>Criterion 6.4</p> <p>Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

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<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>The IOI Group procedure and process for identifying legal, customary or user rights, and people entitled to compensation is sighted as maintained at the company's website.</p> <p>At Unico-Desa grouping, it was verified that there were customary, user rights land or land dispute with the neighbouring estates or villages.</p> <p>Therefore, there has been no records of any negotiation or compensation and no changes in status as at the audit period at the PMU site.</p>	<p>Complied</p>
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>	<p>IOI Group has established a generic procedure for calculating and distributing compensation which was available for verification during the audit. To date, there has been no dispute by any parties reported at the IOI Unico Desa grouping.</p>	<p>Complied</p>
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p>	<p>To date, there has been no dispute by any parties reported at this PMU grouping. Therefore, the process and outcome of compensation could not be observed.</p>	<p>Complied</p>
<p>Criterion 6.5</p> <p>Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>In Unico Desa POM, the workers are paid with daily rate, whilst in IOI Unico Desa Grouping estates, most of the workers in the estates, as stated in the workers contract, are considered as "general workers" with piece rated pay. The pay conditions and other benefits were found to be clearly stated in the workers contract.</p> <p>Decision on workers' wages were based on a memorandum dated 7/1/2019 to all IOI groups in Sabah including Unico Desa grouping. According to this memorandum monthly minimum wages had to be RM1,100/month or RM42.31/day, provided that all qualifying conditions are satisfactory fulfilled. These conditions are clearly stated in the memorandum and in the revised "<i>IOI Plantation Minimum Wages & Leave Pay Policies in Malaysia</i>"¹ which took effect on 1/1/2019 signed by Mr. N.B. Sudhakaran, Plantation Director. Content of this policy is verified to be satisfactorily understood by workers in the grouping and fulfilled common industry standard as it is in accordance with the MAPA-NUPW agreement 2015 and Minimum Wages Order 2018.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Minimum Wage Policy.pdf</p>	<p>Complied</p>

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<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p>	<p>Pay conditions are clearly detailed in the workers contracts which include pay system used, working hours, overtime, holiday entitlements, etc. no deductions sighted in the pay slip for foreign workers.</p> <p>Workers contract is in Bahasa Malaysia which could be understood without difficulty by the foreign workers, who are Indonesian (majority) and Pilipino (minority).</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order (Nov 2018) and other relevant regulations are satisfactorily complied with.</p> <p>Monthly analysis was conducted on the wages received by all the workers. Jabatan Tenaga Kerja (JTK) (Labour Department) Sandakan and JTK Kunak, was consulted directly by the auditor. It was confirmed with the JTK that the Sabah Labour Ordinance and the minimum pay conditions for the workers was adhered.</p> <p>Currently wages to the foreign workers in IOI Unico Desa Grouping are paid by issuing cheques. During the audit and interviews conducted, there was no complaint from any of the workers on the mode of payment.</p> <p>To date, the JTK confirmed that there were no complaints from local nor foreign workers with regards to any unjust pay and working conditions. There was also no complaint raised during any meeting and stakeholder consultation nor recorded in any Grievance Book</p> <p>Non-conformance raised during initial assessment in relation with wrongful annual leave eligibility calculation, i.e. NC #JMD-01 was followed up and reassessed during current surveillance audit. It was verified that no recurrence of the same issue in all estates audited and the non-conformance has been closed effectively.</p>	<p>Complied</p>
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 (Workers’ Minimum Standards of Housing and Amenities – Act 446). However, this act, as informed by JTK, is yet to be enforced in Sabah, thus IOI Unico Desa Grouping only implements relevant parts of the act.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are provided with adequate free accommodation at workers quarters with free electricity and treated water. Water treatment are available for each operating unit audited and testing of water quality by external lab is conducted regularly and the results verified to have met permissible regulatory limits. The workers quarters were clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are located in a safe distance from the houses.</p> <p>Nonconformance finding:</p> <p>It was found that the line-site inspections conducted at the estates had not adequately covered all public facilities and status of follow up actions, if taken were not clearly recorded. Objective evidence sighted are as follow;</p> <ol style="list-style-type: none"> In UNICO 2 Estate, the person in charge of conducting line-site inspection overlooked one (1) broken street light which could cause safety issues to the road users. 	<p>Major NC: JMD-01 (upgraded)</p>

	<p>2. In UNICO 3 Estate, status of issues raised in the previous line-site inspection report was not clearly stated in the subsequent inspection report, i.e. whether the issues were already effectively closed or proper actions to address the issues are still pending.</p> <p>3. In UNICO 4 Estate, all amenities in the line-site were inspected at least once a month by the EHA and weekly by the assigned person from the management office. These include workers quarters, staff quarters, crèche, sport facilities and sundry shops. However, inspection on the “surau” was only conducted twice since Jan 2018 until the date of audit.</p> <p><u>Schools</u> The migrant workers’ children are given free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are is under the purview of the operating unit management. HUMANA are mainly for children between 6-13 years old and Community Learning Centre (CLC) is for teenagers up to 15 years old. School children, both local and foreign, were provided free transport from the operating units in suitable vehicles. A number of school buses sighted during the audit were used to transport the school children.</p> <p><u>Sundry shops</u> Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u> Crèche are available in each operating unit and noted to be satisfactorily maintained. Interviews done with the crèche caretakers indicated that they were adequately trained on procedures in the use of first aid kits as well as fire extinguishers. Basic food such as were biscuits and formulated milk were provided and it is observed that there was adequate care for the children. Facilities and surrounding areas at the crèche were satisfactorily maintained. Noted that there was no overcrowding and the ratio of caretakers with the number of children are well balanced. During the current surveillance audit, no chemical detergents and floor cleaners found to be kept at open places. It was verified that no recurrence of the same issue in all estates audited and the non-conformance has been closed effectively. Thus previous observation OBS: JMD-01 (2018) was effectively implemented and closed.</p> <p><u>Clinics</u> Clinics are in within the vicinity of the estates and the POM. Together with the staff, the Health Assistants (HA) are also responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc. inspection by the staff conducted weekly, whilst inspection by HA conducted monthly. Records of monthly visits by the Visiting Medical Officer (VMO) to the audited estates were maintained and activities checked included referred patients and purchase of the medicines at the clinics, workers quarters, and crèche. Valid</p>	
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	<p>Foreign Workers Compensation Scheme (FWCS) issued by MSIG in all units audited were also verified.</p> <p>Since 1 Jan 2019, the POM and Estates had replaced the FWCS with Social Security Organisation (SOCSO) / PERKESO contribution for the foreign workers based on Employer's Circular No. 3 (2018) as issued by the Human Resource Ministry.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>IOI Unico Desa Grouping has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p> <p>It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon request.</p>	Complied
<p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<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.¹</p> <p>¹ https://www.ioigroup.com/Content/S/S_Policy</p>	Complied
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>As an alternative to workers union, IOI Unico Desa Grouping formed the JCC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of JCC are management representatives and workers representatives elected by the workers including both local and foreign.</p> <p>JCC meetings are scheduled quarterly and each meeting is recorded. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. From sampled JCC meeting minutes, there was no major issue raised by the workers. 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. Meeting minutes selected for verification was for Unico 3 Estate conducted on 17/12/2018 and for Unico 4 Estate conducted on 12/2/2019. The implementation said policy was verified to be satisfactorily understood by the staff and field workers in the grouping.</p>	Complied
<p>Criterion 6.7</p> <p>Children are not employed or exploited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p>	<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.</p> <p>HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which is also managed by HUMANA, was built with the assistance from IOI Management.</p> <p>Inspection of the employment records including site visit to the</p>	Complied

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	operating units, confirmed satisfactory implementation in the grouping.	
Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
Indicators	Findings and Objective Evidence	Compliance
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	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. ¹ This policy had clearly stated that IOI Group including IOI Unico Desa grouping prohibits and will actively prevent any discrimination based on race, nationality, religion or gender. ¹ https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf	Complied
6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Based on interviews and feedback from the employees, foreign workers, review of JCC meeting minutes and grievance records, it is verified that there has been no issue of discrimination at the grouping. The periodical meetings held between the various categories of employees / representatives with the Management were noted to be recorded and satisfactorily implemented.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	All operating units audited in IOI Unico Desa Grouping had kept and maintained records of their workers, including their background and medical history. Records of medical history for both local and foreign workers are considerably comprehensive and noted to be securely kept in the medical clinics within the group. Recruitment and promotion are verified based on skills, capabilities, qualities, and medical fitness necessary for the job. Before hiring, each new foreign workers are required to pass FOMEMA medical check-up required by law and the probation period needed to evaluate level of skills and the workers adaptability to the work conditions.	Complied
Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.		
Indicators	Findings and Objective Evidence	Compliance
6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	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. ¹ 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	Complied

	<p>selected for verification was for Unico 3 Estate conducted on 16/12/2018 and for Unico 5 Estate conducted on 20/12/2018.</p> <p>Based on the regular meetings held between workers and the management, it was verified that that the said policy was satisfactorily understood by workers and adequately implemented in the PMU.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf</p>	
<p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p>	<p>As per the IOI policy established, pregnant and breastfeeding women (both local and foreign) were exempted from work associated with potentially hazardous chemicals.</p> <p>Medical checkup was conducted on monthly basis for female workers handling chemicals, Justification given by the Management that this was ensure that any pregnancy will be detected early for work safety reasons, which was noted to be adequately explained to the workers.</p> <p>As per interviews conducted by the Auditor, with sampled local and foreign female workers, it was confirmed the reason for medical checkup was accepted by them and did not pose as infringement of their reproductive rights.</p> <p>Verified that there was provision in the said policy / guidelines on for appropriate actions and options for decisions to be made by the female workers themselves, if found to be pregnant.</p> <p>During the current audit, there were no female workers, both local and foreign, found to be pregnant in all operating units audited over the past 12 months.</p>	<p align="center">Complied</p>
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the grouping has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are inaccessible to the public.</p> <p>In addition, since Nov. 2017 IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website.²</p> <p>¹ https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p>	<p align="center">Complied</p>
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>Minor Compliance</p>	<p>FFB prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available for public to access at MPOB website.</p>	<p align="center">Complied</p>
<p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p>Major Compliance</p>	<p>Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p>	<p align="center">Complied</p>

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<p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance</p>	<p>Based on employee contracts and JCC meeting minutes, it is evidence that all parties understand the contractual agreements they entered into and consider the contract as fair, legal and transparent.</p> <p>Interviews with parties concerned confirmed that Unico Desa grouping practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored to follow safety requirements during the work in progress.</p>	<p>Complied</p>
<p>6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance</p>	<p>The grouping has a policy to ensure agreed payments were made in a timely manner as agreed in the contract. Payments are made on time according to common practice of 60-day grace period. This was verified during interview with the stakeholders including the contractors.</p>	<p>Complied</p>
<p>Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance</p>	<p>Main contribution of the estates to the local development can be demonstrated in the provision of facilities, services and where feasible, monetary. Some of the examples are;</p> <ul style="list-style-type: none"> • Active involvement of the management to ensure the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. • Free transportation to schools for primary, secondary and Humana students. • Free housing for HUMANA and CLC teachers. • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • All expenses covered for recruitment related fees. This policy covers both new and qualified existing foreign workers. • The managements organised HFMD briefings to all HUMANA and CLC students by Medical Assistants and nurses from Kinabatangan Health Department. • Close cooperation of Auxiliary Police with the relevant authorities. Especially with police department in dealing with drug related matters and with the Wildlife Department in dealing with illegal hunting related matters. • Recycling programme organised by the Unico Desa POM with collaboration of smallholders and villagers from Kg. Sri Ganda. 	<p>Complied</p>
<p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity Minor Compliance</p>	<p>Verified that there was no smallholder scheme within IOI Unico Desa Grouping, thus this criterion is not applicable.</p> <p>It is noted that there were some neighbouring smallholders who have been selling FFB to the Unico Desa POM. But these are independent smallholders without contractual obligation to sell the their FFB solely to Unico Desa POM</p>	<p>Not applicable</p>

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Criterion 6.12		
No forms of forced or trafficked labour are used.		
Indicators	Findings and Objective Evidence	Compliance
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>Major Compliance</p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Regional office (LDRO).</p> <p>All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in the IOI estates.</p> <p>IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the expiry dates of their passports and work permits, FOMEMA tests until collection of work permits from the Immigration Office. Contractor workers were also verified to keep their own passports.</p> <p>It was also verified, workers are aware that legalising process of their dependents are their own responsibilities. The PMU provided necessary assistance such as reference address, transportation, supporting documents, advance payment, etc. for the workers who opted to legalise their dependents. It was verified some invoices from recruitment agency did include charges for renewal of dependent passports.</p> <p>As sampled at Unico 2 Estate, it was found at least four (4) passports are still the Immigration Department custody since 2017. During the period, it was evidence that all necessary fines issued by the Department were promptly paid by the estate managements. It was verified through interviews and review of all relevant records that these workers are treated equally and fairly at their workplaces. No acts of discrimination against these group of workers and their dependents by the estate managements.</p> <p>Nonconformance finding:</p> <p>During the audit it was verified no forced or trafficked labour used in the entire IOI Unico Desa grouping. However, the monitoring process to ensure proper updating of the foreign workers' status was not done in a timely manner. Objective evidence sighted include;</p> <ol style="list-style-type: none"> 1. In UNICO 5, UNICO 2 estates and Unico-Desa POM, the processing period taken for the renewal of work permits for the foreign workers had taken seven (7), ten (10) and six months (6) respectively to complete. Follow-up with the Immigration Department by the Management on this prolonged delay was said to be conducted over the phone and thus there was no adequate evidence or records of regular follow-up made available for verification. 2. Census taken at the workers quarters was verified to be have been conducted in all estates audited. However, In UNICO 2 and UNICO 4 estates, based on data comparison made with other records available, the results of the census were found to be inconsistent. 	<p>Major NC: JMD-02</p>

	3. In UNICO 2 estate and Unico Desa POM, the dates of workers handing over their passports for passport and permit renewals not adequately recorded.	
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	No issue of contract substitution has been found and this was confirmed through interviews mainly with internal stakeholders.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	Published statement and procedures on migrant workers is covered in IOI Plantation Foreign Workers Recruitment Guideline & Procedure In Malaysia adopted by the IOI group was revised in July 2018. This guideline is also available at IOI website. ¹ Implementation of this policy is evident as explained above, for example, all decisions related to hiring of new workers shall be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender. Also mentioned above that the equal opportunity policy was adopted and implemented by the grouping and verified to have covered all necessary aspects of including migrant workers related issues. Freedom of association as earlier mentioned permitted not only to the local workers but also to the foreign workers. This policy is communicated to all workers during annual refresher training and to all new intakes. ¹ https://www.ioigroup.com/Content/S/PDF/Foreign%20Workers%20Recruitment%20Guideline%20Procedure.pdf	Complied
Criterion 6.13 Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Published statement on human rights is covered in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy is verified to be communicated to all workers during annual refresher training and to all new intakes.	Complied
6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	The mill and estates had contributed towards the setting up of the HUMANA and CLC schools for children of all foreign workers, both for their primary and secondary level educations. It was verified that the school building, premises and basic utilities has been adequately maintained, and transport has been provided free for children of the workers.	Complied

Principle 7: Responsible development of new plantings

To date, the PMU has not carried any new plantings after Nov 2005 which may be applicable under requirements of the RSPO New Planting Procedure.

The requirements of Principle 7 were verified to be 'Not applicable' to this PMU during this assessment.

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The record of submission made to the RSPO Secretariat for the current year was done in Dec 2018 as verified during the assessment.

See Summary of Net GHG Emissions submitted by Unico Desa POM in the Tables below.

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Based on the details provided in the record of submission, it is also verified that there is no potential liability under the RSPO Remediation and Compensation Procedure at this PMU.

SUMMARY OF NET GHG EMISSIONS

All information and data below as submitted by Unico Desa POM was verified against the retrieved summary report generated through PalmGHG Calculator Version 3.0.1.

GHG Table 1: Summary of Net GHG Emissions (actual past 12 months: Year 2018: Jan - Dec)

Emissions per Product	tCO ₂ e/tProduct
CPO	0.97
PK	0.97

Production	t/year
FFB processed	229406.96
CPO Produced	47852.7

Extraction	%
OER	20.86
KER	4.5

GHG Table 2: Summary of Land Use

Land use	ha
OP planted area	10618
OP planted on peat	35.9
Conservation (forested)	
Conservation (non-forested)	160.41
Total	10814.31

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Emissions								
Land Conversion	55095.99	5.41	0	0	0	0	55095.99	5.41
CO ₂ Emissions from Fertiliser	8421.71	0.81	0	0	0	0	8421.71	0.81
N ₂ O Emissions	12008.06	1.16	0	0	0	0	12008.06	1.16
Fuel Consumption	3950.6	0.39	0	0	0	0	3950.6	0.39
Peat Oxidation	1960.69	0.18	0	0	0	0	1960.69	0.18
Sinks								
Crop Sequestration	-76135.45	-7.38	0	0	0	0	-76135.45	-7.38
Conservation Sequestration	-782.44	-0.08	0	0	0	0	-782.44	-0.08
Total	4519.16	0.49	0.0	0	0	0	4519.16	0.49

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	50552.14	0.22
Fuel Consumption	1674.64	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Excess Electricity to Grid and Housing	-569.4	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	51657.38	0.23

GHG Table 4b: Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0%
Divert to anaerobic digestion	100%

GHG Table 4c: POME Diverted to Anaerobic Digestion

Divert to anaerobic pond	100%
Divert to methane capture (flaring)	0%
Divert to methane capture (electricity generation)	0%

Principle 8: Commitment to continuous improvement in key areas of activity

Criterion 8.1		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
Indicators	Findings and Objective Evidence	Compliance
<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); 	<p>The POM and Estates had identified and implemented the following Continual Improvement Action Plans for 2018/2019:</p> <p>The plans did consider the issues on social and environmental impacts and overall productivity which were monitored. The plans include the following:</p> <p><u>For the Palm oil mill:</u></p> <ul style="list-style-type: none"> • Continued use of Geotubes for de-sludging as additional to use of effluent ponds. • Use of kernel shells for the boiler to reduce consumption of diesel. • Additional 1 block (6 units) of housing for mill workers completed. <p>The said continual improvement plans and actions taken to date are adequately documented and monitored.</p>	Complied

<ul style="list-style-type: none"> • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p>	<p><u>For the PMU Estates:</u></p> <p>Main contribution of the estates to the local development were demonstrated and observed as per the activities below:</p> <ol style="list-style-type: none"> 1. Active involvement of the management to ensure the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. 2. Free transportation to schools for primary, secondary and Humana students. 3. Free housing for HUMANA and CLC teachers. 4. Free ambulance service to nearest government medical clinic. 5. Maintenance of places of worships, e.g. mosque and chapel. 6. All expenses covered for recruitment related fees. This policy covers both new and qualified existing foreign workers. 7. The managements organised HFMD briefings to all HUMANA and CLC students by Medical Assistants and nurses from Kinabatangan Health Department. 8. Close cooperation of Auxiliary Police with the relevant authorities. Especially with police department in dealing with drug related matters and with the Wildlife Department in dealing with illegal hunting related matters. 9. Recycling programme organised by the Unico Desa POM with collaboration of smallholders and villagers from Kg. Sri Ganda. 	
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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at IOI Unico Desa (Sabah) POM during this assessment is: Module E – CPO Mills: Mass Balance (MB).

Details of findings are as follows:

General Chain of Custody Requirements for the supply chain:

5.1 Applicability of the general chain of custody requirements for the supply chain		
Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1.</p> <p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.</p> <p>After the end product manufacturer, there is no further requirement for certification.</p>	<p>The CPO Mill i.e. Unico-Desa POM (under IOI Group) takes legal ownership and physically handles the certified FFB, CPO and PK.</p> <p>Verified as at todate, no outsourced facility is used in the processing and production of the CPO and PK.</p>	<p align="center">Complied</p>

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<p>5.1.2. Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.</p>	<p>The CPO Mill does not perform direct trading of the certified CPO & PK. All the quantities produced are sold solely to refinery - IOI Edible Oils Sdn Bhd (another IOI subsidiary).</p>	<p>Complied</p>
<p>5.1.3. Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p>	<p>RSPO membership is registered under the parent company: IOI Corporation Berhad (RSPO membership No. 2-0002-04-000-00) and POM – Unico-Desa Sdn Bhd unit was registered in the RSPO PalmTrace. PalmTrace Member ID: RSPO_PO1000003797 License ID: CB70917 is identified during certified products trading.</p>	<p>Complied</p>
<p>5.1.4. Processing aids do not need to be included within an organization's scope of certification.</p>	<p>No processing aid used as this facility is a CPO Mill.</p>	<p>Complied</p>
<p>5.2 Supply chain model</p>		
<p>5.2.1 The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p>	<p>Verified that this facility is a CPO Mill which applies Module E: Mass Balance (MB) only.</p>	<p>Complied</p>
<p>5.2.2. The site can use one (1) or a combination of supply chain models as audited and certified by the CB.</p>	<p>Verified that this facility is a CPO Mill which applies Module E: Mass Balance (MB) only.</p>	<p>Complied</p>
<p>5.3 Documented procedures</p>		
<p>5.3.1. The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness 	<p>For CPO Mill - Mass Balance (MB) SOP for implementation of RSPO SC Module E - for CPO Mills (MB) at POM: - RSPOSC/SOP/ MB / 1 (Rev 02 dated 1 Dec 2018) is verified on site.</p> <p>The 'MB module' implementation is verified to be in compliance with the RSPO SCCS requirement. Production records are maintained and updated on a daily basis and monthly, 3-monthly and annually reports are compiled and for reporting to the IOI Group, HQ.</p> <p>The responsible person identified is the Mill Manager as per the SOP and Organizational chart. Interview done with the Mill Manager.</p> <p>IOI Unico Desa - POM Mill Manager, Mr. Muslimin Sakta has been appointed as the person in charge for the overall responsibility and authority for implementation and compliance with the documented supply chain procedure. Confirmed that</p>	<p>Complied</p>

<p>of the organization's procedures for the implementation of this standard.</p>	<p>he and his assistants are aware and able to demonstrate the implementation of the RSPO supply chain requirements.</p>	
<p>5.3.2. The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <ul style="list-style-type: none"> i. conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. ii. effectively implements and maintains the standard requirements within its organization. <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization must be able to maintain the internal audit records and reports.</p>	<p>For CPO Mill - Mass Balance (MB) SOP for implementation of RSPO SC Module E - for CPO Mills (MB) at POM: - RSPO SC/SOP/ MB / 1 (Rev 02 dated 1 Dec 2018) is verified on site.</p> <p>The SOP covered the implementation of all elements of Supply chain modules. Stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements. The SOP had covered the Market Communications and Claims requirements including:</p> <ol style="list-style-type: none"> 1) General corporate communications 2) Business to business communications 3) Business to consumer communication 4) Stamp CSPO/MB or CSPK/MB 5) MB general & Module E: MB for CPO Mill 6) Labelling and trademark 7) Messaging <p>Last Internal audit was done on: 8 Dec 2018 using the checklist as per the RSPO SCC Standard 2017 which included the RSPO Market communication and claims requirements.</p> <p>The last internal audit indicated 2 NCs raised which were closed out after corrective actions taken. The Internal audit findings were reviewed during the management review conducted on 9 Jan 2019. The management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU.</p> <p>Records of Internal audits and minutes of Management review of past 2 years were maintained and available.</p>	<p>Complied</p>
<p>5.4 Purchasing and goods in</p>		
<p>5.4.1. The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); 	<p>The CPO Mil applied the Mass Balance (MB) module.</p> <p>Daily Production Report showed traceable figures of certified products from certified FFB and also the non-certified FFB (from smallholders / outgrowers).</p> <p>All incoming FFB was recorded on daily basis. Summary of monthly data is verified.</p> <p>For the incoming certified FFB indicating: name and address of the product origin, name and address of the receiver; ticket number, delivery order no.; contract no.; date; quantity; transporter; type of product; Supply Chain model used - MB and RSPO certificate number.</p>	<p>Complied</p>

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<ul style="list-style-type: none"> • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping announcements/ Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. • A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the list of RSPO Supply Chain Certified sites on the RSPO website (www.rspo.org) at least annually or through the RSPO IT Platform by confirmation of (shipping) announcements. • The validity of license for traders and distributors shall also be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements/announcements. 	<p>Incoming certified FFB from supply base are entirely from owned estates only i.e. Unico- Desa 1 to 5 estates. Note: The RSPO certification started on 16 May 2018.</p> <p>Samples of FFB receiving documents taken: Between 16 May – 31 Dec 2018 and 1 Jan – 15 Feb 2019. Delivery Notes: 212007 - 267864 WB ticket no: 125341 – 129562</p> <p>Origin: Unico-Desa 1 to 5 estates Address: Lahad Datu, Sabah Country of origin: Lahad Datu, Sabah, Malaysia Receiver: Unico-Desa POM Address: Lahad Datu, Sabah Product: FFB – RSPO / MB Certified Quantity: 11,640 kg – 13,780 kg (per load) RSPO Cert no: RSPO 931288</p>	
<p>5.4.2. The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p>	<p>As per the SOP available at the POM for the MB based incoming FFB and documentations such as Estates Delivery Notes and Weighbridge tickets at POM, the control mechanism noted to be in order. So far, there was no evidence of any occurrence of non-conforming products or related documents.</p>	Complied
<p>5.5 Outsourcing activities</p>		
<p>5.5.1. In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.</p>	<p>Verified that there are no outsourced processing activities to Independent third parties. Transport of FFB, CPO and PK as arranged by the Estates and POM Management are controlled via contracts with transporters and inspection of the transportation vehicles used prior to and upon completion of loading and off-loading. This are evidenced in the Delivery chits and weighbridge tickets which indicate the Transport vehicle no, weight and driver involved.</p>	Complied

<p>This requirement is not applicable to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the certified organization (not the tank farm manager).</p>		
<p>5.5.2. Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ol style="list-style-type: none"> a) The site has legal ownership of all input material to be included in outsourced processes; b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary. c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance. 	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>
<p>5.5.3. The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>Transport contractor for the transportation of the CSPO & CSPK are monitored and valid contracts are available and verified at the POM.</p>	<p>Complied</p>
<p>5.5.4. The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>
<p>5.6 Sales and goods out</p>		
<p>5.6.1. The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer;</p> <ul style="list-style-type: none"> • The name and address of the seller; • The loading or shipment / delivery date; 	<p>CPO Mill: Unico-Desa POM (Unico-Desa Plantation Bhd), sales and delivery documents information included:</p> <ul style="list-style-type: none"> - Name and address of production unit. - Name and address of buyer - WB Ticket number - Date of delivery - Transporter ID - Type of product / Supply chain model - Quantity: - RSPO certificate no. 	<p>Complied</p>

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<ul style="list-style-type: none"> • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number of the seller; • A unique identification number. • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements / Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. 	<p><u>Sample - Outgoing product - CSPO:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Unico-Desa POM - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - WB Ticket no. 125345 - Date: 28 Aug 2018 - Transport ID: SS 4641 K - Product: CPO / MB - Quantity: 34,500 kg - RSPO Cert no: RSPO 931288 <p><u>Outgoing product - CSPK:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Unico-Desa POM - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - WB Ticket no. 128247 - Date: 16 Dec 2018 - Transport ID: SA 2201 - Product: CSPK / MB - Quantity: 7,310 kg - RSPO Cert no: RSPO 931288 	
5.7 Registration of transactions		
<p>5.7.1. Supply chain actors who:</p> <ul style="list-style-type: none"> • are mills, traders, crushers and refineries; and • take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable. 	<p>Legal ownership and physically handling of the RSPO CSPO & CSPK is confirmed for the past 12 months. Records for the transactions made from the POM as sold to the next owner (IOI Edible Oils Sdn Bhd) are confirmed to be appropriately maintained.</p> <p>PalmTrace Member ID: RSPO_PO1000003797 License ID: CB70917 is identified during certified products trading.</p>	Complied
<p>5.7.2. The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:</p> <ul style="list-style-type: none"> • Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures. • Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the 	<p>The company has registered their transactions as per the Palm trace.</p> <p>Checked information: Transaction ID: stated Seller: Unico-Desa (POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPO Supply chain model: MB Quantity: stated Transaction type: Shipping Status: Confirmed Period: 16 May 2018 – Feb 2019</p> <p>Transaction ID: stated Seller: Unico-Desa (POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPK</p>	Complied

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<p>volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually.</p> <ul style="list-style-type: none"> • Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. • Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements. 	<p>Supply chain model: MB Quantity: stated Transaction type: Shipping Status: Confirmed Period: 16 May 2018 – Feb 2019</p>	
<p>5.8.1. The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff.</p>	<p>The POM has an annual Training 2018/2019, which includes refresher training on the RSPO SCCS. Training records are updated for personnel which includes attendance list and photograph as evidence are verified and available.</p>	Complied
<p>5.8.2. Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed.</p>	<p>The last training was done on 18 Nov 2018, attended 6 participants which included the Mill Manager, Executives, Assistants, Weighbridge clerks who are involved in implementation of the RSPO SCCS. Understanding by personnel was confirmed during audit at the POM.</p>	Complied
5.9 Record keeping		
<p>5.9.1. The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements.</p>	<p>The company has procedure to maintain and update all documents and records of RSPO supply chain system as required by the RSPO supply chain. The company has maintained, updated report & record which covering all aspects of RSPO SCCS requirements, such as: daily report, monthly report, 3-months mass balance report, delivery note, balancing stock report, complaint record, non-conforming product report, etc.</p>	Complied
<p>5.9.2. Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.</p>	<p>As per the RSPO SCC SOP, the minimum retention time of record for 2 years was stated. The retention of accounting related records including contracts, invoices etc. had complied with the minimum 7 years as per the Annual Accounting report and Stock Inventory done by the Accounting Dept. Based on sampling done for RSPO transactions, the related records were noted to be retained and available at site.</p>	Complied
<p>5.9.3. The organization must be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.</p>	<p>The PMU has updated the record keeping of the volumes of FFB purchased, processed and claimed as RSPO certified oil palm products. The Monthly, 3- Monthly, and Annual data over past 12 months was available.</p>	Complied
5.10 Conversion factors		

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<p>5.10.1</p> <p>Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries.</p>	<p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p>	<p>Not applicable</p>
<p>5.10.2</p> <p>Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.</p>	<p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p>	<p>Not applicable</p>
<p>5.11 Claim</p>		
<p>5.11.1.</p> <p>The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.</p>	<p>As at to-date, there has been no evidence of any no incorrect or inappropriate claims made at this unit.</p>	<p>Complied</p>
<p>RSPO Rules on Market Communications and Claims:</p>		
<p>General Corporate communications</p>		
<p>4.1</p> <p>Highlights RSPO membership and/or commitment to RSPO Principles</p>	<p>The RSPO membership number is stated under the parent company of IOI Corporation Berhad as indicated in the RSPO website and CH certificate.</p>	<p>Complied</p>
<p>4.2</p> <p>a) displays RSPO membership number b) displays RSPO web address (www.rspo.org) c) states support for RSPO work</p>	<p>Noted done via the ACOP submitted on annual basis eg for year 2017 and 2018.</p>	<p>Complied</p>
<p>4.3</p> <p>No misleading claim on RSPO membership on sale of certified RSPO products</p>	<p>There has been no evidence of any misleading claim as at the time of audit on the sale of the CSPO & CSPK for past 12 months (till Feb 2019)</p>	<p>Complied</p>
<p>4.4</p> <p>No misleading claim to consumers and stakeholders.</p>	<p>As above.</p>	<p>Complied</p>
<p>4.5</p> <p>Use of RSPO logo</p>	<p>No evidence of inappropriate use of the RSPO logo.</p>	<p>Complied</p>
<p>Business to Business communications</p>		
<p>5.1</p> <p>Appropriate communications for B to B</p>	<p>Transactions and communications is presently internal i.e. between the IOI POM (seller) and IOI Edible Oils Sdn Bhd – Refinery (buyer)</p>	<p>Complied</p>
<p>5.2</p> <p>Communication of claims of SCC Model and Certificates</p>	<p>Verified that claims using the MB model / status as issued in the CH certificate was correctly stated.</p>	<p>Complied</p>
<p>5.3</p> <p>Distributor or wholesaler License use</p>	<p>Not applicable as the POM is not a distributor / wholesaler.</p>	<p>Not applicable</p>

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5.4 Declarations of certified palm oil are as per RSPO rules.	Verified that claims made on CSPO & CSPK are as per RSPO Rules.	Complied
Business to Consumer communications		
6.1 Any business to consumer claims made?	Not applicable as the POM does not make any communications with consumers.	Not applicable
6.2 Are the RSPO Marks and logos appropriately used and communicated.	Not applicable.	Complied
6.3 On-pack label and claim use	Not applicable.	Not applicable
6.4 Any disclosure of supplier membership status	Not applicable.	Not applicable
6.5 Appropriate and accurate claims made on certified products	Verified that transaction and claims on certified CSPO & CSPK are appropriate and accurate over past 12 months.	Complied
6.6 Use of RSPO Marks and logos	Verified that there were no inappropriate use of RSPO Marks & Logos.	Complied
6.7 Retailer or Food Services company use of RSPO Marks and logos	Not applicable.	Not applicable
6.8 Appropriate and accurate claims made on certified products under 6.7	As above	Not applicable
5.12 Complaints		
5.12.1. The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Documented SOP for SCC at IOI HQ & POM, was verified on site had included the collecting and resolving of stakeholder complaints and any quality issues. There has been no complaint received since previous audit.	Complied
5.13 Management review		
5.13.1. The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	Management review is planned on an annual basis. The last management review was done on 18 Dec 2018, minutes meeting of management review had covered the review of internal audit findings.	Complied
5.13.2. The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. 	Minutes meeting of management review has included all the required inputs. Review of inputs had covered the both the internal audit results on 5 internal audit findings and the NC findings from external audits (from CB and other parties). Review of corrective and preventive actions and the follow up actions from customer feedbacks, previous management review and changes that could affect the management system were minuted.	Complied
5.13.3. The output from the management review shall include any decisions and actions related to:	Outputs of management review has included recommendations for improvement such as the progressive planning for changeover to a SAP system and training needed for the personnel over the next 12 months.	Complied

<ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs. 		
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RSPO Supply chain requirements – Module E (MB) for CPO Mill

E.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
<p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and sales volume of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p>	<p>The POM had processed FFB from its own supply base and from some external suppliers of FFB crop (see report under Section 1.3).</p> <p>The CPO Mill is therefore applying the Mass Balance (MB) module. Verified that the volume claimed is limited only to the products which are produced from the certified FFB.</p>	<p align="center">Complied</p>
E.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance
<p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. For an independent mill, the estimated tonnage of CPO and PK products must be recorded in the RSPO IT platform, supply chain certificate and public summary audit report. This figure represents the total volume of certified oil palm product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year.</p> <p>The actual tonnage produced has been reported in Section 1.8.2 Table 6 and Section 1.8.3 Table 7.</p>	<p align="center">Complied</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform).</p>	<p>Verified that the POM has met all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform).</p>	<p align="center">Complied</p>
E.3 Documented procedures		
Indicators	Findings and Objective Evidence	Compliance
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>The documented SOP for RSPO Supply Chain Certification Standard has been established and implemented at the POM. For CPO Mill - Mass Balance (MB) SOP for implementation of RSPO SC Module E - for CPO Mills (MB) at POM:</p>	<p align="center">Complied</p>

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	<p>- RSPO/SC/MB / 1 (Rev 02 dated 1 Dec 2018) is verified on site. Verified that the procedure covered the implementation of all elements of MB Module that include Organization Chart, Management Functions & Job Descriptions, Claims, FFB Delivery Plantation to Mill, CPO/PK Delivery Mill to customer, Record Keeping and Training of personnel.</p>	
a) Complete and up to date procedures covering the implementation of all the elements in these requirements	The documented procedure and its implementation confirmed to have complied with all the specified requirements of Mass Balance (MB) Module E.	Complied
b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	<p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Managers, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined in the SOP.</p> <p>IOI Unico Desa - POM Mill Manager, Mr. Muslimin Sakta has been appointed as the person in charge for the overall responsibility and authority for implementation and compliance with the documented supply chain procedure.</p> <p>He and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module E requirements and its implementation.</p> <p>The latest RSPO SC Training based on RSPO SCCS (June 2017) was conducted on 18 Nov 2018 with total of 15 personnel in attendance including the POM Manager.</p> <p>Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p>	Complied
E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>The SOP covers the receiving of FFB supply from the PMU estates and External / Outside Crop Producers.</p> <p>All supplies of FFB were subjected to verification of documents (delivery notes) to determine the origin, quantity and quality of the FFB.</p> <p>The Weighbridge Ticket for FFB indicated the date, vehicle number, estate & field number, harvesting date, security seal number and weight.</p> <p>All Storage tanks at the POM are designated as Mass Balance CPO and PK.</p> <p>Monthly FFB and CPO/PK Report and YTD Report for Jan -Dec 2018 were verified to have complied with requirements of the MB Module whereby the Palm Oil Mill received and processed FFB from its own estates and Outside Crop Producers.</p>	Complied
E.4 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
E.4.1	The Mill verifies and records tonnages and supply source of FFB received at the weighbridge in the	Complied

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<p>The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>delivery notes and weighbridge tickets and all FFB data are entered by the weighing clerk into the computer system or reporting spreadsheet on a daily basis. Daily and monthly reports are submitted to the Regional Office and Kuala Lumpur Head Office through the Mill Performance Report (MPR) system.</p> <p>The production report from Jan – Dec 2018 were verified to follow the MB module.</p> <p>Satisfactory performance of deliveries of FFB made by transport contractors hired by the estates.</p> <p>It is additionally verified that the FFB received from external 3rd parties which are also processed by the POM, has been considered as non-certified FFB and products via the MB module.</p>	
<p>E.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The documented Supply Chain SOP has specified that POM Manager shall check production quantity against the certified amount and notify RSPO, the CB and Sustainability Department of any projected overproduction of certified tonnage. As at todate, there is no projected overproduction.</p>	<p>Complied</p>
<p>E.5 Record keeping</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>E.5.1 a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)</p>	<p>It is verified that the Production Reports for the quantities in the related records (i.e. FFB Delivery Note, Weigh Ticket, FFB & Truck Daily Summary, Production Report, CPO & PK Storage Report, and CPO & PK Delivery Orders.) were done on a real time basis. Inventory balance on 3 monthly basis is available for verification.</p> <p>Transaction documents and bookkeeping of CPO and PK are done daily and monthly summary report of FFB receipt, FFB processed, CPO production, PK production and balance stocks submitted to the Regional Office and Kuala Lumpur Head Office. Noted that the POM weighbridges were duly calibrated with valid certificates.</p> <p>All volumes of CPO and PK produced are delivered and sold to another entity i.e. IOI Edible Oils Sdn Bhd (refinery) at Sandakan, Sabah.</p> <p>Deduction and conversion ratios for the volumes of CPO and PK delivered from the POM have been appropriately done and recorded. All deliveries of the MB sales are from positive stock.</p> <p>The POM had maintained a monthly summary of all receipts of FFB, production tonnage and dispatch of CPO and PK.</p>	<p>Complied</p>

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3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the POM has been able to comply with the requirements of the RSPO SCCS under the 'MB' module and is thus eligible for **'MB' trading for its palm products for year 2019/2020.**

3.1.3 Monitoring of Certified Sustainable Products traded:

Trading of the CSPO and CSPK was performed via RSPO PalmTrace by the IOI Group HQ (Marketing Dept.) i.e. IOI Commodity Trading Sdn Bhd. Based on the records maintained at the POM, the traded volumes relied on internal communications of the trading done by the IOI HQ, on the CSPO and CSPK delivered to IOI Edible Oils Sdn Bhd (Refinery). See table below:

Traded Volumes (Certified and Non-Certified) of CPO and PK

Details required (as per RSPO Certification System document)		
	CPO (mt)	PK (mt)
Last year's (Projected) – Certified volume (RSPO Certified)	54,809	11,709
Note: Certified volumes from: 16 May 2018 to 15 May 2019		
1) Last year's Actual sold volume (RSPO Certified)	0.00	7,544
2) Last year's Actual sold volume (Other Schemes certified)	0.00	0
3) Last Year's Actual sold volume (Conventional)	51,091.77	2,903
Total for Last Year's volume – Actual (1+2+3):	51,091.77	10,447
Note: Actual data verified till 15 May 2019		
New (Projected) Certified Volume (RSPO Certified)	50,600	11,500
Note: Projected volumes from: 16 May 2019 to 15 May 2020		

Notes:

- Data for items 1) to 3) was verified at HQ and checked against data at POM
- No trading was applied via RSPO Credits as verified at IOI, HQ (Marketing Dept.)

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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 MYNI Compliance Indicators is as per the details below:

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Assessment	2017	6 nos. (2 Major & 4 Minor) -311, 421, 512, 533, 652, 653	2 nos.	2019: Actions taken on the previous NCs and OBS verified to be effective during ASA-01 except for NC on indicator 6.5.3 which was upgraded to a Major NC.
ASA-01	2019	6 nos. (5 Major & 1 Minor) -434, 4612, 471, 6121, 441, 653	2 nos.	On-site Verification done on: 11-12 Apr 2019 for closure of Major NCs (2019). Actions taken verified as effective for closure. Further follow up to be done during next assessment.

3.2.1 Year 2019: 6 NCs (5 Major, 1 Minor)

NC#	MYNI Indicator	Details of Non-Conformance (NC)
Major: CBK-01	4.3.4	Date issued: 21 Feb 2019
		Requirement: 4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.
		Statement of Nonconformance: The water level monitoring practiced was found not to be in accordance with the SOP For Water Management In Peat Area Within Oil Palm Plantation.
		Evidence of Nonconformance: At Unico Desa 3 estate (KM 3 division), where there is peat land planted with Oil Palms (still in 1st cycle planting), the water and subsidence levels are being monitored at two specific locations only. However, it is noted there is no water level measurement carried out over part of a stretch of the collecting drain. This stretch is found to be overgrown with vegetation and there was also fallen palms in the said drain. Further up the same stretch, it is found that the water level was not within the range as specified in the SOP.
		Root Cause and Corrective Action(s): by Auditee representative

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	<p>Root cause: The water retention management in the area highly depends on the continuous water supply from rain water and was not able to withstand prolonged dry/drought season period. The rainfall data in the area has shown reduction about 78% in Feb '19 compare to Jan '19 data and Mar '19 has shown reduction of 91% compare to Jan '19 data and 67% compare to Feb '19 data.</p> <p>The location of the peat area which is isolated from the estate main division, and surrounded by plantations managed by other company, has made the alternative to get the water source from the surrounding area (to be channeled into the drainage system) becomes very limited and challenging.</p> <p>The number of bunds which has been constructed along the drains in peat area is also may be not sufficient to retain water level at different ground level/height, especially during the time of prolong drought/no rain season.</p> <p>Corrective Action & Preventive Measure:</p> <p>The estate management will further identify additional water source from the surrounding vicinity to be potentially channeled into peat area. The water flow within the area will need to be further study so that a better placement of the stop bund can be improve at more strategic points within the drainage system. The desilting work would need to be carry out at a few stretch of the drainage area to improve the water flowing into the area.</p> <p>Map showing the drainage system, water flow and subsidence pole will be prepared. Monitoring by the elected person in charge of twice a week, to be done at the peat area to ensure water level and subsidence are monitored. Comprehensive joint trainings/ briefings/discussions to be conducted by IOI-HQ and Research Department with the estate management will also be conducted for the improvement of the peat management.</p> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p><u>MAJOR NC:</u> On-site Verification on date: 12 – 13 Apr 2019 Corrective actions taken: As stated by Auditee in their RC, CA and CAP Supportive evidences: <ol style="list-style-type: none"> 1) Record of rainfall data in the peat area (Jan, Feb, Mar 2019) 2) Record of water level at KM3 division 3) Person in charge to monitor the peat area 4) Pictorial evidence of the drainage was desilting/ have bund/ have water level 5) Map showing peat management (drainage, soil subsidence and water level indicator poles, water flow, etc.) 6) Diagram showing additional bund constructed 7) Peat area desilting programme 8) Records of joint training of IOI-HQ, GIS Dept. & Research Dept. on peat management <p>Expected timeline for full implementation: May 2019</p> <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited site were subsequently verified on site and progressive actions taken are considered to have satisfactorily addressed the issues noted on the said Peat area. Based on on-site verification done, the further evidences of monitoring done are adequate for closure in current audit which will be subject to findings during the next surveillance audit.</p> <table border="1" data-bbox="475 1892 1497 2018"> <tr> <td data-bbox="475 1892 1114 1937">NC status closed by auditor: CBK</td> <td data-bbox="1114 1892 1497 1937">Date closed: 30 Apr 2019</td> </tr> <tr> <td colspan="2" data-bbox="475 1937 1497 1982">Verification of effectiveness: Next audit</td> </tr> <tr> <td data-bbox="475 1982 1114 2018">NC status verified by auditor: -</td> <td data-bbox="1114 1982 1497 2018">Date verified: -</td> </tr> </table> </p>	NC status closed by auditor: CBK	Date closed: 30 Apr 2019	Verification of effectiveness: Next audit		NC status verified by auditor: -	Date verified: -
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NC#	MYNI Indicator	Details of Non-Conformance (NC)
Major: CBK-02	4.6.12	Date issued: 21 Feb 2019
		Requirement: 4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women.
		Statement of Nonconformance: A female worker had worked with pesticides after having been detected to be pregnant.
		Evidence of Nonconformance: At Unico Desa 2 estate, during the monthly medical check-up at the estate clinic, the Clinic Assistant had detected one female worker to be pregnant on 25 January 2018. The "Notification For Confirmed Pregnant / Breastfeeding" was subsequently issued to the Estate Manager on the same day. The Checkroll Records showed that the said female worker had been performing spraying of pesticides for eight days between the period of 27 January 2018 and 24 February 2018. The related SOP had not been adhered.
		Root Cause and Corrective Action(s): by Auditee representative Root cause: After the medical checkup has been conducted, the "Notification for Confirmed Pregnant / Breastfeeding" was subsequently issued to the Estate Manager on the same day upon confirmation of any pregnant worker by Clinic. However, due to some delay in sending out the said document, the estate management has only received the notification after a few weeks later and therefore was not able to remove the worker (from doing spraying job) on time, and she was allowed to carry out chemical spraying work a few days within that few weeks.
		Corrective Action & Preventive Measure: A record book to monitor the sending of any medical notification will be established to avoid any delay of sending the said document to the operating units. The name list of Social Liaison Officer (of every operating units) and their personal number will be displayed at the clinic for immediate notification of pregnant workers so that further action on work removal (when necessary) can be taken. A copy of the future medical removal notification will also be provided to the Safety and Health Officer for his follow up whenever necessary.
		Verification on Corrective Action(s): by Lead Auditor / Auditor

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		<p><u>MAJOR NC:</u></p> <p>On-site Verification on date: 12 – 13 Apr 2019</p> <p>Corrective actions taken: As stated by Auditee in their RC, CA and CAP</p> <p>Supportive evidences:</p> <ol style="list-style-type: none"> 1) Medical removal flow chart by safety officer 2) Sample of record book of sending out Notification of pregnant workers letter 3) Training by Clinic EHA for estate on Notification of pregnant workers and record book (Manager, Asst, Staff, Clerk) 4) Training by SHO for medical removal flowchart for Managers and Asst. 5) Letter issuance to EHA at the clinic to extend a copy of future medical removal notification to SHO for his follow up whenever necessary <p>Expected timeline for full implementation: May 2019</p> <p>Conclusion:</p> <p>Evidences submitted as above for the corrective actions done with attached evidences at the audited site were subsequently verified on site and progressive actions taken are considered to have satisfactorily addressed the issues noted.</p> <p>Based on on-site verification done, the further evidences of monitoring done are adequate for closure in current audit which will be subject to findings during the next surveillance audit.</p>						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status closed by auditor: CBK</td> <td style="width: 30%;">Date closed: 30 Apr 2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next audit</td> </tr> <tr> <td>NC status verified by auditor:-</td> <td>Date verified:-</td> </tr> </table>	NC status closed by auditor: CBK	Date closed: 30 Apr 2019	Verification of effectiveness: Next audit		NC status verified by auditor:-	Date verified:-
NC status closed by auditor: CBK	Date closed: 30 Apr 2019							
Verification of effectiveness: Next audit								
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NC#	MYNI Indicator	Details of Non-Conformance (NC)
Major: AL-01	4.7.1	Date issued: 21 Feb 2019
		Requirement: 4.7.1 An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.
		Statement of Nonconformance: The occupational health and safety plan had not adequately covered the operational activities at the jetty used for the transportation of CPO.
		Evidence of Nonconformance:
		Area under Unico 1 estate: At Jetty used for transfer of CPO from road tankers to Barges, it is noted that a makeshift shed for workers involved in the loading operations to barges was constructed. The facilities afforded was minimal. Lifejackets made available were not adequately checked for their condition of use and replacement (when due), canvas sheet at the shed for shade against heat or rain was in badly torn condition. The risk of safety of work during thunder or rainy conditions was not adequately assessed considering that the jetty being in an open space with metal structures. The control and mitigation measures to be taken by the workers during the occurrence of poor weather conditions was not clearly documented.
		Root Cause and Corrective Action(s): by Auditee representative

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		<p>Root cause: Insufficient monitoring at the jetty area on the safety precaution, especially during emergency (e.g. no checklist has been prepared to check/validate the condition of the life jacket, the condition of the structure/shed at the jetty and the working condition of other equipment/facility provided in the area).</p> <p>Corrective Actions:</p> <ul style="list-style-type: none"> • Mill management will provide new life jacket with Safety of Life at Sea (SOLAS) standard and verified with SIRIM accreditation for the area. • Management also will renovate the shed to ensure it can be a safe shelter to be used whenever needed, either during raining days or sunny days. • Management will also install lightning arrestor near the jetty area for safety risk and concern. • The jetty will be included in the mill's workplace inspection record as part of the management monitoring to the said area to ensure it is in good order at all time. 						
		Verification on Corrective Action(s): by Lead Auditor / Auditor						
		<p>MAJOR NC: On-site Verification on date: 12 – 13 Apr 2019 Verified the corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences verified on-site:</p> <ol style="list-style-type: none"> 1) Availability of new life jackets at Jetty area 2) Updated workplace checklist (Jetty area) 3) Completed renovation for the shed at jetty area 4) Completed construction of Lightning arrestor for jetty area. 5) Records of workplace inspection at the CPO jetty <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited site were subsequently verified on site and progressive actions taken are considered to have satisfactorily addressed the issues noted. Based on on-site verification done, evidences of the completed works at the Jetty area and records of monitoring on the safety activities are adequate for closure in current audit which will be subject to findings during the next surveillance audit.</p>						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status closed by auditor: AL</td> <td style="width: 30%;">Date closed: 20 April 2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next audit</td> </tr> <tr> <td>NC status verified by auditor:-</td> <td>Date verified:-</td> </tr> </table>	NC status closed by auditor: AL	Date closed: 20 April 2019	Verification of effectiveness: Next audit		NC status verified by auditor:-	Date verified:-
NC status closed by auditor: AL	Date closed: 20 April 2019							
Verification of effectiveness: Next audit								
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NC#	MYNI Indicator	Details of Non-Conformance (NC)
Major: JMD-02	6.12.1	Date issued: 21 Feb 2019
		Requirement: 6.12.1 There shall be evidence that no forms of forced or trafficked labour are used
		Statement of Nonconformance: No forced or trafficked labour used was verified during the audit. However, the monitoring process to ensure proper updating of the foreign workers' status was not done in a timely manner.
		Evidence of Nonconformance:

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		<p>4. In UNICO 5, UNICO 2 estates and Unico-Desa POM, the processing period taken for the renewal of work permits for the foreign workers had taken seven (7), ten (10) and six months (6) respectively to complete. Follow-up with the Immigration Department by the Management on this prolonged delay was said to be conducted over the phone and thus there was no adequate evidence or records of regular follow-up made available for verification.</p> <p>5. Census taken at the workers quarters was verified to be have been conducted in all estates audited. However, In UNICO 2 and UNICO 4 estates, based on data comparison made with other records available, the results of the census were found to be inconsistent.</p> <p>6. In UNICO 2 estate and Unico Desa POM, the dates of workers handing over their passports for passport and permit renewals not adequately recorded.</p>
		<p>Root Cause and Corrective Action(s): by Auditee representative</p> <p>Root cause:</p> <p>1. Follow up action done by estate person in charge by phone call. However, the estate management did not prepare a black & white record as an evidence to the phone call and follow up.</p> <p>2. Currently, the census record is updated for every 6 months, and/or if there are any changes inside the house. Record done by RSPO Clerk.</p> <p>However, there is no indication in the record to show that it has been verified by the estate's Executive as a counter-checking mechanism exercise to ensure it has been done properly.</p> <p>3. Passport monitoring record is made available by each of the operating unit. However, the data in the record is insufficient and it was noted that each operating unit use their own format as monitoring record.</p> <p>Corrective Action & Preventive Measure:</p> <ol style="list-style-type: none"> 1. Phone call record book as state date, time, person talk to and matter follow up. 2. Letter to HR/passport agency will be provided as an evidence of follow up action for workers renewal permit. 3. Frequency of census record will be increase from 6 months to 4 months and verified by Assistant Manager/Social Liaison Officer. 4. New standardized format of passport monitoring record done by Human Resource and sustainability team will be released and for standardize implementation to throughout the whole Unico Desa plantation group.
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>

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		<p><u>MAJOR NC:</u> On-site Verification on date: 12 – 13 Apr 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Record book (phone call) 2) Letter to HR/passport agency to follow up the status of workers permit. 3) Census record for every 4 months and verified by Assistant Manager/Social Liaisons Officer 4) New standardized format of passport monitoring record.</p> <p>Expected timeline for full implementation of CAP: May 2019</p> <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited site were subsequently verified on site and progressive actions taken are considered to have satisfactorily addressed the issues noted. Based on on-site verification done, additional evidences of records sighted for the monitoring needed on the workers are adequate for closure in current audit which will be subject to findings during the next surveillance audit.</p>	
		NC status closed by auditor: JMD	Date closed: 30 Apr 2019
		Verification of effectiveness: Next audit	
		NC status verified by auditor: -	Date verified:-

NC#	MYNI Indicator	Details of Non-Conformance (NC)
Major: JMD-01 *	6.5.3	Date issued: 21 Feb 2019
		Requirement: 6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.
		Statement of Nonconformance: Line-site inspections conducted at the estates had not adequately covered all public facilities and status of follow up actions, if taken were not clearly recorded.
		Evidence of Nonconformance:
		1. In UNICO 2 Estate, the person in charge of conducting line-site inspection overlooked one (1) broken street light which could cause safety issues to the road users. 2. In UNICO 3 Estate, status of issues raised in the previous line-site inspection report was not clearly stated in the subsequent inspection report, i.e. whether the issues were already effectively closed or proper actions to address the issues are still pending. 3. In UNICO 4 Estate, all amenities in the line-site were inspected at least once a month by the EHA and weekly by the assigned person from the management office. These include workers quarters, staff quarters, crèche, sport facilities and sundry shops. However, inspection on the “surau” was only conducted twice since Jan 2018 until the date of audit.
		Auditors note: This noncompliance was upgraded to a Major NC due to recurring issues detected in previous audit (2017) which was not effectively implemented.
		Root Cause and Corrective Action(s): by Auditee representative

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		<p>Root cause:</p> <ol style="list-style-type: none"> 1. The assign person is has overlooked and did not checked for the broken street light near the staff quarters. 2. There is follow-up action recorded in linesite inspection record. However, the follow up action is inconsistently maintained. 3. The assign person has misunderstood the actual frequency for inspecting surau. <p>Corrective Action & Preventive Measure:</p> <ol style="list-style-type: none"> 1. The broken street light is immediately repaired. A refresher training will be given to the SPO Supervisor for checking the relevant items for linesite inspection 2. The additional column of remarks from management included inside the inspection record book. 3. The inspection record book will be included addition of specific part: other buildings (e.g: surau and community hall) included in inspection record by clinic and assign person. 						
		Verification on Corrective Action(s): by Lead Auditor / Auditor						
		<p>Major NC:</p> <p>On-site Verification on date: 12 – 13 Apr 2019</p> <p>Corrective actions taken: As stated by Auditee in their RC & CAP</p> <p>Supportive evidences:</p> <ol style="list-style-type: none"> 1) Pictures of the repaired street light 2) Record of refresher training to SPO Supervisor 3) Additional column of remarks from management inside the inspection record book. 4) Addition of specific part: other buildings (e.g: surau and community hall) included in inspection record by clinic and assign person. <p>Conclusion:</p> <p>Evidences submitted as above for the corrective actions done with attached evidences at the audited site were subsequently verified on site and actions taken are considered to have satisfactorily addressed the issues noted.</p> <p>Based on on-site verification done, the further evidences of monitoring done are adequate for closure in current audit which will be subject to findings during the next surveillance audit.</p>						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status closed by auditor: JMD</td> <td style="width: 30%;">Date closed: 20 Apr 2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next audit</td> </tr> <tr> <td>NC status verified by auditor:</td> <td>Date verified:</td> </tr> </table>	NC status closed by auditor: JMD	Date closed: 20 Apr 2019	Verification of effectiveness: Next audit		NC status verified by auditor:	Date verified:
NC status closed by auditor: JMD	Date closed: 20 Apr 2019							
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NC#	MYNI Indicator	Details of Non-Conformance (NC)
Minor: SH-01	4.4.1	Date issued: 21 Feb 2019
		Requirement:
		An implemented water management plan shall be in place. The water management plan will: <ul style="list-style-type: none"> • Take account of the efficiency of use and renewability of sources; • Ensure that the use and management of water by the operation does not result in adverse impacts on other users within the catchment area, including local communities and customary water users;
		Statement of Nonconformance:
		Insufficient water sampling points for the analysis on water quality.
		Evidence of Nonconformance:

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		<p>Estates – Unico Desa 2, 3, 4 & 5</p> <p>3. It was observed that the water quality analysis for some streams/waterways passing through the estates were not conducted, such as at the final outlet points of each estate. The estates have to ensure that their operations does not result in adverse impacts on other users or contribute to pollution of water. The effectiveness of mitigation measures taken by each estate to protect the water course and water quality were not supported by any additional water analysis at the relevant points. It is noted that the water quality monitored by the external consultant, was for EIA and replanting purpose.</p> <p>4. The water management plan need to be site specific.</p>						
		<p>Root Cause and Corrective Action(s): by Auditee representative</p> <p>Root cause:</p> <ol style="list-style-type: none"> 1. The water quality analysis for streams/waterways that are passing through the estate, was conducted by Kiwiheng Environmental Consultant as part of replanting monitoring. The points are concentrated only at several point and doesn't reflect integrated monitoring of stream's water quality flowing in and out of Unico Desa estates. 2. The water management document is mainly prepared as a grouping to ensure implementation are standardized for the whole group. <p>Corrective Action & Preventive Measure:</p> <ol style="list-style-type: none"> 1. Additional sampling point for some streams/waterways passing through the estates added. This additional sampling points are mainly for water flowing out of estate and flowing in from other neighbouring estate. 2. The water management plan document will be revised at several parts with added information to be more site specific 						
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>Minor NC: On-site Verification on date: 12 – 13 Apr 2019 Corrective actions taken: As stated by Auditee in their RC & CAP Supportive evidences: <ol style="list-style-type: none"> 1) Additional location stream water sampling for Unico Desa 2) Water sample programme for stream water analysis 3) Revised water management document Expected timeline for full implementation: Aug 2019 Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited site were subsequently verified on site and progressive actions taken are considered to have satisfactorily addressed the issues noted. Based on on-site verification done, the revised water management plan and additional steps to be taken for the monitoring needed are adequate for closure in current audit which will be subject to findings during the next surveillance audit.</p>						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status closed by auditor: SH</td> <td style="width: 40%;">Date closed: 20 Apr 2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness:</td> </tr> <tr> <td>NC status verified by auditor:</td> <td>Date verified:</td> </tr> </table>	NC status closed by auditor: SH	Date closed: 20 Apr 2019	Verification of effectiveness:		NC status verified by auditor:	Date verified:
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3.2.2 Year 2019: 2 Observations

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AL-01	2.1.2	The summary listing / register of Legal requirements including monitoring of changes effected can be improved for easier checks via listing done in an Alphabetical order.	21 Feb 2019	Next audit	-
OBS: AL-02	4.1.1	SOPs were available for estates including the SOP Land Preparation for Replanting (v 2007). The SOP for Replanting was noted to be generic. Site specific measures and actions e.g. for replanting currently at Unico 5 field sites – (Block 19A, undulating and hilly), was unclear. The overall replanting planning and layout was not documented such as mapping for the field / collecting drains, distances of OP planting next to the drains and the measures needed in handling of VOPs found growing adjacent to the field drains and streams.	21 Feb 2019	Next audit	-

3.2.3 Year 2017: 6 NCs (2 Major, 4 Minor)

NC	MYNI Indicator	Details of NC
Major: AL-01	3.1.1 Major	Date issued: 15 Dec 2017
		Requirement:
		3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.
		Nonconformance:
		The Business management plan of minimum 3 years was documented and available at the POM and respective estates audited. However, it is noted that the Crop projection data of FFB stated at the estates was not consistent with the projection data at the POM.
		Root Cause and Corrective Action(s): by Auditee representative
		<p>Root cause: Crop projection (for next Financial Year) is prepared by all operating unit by end of financial year by considering and under the assumption of the best case scenario (i.e. weather condition, workforce & other related factor is being predicted and manage sufficiently).</p> <p>The crop projection section under Business Management Plan document estate was found does not tally with the mill due to miscommunication between both side of the operating unit. It was found that the mill does not consult the estate's management when they revised their crop receive projection, therefore the outcome figure does not able to match with the estate's.</p> <p>Corrective Action: Development of the crop projection in the mill should be based by the data in the estates. To ensure no repetition of the issue, a 3-monthly meeting shall be carried out to ensure that the mills crop projection data should always be tally with the data from estate.</p>

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		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		<u>MAJOR NC:</u>	
		Off-site Verification on date: 15 – 30 Mar 2018	
		Corrective actions taken: As stated by Auditee in their RC & CA	
		Supportive evidences:	
		1) Revised 5 Years Business Plan (Mill & Estates)	
		2) Data on Annual Crop Projections from Mill	
		3) Minutes of meeting between Mill and Estates on the estimation & projection of FFB crop	
		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	
		NC status verified by auditor: Closed by AL	Date closed: 2 Apr 2018
		Verification of effectiveness:	
		ASA-01: Verified that implementation was effective during the current audit and closed	
		NC status verified by auditor: AL	Date verified: 21 Feb 2019

NC	MYNI Indicator	Details of NC
Minor: CBK-01	4.2.1 Minor	Date issued: 15 Dec 2017
		Requirement:
		4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible.
		Nonconformance:
		At Unico 4 Estate, the Manuring Programme 2017/2018 was established for the application of the fertilizer CPD for fields 10FH, 10FI, 10FJ, 10FK and many other fields for August, October and December 2017.
		The application of the fertilizer CPD had not been carried out for the months of October and 1 st half of December 2017 for those fields.
		Root Cause and Corrective Action(s): by Auditee representative
		Root cause: The delay of fertilizer application was mainly due to the shortage of workers and lack of option to rectify the issue at the time. There is also no clear indication of the root cause and the action taken provided in the management action plan document.
		Corrective Action: Any delay in fertilizer application shall be followed up closing by the estate management. Notice or written root cause for delay of the application should be properly send to the senior management to request for assistance to solve the issue (e.g. request for manpower assistance from sister estate).
		Future occurrence of the issue should be highlight in the management plan/ fertilizer application programme to indicate the root cause of the issue and the action which has been taken toward solving the issue.
		Verification on Corrective Action(s): by Lead Auditor / Auditor

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		<p><u>Minor NC:</u> Off-site Verification on date: 12 Mar 2018 Corrective Actions taken: As stated above Supportive evidences: As received are:</p> <ol style="list-style-type: none"> 1) Letter from Unico's PC Office to OP Estates management on Notification of the potential delay of fertilizer applications. 2) Remarks in the Estates management plan/fertilizer application programme indicating the root cause of the delay in fertilizer application. <p>Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached photographs at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
		NC status verified by auditor: Closed by CBK & AL	Date closed: 16 Mar 2018
		Verification of effectiveness: ASA-01: Verified that implementation was effective during the current audit and closed	
		NC status verified by auditor: Closed by CBK	Date verified: 21 Feb 2019

NC	MYNI Indicator	Details of NC
Minor: SH-01	5.1.2 Minor	Date issued: 15 Dec 2017
		Requirement:
		5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons.
		Nonconformance:
		In most estates visited, (Unico 1, Unico 2, Unico 3 and Unico 4), there seems to be several ponds identified and their existence is to serve several purposes, such as for domestic use and recreation. The management and action plan implemented, however, was found not to be conclusive and effective to achieve the desired objective or the intended purpose of their existence. The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate managers.
		Root Cause and Corrective Action(s): by Auditee representative
		Root cause: Estate has identified the location of the ponds and had carried out the action plan according to the management plan provided. However, the actual purpose or designation of the place were unclear. Corrective Action: Estate management will put the specific signboard indicate the purpose the pond at each operating unit. A revised section in the Water Management Plan will be specifically states the purpose or designation of the pond
		Verification on Corrective Action(s): by Lead Auditor / Auditor

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		<p><u>Minor NC:</u> Off-site Verification on date: 12 Mar 2018 Corrective Actions taken: As stated above Supportive evidences: As received are: 1) Revised sections in the documented Water Management Plans 2) Pictorial evidences of the specific signboards at estates. 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>	
		NC status verified by auditor: Closed by SH & AL	Date closed: 16 Mar 2018
		<p>Verification of effectiveness: ASA-01: Verified that implementation was effective during the current audit and closed</p>	
		NC status verified by auditor: Closed by SH	Date verified: 21 Feb 2019

NC	MYNI Indicator	Details of NC	
Minor: SH-02	5.3.3 Minor	Date issued: 15 Dec 2017	
		Requirement:	
		5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.	
		Nonconformance:	
		At the entrance leading to Unico 6 estate, it was found and observed that waste materials were indiscriminately scattered all over the places.	
		Root Cause and Corrective Action(s): by Auditee representative	
		Root cause: The unregistered shop opened by the villagers at the entrance of Unico 6 were found to be insensitive in keeping the environment clean and had irresponsibly littering the area with rubbish. This is most probably due to the unavailability of proper rubbish collection center in the area	
		Corrective Action: Estate Management will provide specific place for rubbish collection near the entrance of Unico 6 estate.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		<p><u>Minor NC:</u> Off-site Verification on date: 12 Mar 2018 Corrective Actions taken: As stated above Supportive evidences: As received are: 1) Signages erected in the affected area to educate the general public and the nearby shopkeepers. 2) Pictorial evidences of signages and proper places for rubbish disposal and collection 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>	
		NC status verified by auditor: Closed by SH & AL	Date closed: 16 Mar 2018
		<p>Verification of effectiveness: ASA-01: Verified that implementation was effective during the current audit and closed</p>	

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	NC status verified by auditor: Closed by SH	Date verified: 21 Feb 2019
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NCR	MYNI Indicator	Details of NCR
Minor: SH-03	6.5.3 Minor	Date issued: 15 Dec 2017
		Requirement:
		6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.
		Nonconformance:
		Assessment of conservation areas have been identified and mapped. However, the management and action plan on the cemetery, located and identified at Unico 1 estate, has not been effectively implemented.
		Root Cause and Corrective Action(s): by Auditee representative
		Root cause: Estate Management's oversight to prepare a specific management action plan for the cemetery.
		Corrective Action: 3 monthly monitoring report will be produced by the estate to ensure that there is continuous monitoring in the area.
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<u>Minor NC:</u> Off-site Verification on date: 12 Mar 2018 Corrective Actions taken: As stated above Supportive evidences: As received are: 1) Signboards indicating the cemetery and prohibition to trespass in the area 2) Records of information gathered on the deceased persons 3) Cleaning schedule for maintenance of the cemetery area 4) Proposed fencing and proper beautification of the area 5) Location Maps indicating the burial / cemetery site. 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.
NC status verified by auditor: Closed by SH & AL		Date closed: 16 Mar 2018
Verification of effectiveness: ASA-01: Verified that implementation was NOT effective during the current audit. Refer to Major NC: JMD-02 (2019)		
NC status verified by auditor: JMD		Date verified: 21 Feb 2019

NC	MYNI Indicator	Details of NC
Major JMD-01	6.5.2 Major	Date issued: 15 Dec 2017
		Requirement:
6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.		

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		<p>Nonconformance:</p> <p><u>Reduced Annual Leave Eligibility for 2016</u></p> <ol style="list-style-type: none"> 1. Prorated annual leave calculation were used to calculate annual leave eligibility for workers who apply for long vacation leave. Noted that the calculation was incorrectly applied on 4 workers in POM and one worker in Unico 4 Estate (i.e. their approved cumulated unpaid leave in 2016 were actually less than 30 days). This practice is not complying with Section 104D(8) of Sabah Labour Ordinance which stated that prorated calculation on annual leave can only be used if the workers cumulated unpaid leave exceed 30 days for a period of twelve months of service. 2. Due to the incorrect application of the prorated annual leave calculation, it resulted in a reduced annual leave eligibility for these workers. (For example, the POM workers who are originally eligible for 16 days of annual leave pay, were only paid between 14-15 days of annual leave. Whilst, for the Unico 4 Estate worker who was originally eligible for 12 days of annual leave pay, was only paid with 11 days of annual leave). 		
		<p>Root Cause and Corrective Action(s): by Auditee representative</p> <p>Root cause: The prorated annual leave calculation for some worker was incorrectly calculated due to management's oversight on the said matter.</p> <p>Corrective action: Name list for workers with less payment for annual leave has been prepared and has be paid in December 2017 salary payment. Training has been given to the Chief and Check roll Clerks for the explanation on the prorated annual leave calculation to calculate annual leave eligibility for workers who apply for long vacation leave.</p>		
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p><u>MAJOR NC:</u> Off-site Verification on dates: 15 – 30 Mar 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Name listing of workers shown as 'Gaji Kurang Bayar' which were paid in the Dec 2017 payslips. 2) Copies of the said Workers payslips. 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>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by JMD & AL</td> <td style="width: 30%;">Date closed: 2 Apr 2018</td> </tr> </table>	NC status verified by auditor: Closed by JMD & AL	Date closed: 2 Apr 2018
NC status verified by auditor: Closed by JMD & AL	Date closed: 2 Apr 2018			
		<p>Verification of effectiveness: ASA-01: Verified that implementation was effective during the current audit and closed</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by JMD</td> <td style="width: 30%;">Date verified: 21 Feb 2019</td> </tr> </table>	NC status verified by auditor: Closed by JMD	Date verified: 21 Feb 2019
NC status verified by auditor: Closed by JMD	Date verified: 21 Feb 2019			

3.2.4 Year 2017: 2 Observations (OBS)

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any

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OBS: SH-01	5.2.1.	At all estates: Map of estates need to be updated to its current status. Some of the conservation areas identified has not been marked or shown on the estate maps. In addition, at most estates, the landfill locations were not clearly indicated on the maps.	15 Dec 2017	21 Feb 2019	Addressed and closed
OBS: JMD-01	6.5.3	At Unico 1 estate: In the crèche hall, chemical detergents and floor cleaners were found to be kept at open places which are potentially within the reach of the children.	15 Dec 2017	21 Feb 2019	Addressed and closed

3.2.5 Identified Positive Elements

- 1) The PMU has contributed towards the education of children of estate migrant workers. IOI Corporation has provided has education assistance for more than 2000 children under the HUMANA programme.
- 2) The PMU has contributed towards the local economy and provided proper infrastructure such as roads, housing, sport facilities and financial support for the Government school located in the PMU.

3.3 Feedback Raised by Stakeholders and Findings

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

3.3.1 Feedback Raised by Stakeholders (Year 2017: Main Assessment)

Communication done via email prior assessment to various categories of stakeholders (see list under **section 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: Feedback received: Sabah Forestry Dept. (SFD) via faxed letter on 16 Dec 2017. Recommendations made on: a) Environmental Protection b) Biodiversity Conservation c) Employment Opportunities d) Community development Conclusion: SFD supports the PMU to be certified under the RSPO Scheme.	The recommendations made by SFD are considered for continual improvement. Ongoing consultations with SFD will be maintained. Official reply dated 3 Jan 2018 was submitted to SFD with copy made to CB.	Verified during on-site assessment that most of the SFD recommendations were implemented under the findings made under RSPO Principles 1, 2, 3, 4, 5 and 6. Official reply by IOI dated 3 Jan 2018 submitted to SFD was noted to address the recommendations raised by SFD.	Verified that monitoring was done. No new issues in 2019.
Non-Governmental Organizations: Feedback received from Land Empowerment Animal & People (LEAP) via email on 9 Nov 2017. Issues raised include: a) Protection needed for the aquatic resources near Kg Sri Ganda community b) Maintenance of riparian reserves at Sungai Jeroco and Sungai Kretam Besar and protecting the needs of the fishing community at the vicinity.	The recommendations made by LEAP are considered for continual improvement. Ongoing consultations with LEAP will be maintained.	Verified during on-site assessment via a visit made to Kampung Sri Ganda communality and subsequent stakeholder consultations with the local representatives available. IOI will ensure continued briefing and consultations with LEAP and the local	Verified that monitoring was done. No new issues in 2019.

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<p>c) Recommendations for more proactive involvement between IOI and the local community in the areas to mitigate potential impacts under the RSPO certification.</p>		<p>community involved in the area.</p>	
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the various stakeholder categories were invited for the Stakeholders' Consultation on 15 Dec 2017. A total of 16 stakeholders: 3 governmental representatives, 2 transporters, 1 local communities, 2 contractors 2 suppliers 6 outgrowers and smallholders were present at the consultation.</p> <p>They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews include: a) Outgrower and smallholders representatives proposing more guidance, briefing and training on the implementation of RSPO requirements b) More gatherings to foster better rapport between local communities and the PMU.</p>	<p>Ongoing consultations with the respective stakeholders will be maintained.</p>	<p>Findings were reported during the current audit.</p>	<p>Verified that monitoring was done. No new issues in 2019.</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 11 to 15 Dec 2017 at the PMU:</p> <p>Staff/Workers sampling: POM - 16 male, 12 female Estate Offices - 20 male, 22 female Field/sites visit - 28 male, 31 female</p> <p>All complaints & issues has been allowed, properly recorded and attended to by the Mill & Estate management.</p> <p>No further new issues raised by the sampled staff and workers.</p>	<p>Ongoing consultations via ECC, Safety & Heath, Gender committee meetings etc. will be maintained.</p>	<p>Findings were reported during the current audit. No further response needed.</p>	<p>Verified that monitoring was done. No new issues in 2019.</p>
<p>Other Interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>

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3.3.2 Feedback Raised by Stakeholders (Year 2019)

Communication done via email on 17 Jan 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 21/02/2019. A total of 10 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. No concerns and suggestions received during interviews and stakeholder consultations.	Ongoing consultations with the respective stakeholders will be maintained.	Findings were reported during the current audit.	Monitoring to continue during next surveillance.
Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from: 18 – 22 February 2019 at PMU. Office Staff & Field Workers sampled: POM = 10 male, 5 female Estate offices = 12 male, 8 female Field/sites visit: 8 male, 12 female No negative 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

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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Unico Desa (Sabah) Grouping had been able to demonstrate its compliance with the RSPO Principles and Criteria (Apr 2013), Malaysian National Interpretation (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

Therefore, it is recommended that the certification of IOI Unico Desa (Sabah) Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd



Augustine Loh
Lead Assessor
Date: 13 August 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd

Mr. Thevendran Balan Nair
Senior Manager – Unico Group
Date: 13 August 2019

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2.2 INTERTEK- RSPO P&C Certificate details for Unico Desa (Sabah) Grouping

Certificate No:	RSPO 931288
Original Start / Issue date:	16 May 2018
Expiry date:	15 May 2023
New PalmTrace License Start date:	16 May 2019
PalmTrace License End date:	15 May 2020
Organization (Parent):	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Unico-Desa Plantations Berhad (Unico Desa Palm Oil and Estates Grouping)
Address of POM:	Unico Desa POM, KM3, Jalan Segama, 91100, Lahad Datu, Sabah
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model for POM	Mass Balance (MB)

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

Name	Address	GPS Reference		Mature OP/ Production - ha	Certified / Titled area - ha
		Latitude	Longitude		
Unico-Desa Plantations Berhad (Unico Desa Palm Oil Mill) Capacity: 60 MT/hr	Unico Desa POM, KM3, Jalan Segama, 91100, Lahad Datu, Sabah	5°24'47.12" N	118°31'45.59"E	-	-
Unico 1 Estate	Unico-Desa Plantations Berhad - Unico 1 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°24'40.93" N	118°31'23.8"E	2142	2317.50
Unico 2 Estate	Unico-Desa Plantations Berhad - Unico 2 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°25'10.24"N	118°31'29.1"E	2146	2352.02
Unico 3 Estate	Unico-Desa Plantations Berhad - Unico 3 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°27'54.44"N	118°33'4.73"E	2080	2203.80
Unico 4 Estate	Unico-Desa Plantations Berhad - Unico 4 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°23'52.38"N	118°33'34.1"E	2103	2235.69
Unico 5 Estate	Unico-Desa Plantations Berhad - Unico 5 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah	5°22'25.62"N	118°32'11.1"E	1256	2287.47

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The annual certified tonnages / volumes at the Management Unit are detailed as follows:

Unico Desa (Sabah) POM	Annual Tonnages (MT)
Certified FFB	230,000
Certified CPO	50,600
Certified PK	11,500
Supply chain module	Mass Balance (MB)

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Appendix A:

Qualifications of Lead Assessor and Assessment Team

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

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

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

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

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

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

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

(Social Responsibility, Workers Welfare and GAP)
– BSc (Social Science)

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

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

(Good Agriculture Practice, Integrated Pest Management and Social)
– BSc in Food Technology, University of Reading, UK

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

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity			
		Assessment Team			
18 Feb 2019 Monday (Day 1)	7.00 am – 1.00 pm	Travel to Unico Desa POM			
	1.00 pm - 2.00 pm	Lunch Break			
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)			
	2.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM			
		AL	CBK	SH	JMD
		Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement • SCC for POM 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	<ul style="list-style-type: none"> • Review of documentation changes (incl. Organisation, Policies, SOPs, Laws etc.) • Verification of implementation effectiveness for corrective actions on previous NCs • Review of Time Bound Plan (TBP) • Verification on compliance with Minimum requirements for Multiple Management Units (MMU) 				
5.00 pm – 6.00 pm	Travel to Hotel & Break				
6.00 pm – 7.00 pm	Team Meeting and Discussion				

Date	Time	Assessors and Assessment Activity			
		AL	CBK	SH	JMD
19 Feb 2019 Tuesday (Day 2)	8.30 am – 12.30pm	Site assessment at Estate 1 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
		Lunch Break			
	1.30 pm - 5.00 pm	Site assessment at Estate 2 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations 	Site assessment at Estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill 	Site assessment at Estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, 	Site assessment at Estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals &

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		<ul style="list-style-type: none"> • P3 Economic & Financial Viability • SCC for POM 	<ul style="list-style-type: none"> • P8 Continual Improvement 	Conservation , HCV & GHG <ul style="list-style-type: none"> • P8 Continual Improvement 	Communities incl. Gender Issues <ul style="list-style-type: none"> • P8 Continual Improvement
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity			
20 Feb 2019 Wednesday (Day 3)	8.30 am – 12.30pm	AL	CBK	SH	JMD
		Site assessment at Estate 3 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	Site assessment at Estate 4 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Site assessment at Estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation , HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity			
21 Feb 2019 Thursday (Day 4)	8.30 am – 10.30 am	AL	CBK	SH	JMD
		Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community Notes 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement		
	10.30 am - 1.30 pm	Evaluation of documentation & implementation status of FBB supply from Smallholders – e.g. Listing, GPS points, Legality & level of RSPO P&C compliance readiness.			

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	1.30 pm – 2.30 pm	Lunch Break
	2.30 pm – 3.30 pm	Preparation for Closing Meeting
	3.30 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office
	5.30 pm onwards	Travel back to Hotel

Date	Time	Assessors and Assessment Activity			
22 Feb 2019 Friday (Day 5)	8.30 am – onwards	AL	CBK	SH	JMD
		Travel and flight back to Kuala Lumpur			

Appendix: Assessment Team Competency Matrix

P&C	Areas	Assessors (A) / Technical Experts (TE)			
		AL (LA/TE)	CBK (A/TE)	SH (A/TE)	JMD (A/TE)
1.	Transparency	√			
2.	Laws & Regulations	√	√	√	√
3.	Economic & Financial Viability	√			
4.	Best Practices at Estates & Mill	√	√	√	√
5.	Environmental, Conservation, HCV & GHG	√		√	
6.	Social - Employees, Individuals & Communities incl. Gender issues	√			√
7.	New Plantings	√	√		
8.	Continual Improvement	√	√	√	√
SCC	Supply Chain Certification (SCC) for POM	√			

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Appendix C-1:

Location Map of IOI Unico Desa (Sabah) Grouping, Lahad Datu, Sabah
Scale 1: 200 km



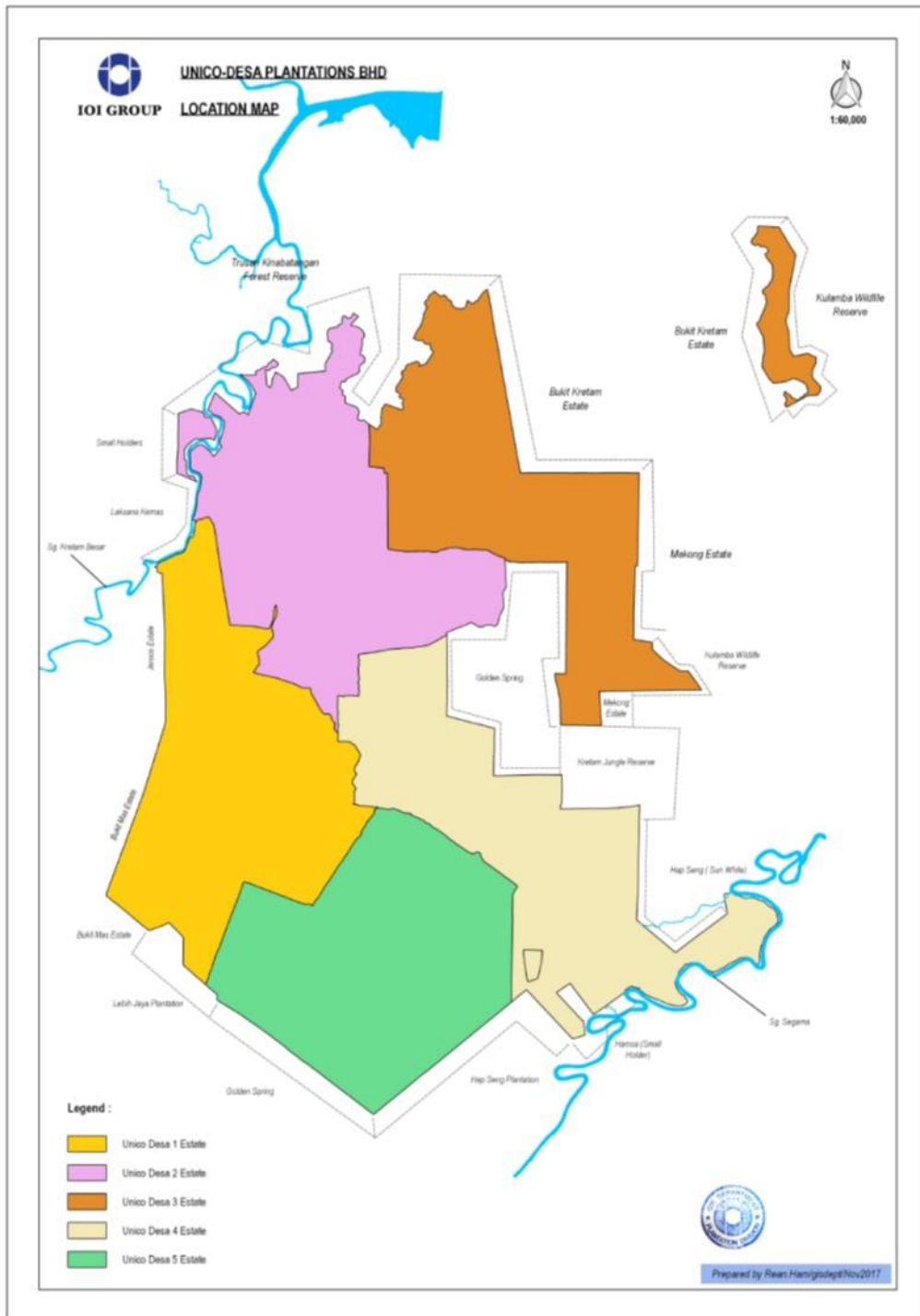
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Appendix C-2:

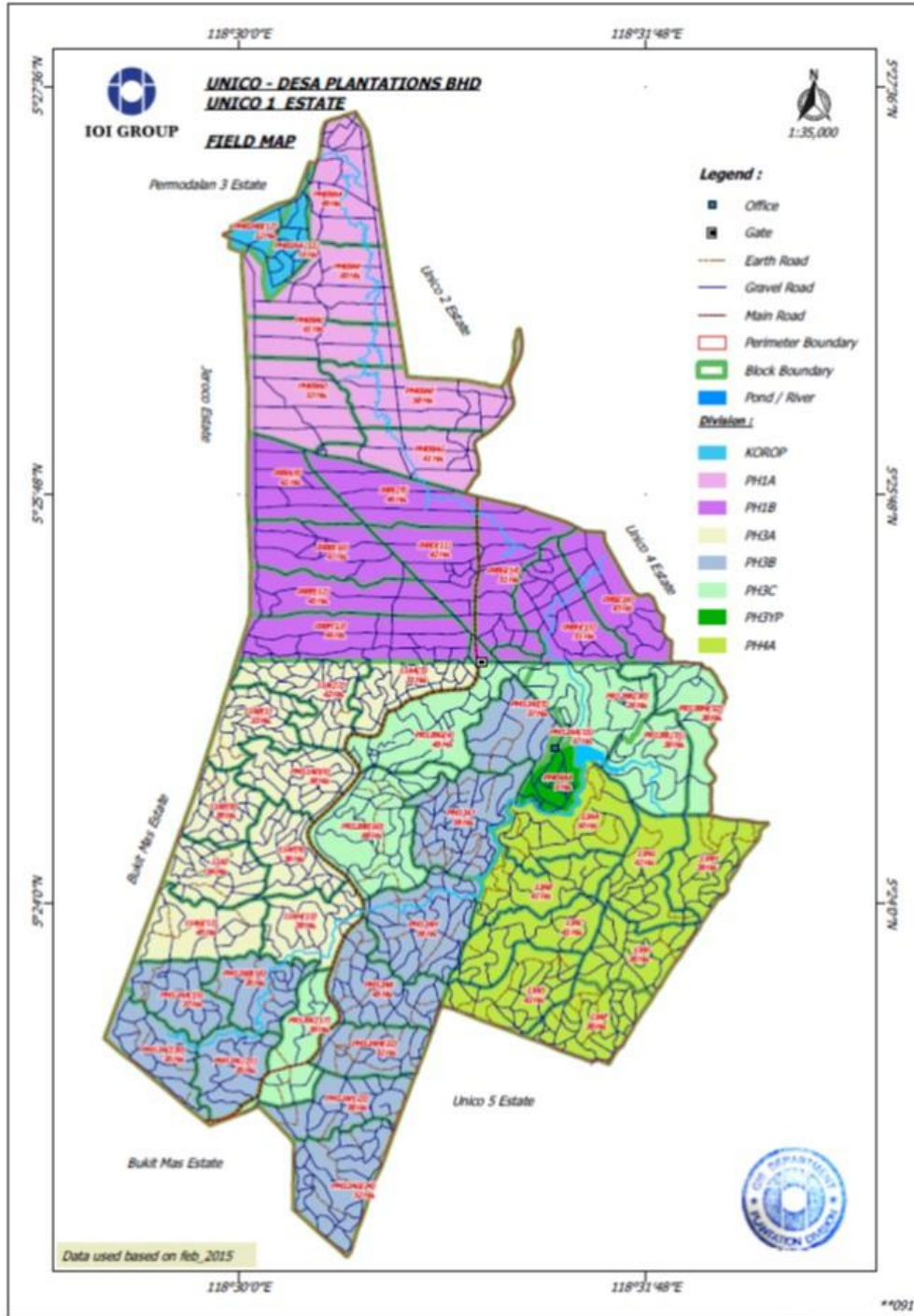
Location Map of IOI Unico Desa (Sabah) Grouping Estates, Lahad Datu, Sabah



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Appendix C-2-1: Map of Unico 1 estate

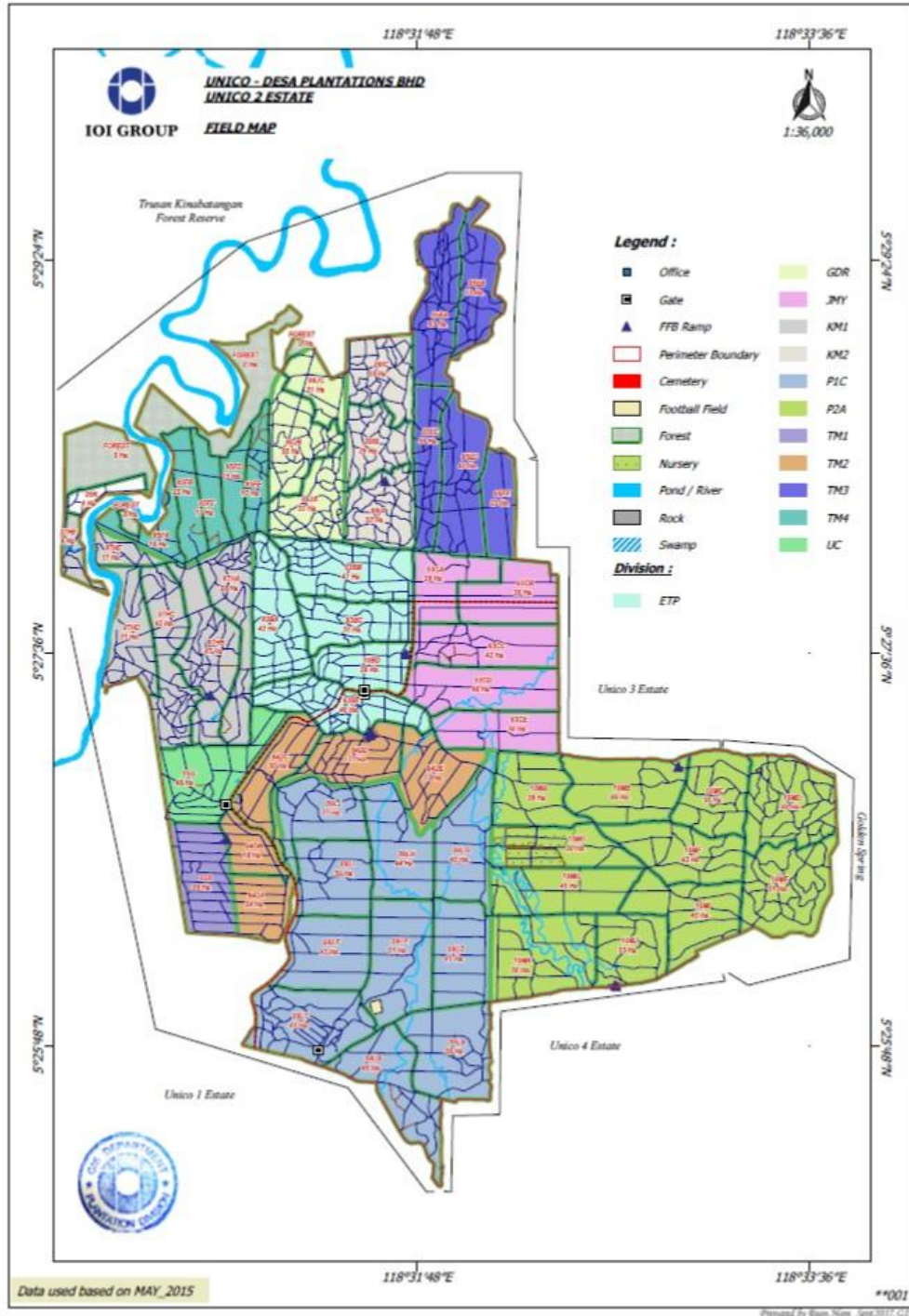


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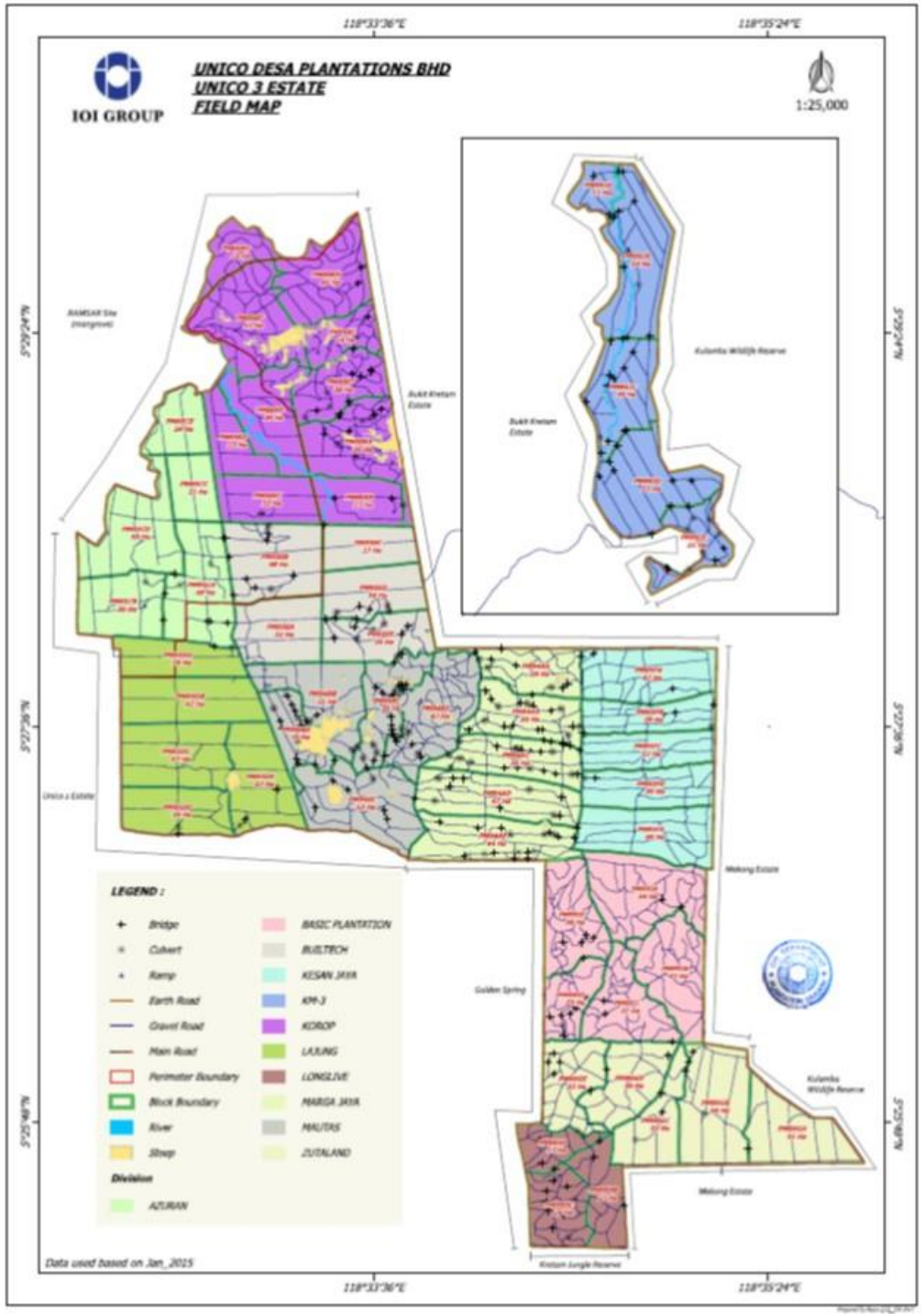
Appendix C-2-2: Map of Unico 2 estate



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Appendix C-2-3: Map of Unico 3 estate



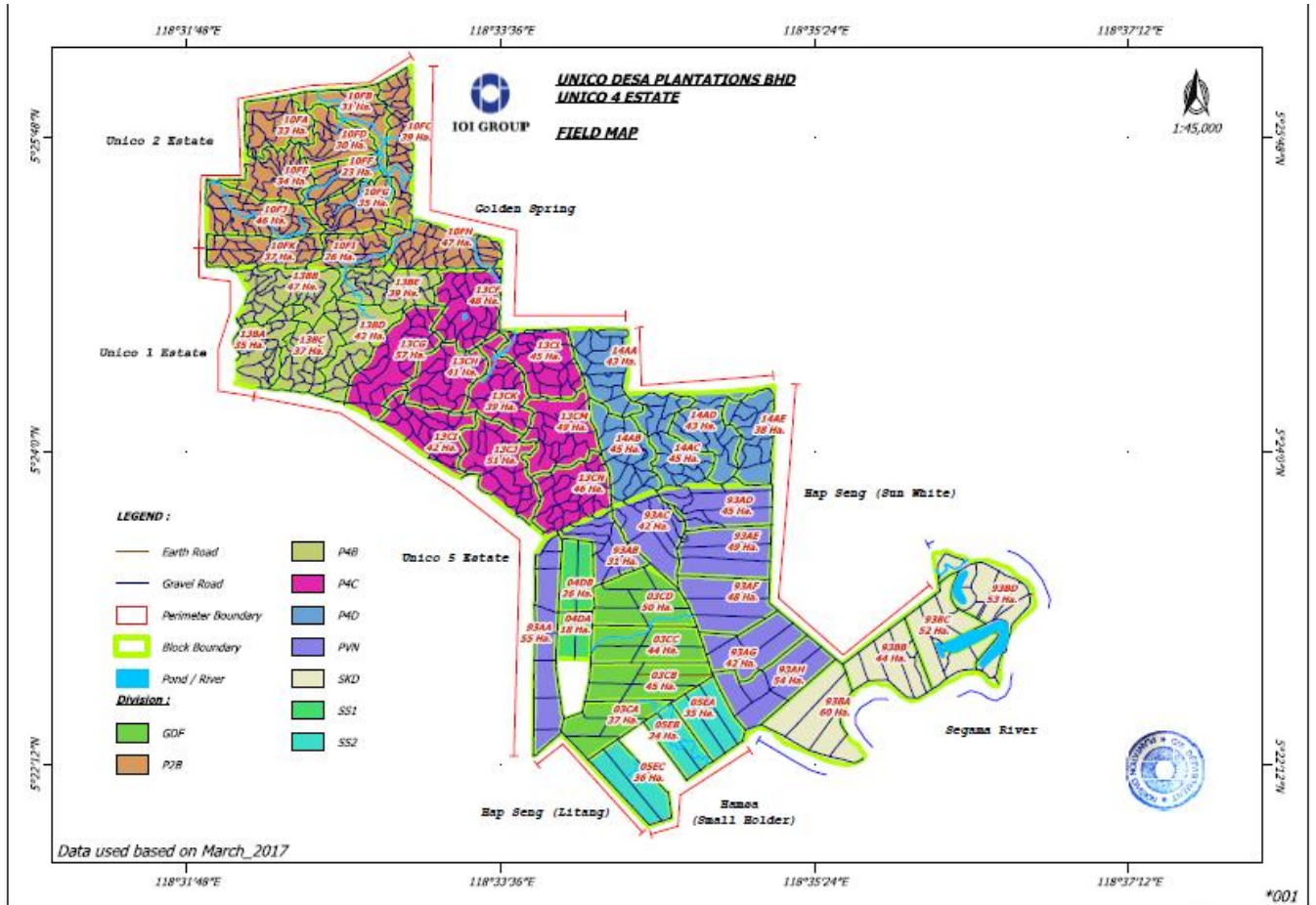
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Appendix C-2-4: Map of Unico 4 estate

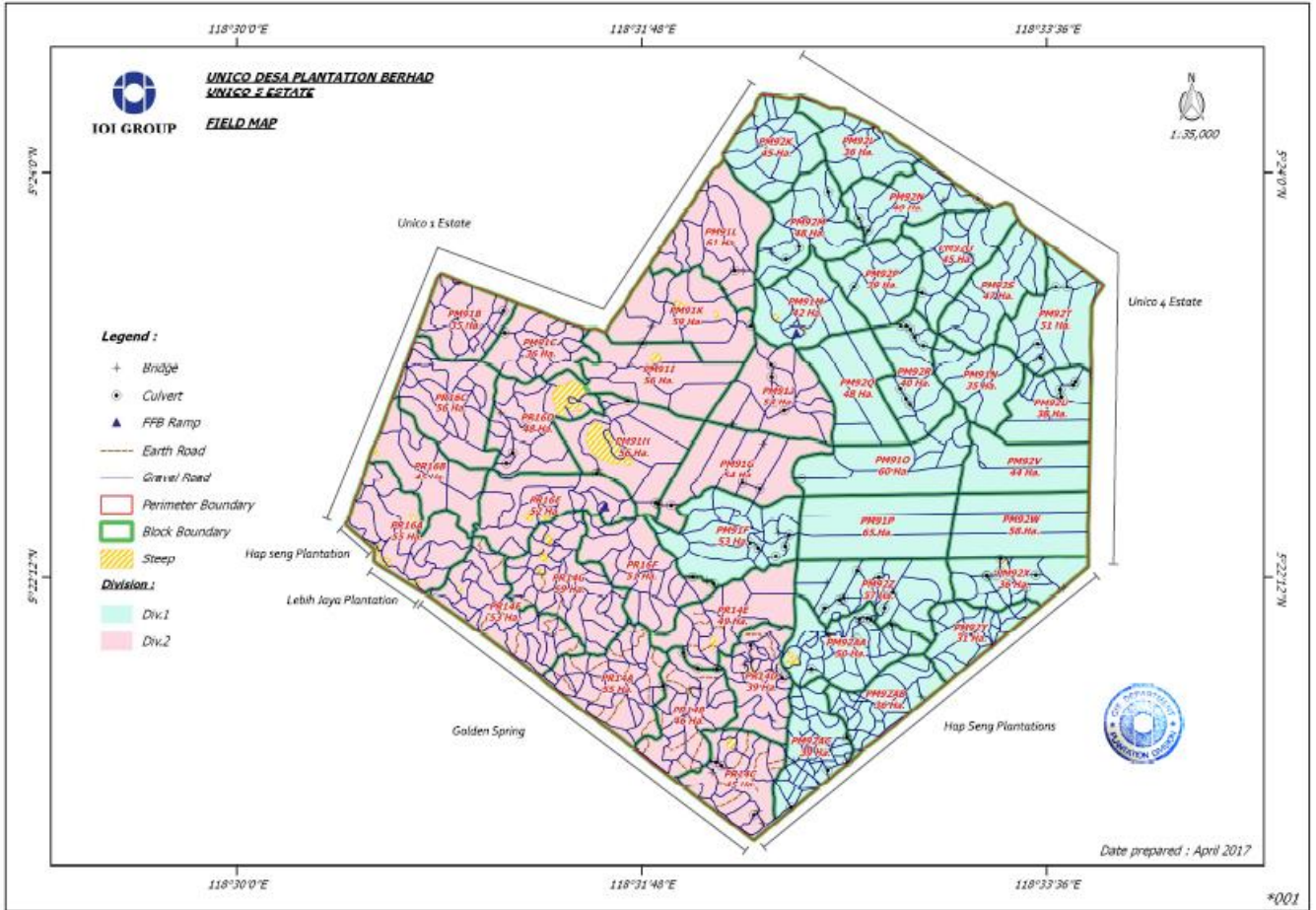


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Appendix C-2-5: Map of Unico 5 estate



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Appendix D

Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (updated March 2019)

No	PMU	Supply Bases (Estate Name)	Initial / Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria
1.	Pamol (Sabah) POM, Sabah	Meliau, Nangoh, Rungus, Tindakan, Ulu, Sugut & Bayok	May 2008	Re-Certified in Nov 2016	ASA-02 completed in Sept 2018	No outstanding issues
2.	Sakilan POM	Sakilan, Linbar 1 and Linbar 2	Nov 2008	Re-Certified in Mar 2015	ASA-04 completed in December 2018.	No outstanding issues
3.	Pamol Kluang POM	Pamol Timur, Pamol Barat, Mamor, Unijaya, Kahang and Swee Lam	Mar 2009	Re-Certified in Mar 2015	ASA-04 completed in Dec 2018	No outstanding issues
4.	Gomali POM	Gomali, Paya Lang, Bahau, Bertam, Bukit Dinding, Kuala Jelai, Tambang, Regent, Sagil, Jasin Lalang and Sembilan Tani (Associated Outgrower)	Aug 2009	Re-Certified in Aug 2015	ASA-03 completed in May 2018	No outstanding issues
5.	Baturong POM	Baturong 1, Baturong 2, Baturong 3 and Cantawan	Sept 2009	Re-Certified in Oct 2015	ASA-03 completed in July 2018.	No outstanding issues
6.	Bukit Leelau POM	Bukit Leelau, Detas, Merchong, Mekassar, Leepang A and Laukin A	Apr 2010	Re-Certified in Nov 2015	ASA-03 completed in September 2018	No outstanding issues
7.	Mayvin POM	Mayvin 1, Mayvin 2, Mayvin 5, Mayvin 6 and Tangkulap	Aug 2010	Re-Certified in Dec 2015	ASA-03 completed in October 2018	No outstanding issues
8.	Pukin POM, Pahang	Pukin, Shahzan 1, Shahzan 2, Segamat and Bukit Serampang	Dec 2010	Re-certified in June 2016	ASA-03 completed in March 2019	In the progress of closing the NCs

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No	PMU	Supply Bases (Estate Name)	Initial / Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria
9.	Leepang (Sabah) POM	Morisem 5, Leepang 1, Leepang 5, Permodalan 1, Permodalan 2, Permodalan 3, Permodalan 4	Aug 2012	Re-certified in Dec 2018	Recert audit completed in November 2018	No outstanding issues.
10.	Unico-Desa POM	Unico-Desa 1, Unico-Desa 2, Unico-Desa 3, Unico-Desa 4, Unico-Desa 5, Unico-Desa 6, Unico-Desa 7, Unico-Desa 8, Unico-Desa 9	Sept 2012	Re-certified in Mar 2018	ASA-01 audit. Completed in January 2019.	All NCs were closed after the CB Audit team 'On-Site Verification' audit conducted on 12 – 13 Apr 2019.
11.	Ladang Sabah POM	Moynod, Luangmanis, Terusan Baru, Sungai Sapi, Laukin, Labuk, Bimbingan 1, Bimbingan 2	Oct 2012	Re-certified in July 2018	ASA-01 audit. Completed in January 2019.	In the progress of closing the NCs
12.	Morisem POM, Sabah	Morisem 1, Morisem 2, Morisem 3, Morisem 4, Leepang 2, Leepang 3, Leepang 4	Sept 2013	Certified in Dec 2013	Recert audit completed in September 2018	No outstanding issues
13.	Unico POM-1, Sabah	Unico 6, Ladang Asas (Tas & Halusah), and 30 outgrowers	Planned - 2018	Certified in July 2018	RSPO certification was successfully granted on: 5 July 2018	No outstanding issues Note: Outgrowers are not part of the certified area
14.	Unico Desa POM-2, Sabah	Unico 1, Unico 2, Unico 3, Unico 4, Unico 5 and 16 outgrowers	Dec 2017	Certified in May 2018	ASA-01 audit completed in February 2019.	In the progress of closing the NCs
15.	IOI – Pelita, Sarawak	Sejap and Tegai	Planned - 2020	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is in the resolution process	On 7 March 2019: IOI received a consent from the last community, Long Teran Batu. Therefore, we have now all 9 consents and can safely proceed with the most important task under the Stage 1 of the Resolution Plan, Community Capacity Building. This task started on March 19 th with a workshop conducted by CICOM (coalition of local NGOs called CICOM) with the community leaders. The workshop was followed by

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No	PMU	Supply Bases (Estate Name)	Initial / Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria
						<p>CICOM's visit to the longhouses on March 27-31.</p> <p>The purpose of the Community Capacity Building exercise is to make sure the affected communities understand the RSPO P&C on conflict resolution, the FPIC principle, and are well-informed on the progress and challenges of the on-going dispute resolution process. Finally, together with each community, CICOM will identify all grievances and issues that the communities would like to raise as well as gather the evidence in support of these grievances. The Resolution Plan was updated (mainly timelines) and submitted to the Complaints Panel on March 26.</p> <p>The ground team has actively engage with the communities for CSR initiatives especially on road repair matters.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) IOI Pelita Land Dispute</p> <p>(b) IOI Pelita Land Dispute Resolution Process</p> <p>(c) RSPO Case Tracker – IOI Pelita Status of Complaints</p> <p>(d) IOI Pelita Land Dispute Chronology</p>
16.	PT SKS, Indonesia	SKS 1, SKS 2, and SKS 3	Planned - 2019	Uncertified Unit	In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in August 2019	<p>Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018.</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018.</p> <p>IOI will continue to work with the RSPO Investigation and Monitoring Unit on the implementation of its</p>

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No	PMU	Supply Bases (Estate Name)	Initial / Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria
						<p>Action Plans to ensure continuous sustainable development.</p> <p>Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in February 2019.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</p> <p>(b) RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</p> <p>As part of the RSPO audit preparation, CB-BSI was engaged to conduct the gap assessment in September 2019. A report on the gap assessment was received in January 2019.</p> <p>Pending issuance of HGU.</p>
17.	PT BNS, Indonesia	BNS 1, BNS 2, BNS 3 and BNS 4	Planned - 2019	Uncertified Unit	<p>In progress of RSPO audit preparation.</p> <p>RSPO Stage 1 is planned to be conducted in August 2019</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018.</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018.</p> <p>IOI will continue to work with the RSPO Investigation and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigation and Monitoring Unit (IMU) in December 2018</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</p> <p>(b) RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</p> <p>Pending issuance of HGU.</p>

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No	PMU	Supply Bases (Estate Name)	Initial / Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria
18.	PT BSS, Indonesia	BSS 1, BSS 2, BSS 3 and BSS 4	Planned - 2019	Uncertified Unit	In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in August 2019	<p>Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018.</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigation and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigation and Monitoring Unit (IMU) in December 2018.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</p> <p>(b) RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</p> <p>Pending issuance of HGU.</p>
19.	PT KPAM, Indonesia	Under Development	Planned - 2023	Uncertified Unit	NPP and HCSA was approved in April 2018. Currently under development	<p>RSPO has approved PT.KPAM NPP Summary Report and was published in RSPO website for public notification on 13 April 2018. The NPP public notification could be assessed through the link below:</p> <p>https://rspo.org/certification/new-planting-procedures/public-consultations/ioi-group-pt-kalimantan-prima-agro-mandiri</p> <p>HCSA Peer Review Assessment completed on 14 May 2018. The HCSA Peer Review Report and Summary Report could be assessed through the link below:</p> <p>http://highcarbonstock.org/registered-hcs-assessments/</p>

CB Evaluation remarks:

The above Time Bound Plan as revised and re-submitted on the progress and status of all certified units and uncertified units is found to be sufficiently challenging barring any unforeseen circumstances which may lead to adjustments by the IOI HQ. In such event, justifications by IOI to be submitted and further evaluated on the impact it may have on the forthcoming assessments at the Certified Units that are under the purview of CB-Intertek.

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Appendix E

Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group (updated till Dec 2018) - CB Reviews and Evaluation done as part of Risk Assessment

1) Monitoring done by RSPO Complaints Panel (CP)

Weblink: <http://www.rspo.org/members/status-of-complaints?keywords=IOI&country=&category=>

2) Evaluation on latest updates and progress made noted as follows:

i) RSPO Case Tracker on:

PT Sukses Karya Sawit (PT SKS), PT Berkat Nabati Sawit (PT BNS), PT Bumi Sawit Sejahtera (PT BSS), PT Sawit Nabati Agro (PT SNA) (a subsidiary of IOI Corporation Berhad)

Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>
<https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail>

24 Jan – 18 Jun 2018 (CP Meetings):

Verification exercise on 25–29 Jan 2018. Secretariat to follow up with the verification team. Verifications, monitoring and post verifications done on field and reports reviewed/

12 July 2018 (CP Meeting):

CP Final decision letter issued to IOI

26 Sept 2018 (CP Meeting):

CP Decision – case closed and transferred to IMU for monitoring.

ii) RSPO Case Tracker on:

IOI PELITA PLANTATION SDN BHD (a subsidiary of IOI Corporation Berhad)

Weblink: <https://www.rspo.org/members/complaints/status-of-complaints/view/4>
<https://askrspo.force.com/Complaint/s/case/50090000028ErzqAAC/detail>

24 January 2018 – 12 Jun 2018 (CP update):

Secretariat meetings with the Company and Grassroots to discuss the revision to the Action Plans.

22 Jun 2018 (CP update):

Grassroots formally withdraws as complainant (Withdrawal letter submitted to RSPO CP)

28 Sept 2018 (CP update):

Company in the process of seeking consent of communities to the Resolution Plan. Company had also requested for the return of its RM50,000 deposited with the Secretariat for prior mediation and capacity building plans which did not take off. The Complaints Panel has no objections to the return and the Secretariat will follow up with the Company.

19 Dec 2018 (CP update):

The Respondent is requesting for the CP's approval to proceed with the 8 communities that have consented to the resolution plan. The CP is to deliberate upon the Respondent's request.

25 Feb 2019 (CP update):

CP issued Directive Letter to IOI-Pelita

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3) Evaluation on: Updated IOI Group Newsletters and Corporate Communications

Weblink: http://www.ioigroup.com/Content/NEWS/N_Archive

Sept 2017: IOI submitted its Sustainability Report

http://www.ioigroup.com/Content/S/S_Policy

IOI uploaded the Social Responsibility report by BSR

<http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf>

31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.

<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856>

12 Jan 2018: IOI Group on IOI Pelita Plantation Sdn Bhd, Sarawak

<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869>

29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report

http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf-

30 July 2018: IOI Group – Sustainability Progress Update (Apr- June 2018) Quarterly Report

http://www.ioigroup.com/Content/S/PDF/Quarterly%20Sustainability%20Update_20180730_final.pdf

30 Oct 2018: IOI Sustainability Implementation Plan – Quarter 3.

https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/Overall%20SIP_Q3%202018.pdf

30 Oct 2018: IOI Sustainability Progress update (July- Sept 2018)

<https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QSU%202018%20Q3.pdf>

31 Jan 2019: Sustainability Progress Update (October - December 2018)

<https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936>

<https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf>

Summary – extract on above:

Phase 1 (Document Review and Consultation) of the external verification of IOI's implementation of its commitments by Proforest was completed in October 2018. Phase 2 (Field Verification) commenced in November 2018 with field visits to Gomali, Johor and Pontianak, Indonesia, followed by Lahad Datu, Sabah in December 2018.

The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.

- End of Report -