

IOI CORPORATION BERHAD

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

MANAGEMENT UNIT

Moristem Sdn Bhd - Baturong Grouping
Kunak, Sabah, Malaysia



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Assessment Report

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**ANNUAL SURVEILLANCE ASSESSMENT
ON RSPO CERTIFICATION**

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

MANAGEMENT UNIT
Morisem Sdn Bhd - Baturong Grouping
Kunak, Sabah, Malaysia

Certificate No:

Start / Issued date:

Expiry date:

RSPO 930788

08 Oct 2015

07 Oct 2020

Assessment Type

Re-Certification (for 2nd Cycle)

Annual Surveillance (ASA-01, 2nd Cycle)

Annual Surveillance (ASA-02, 2nd Cycle)

Annual Surveillance (ASA-03, 2nd Cycle)

Annual Surveillance (ASA-04, 2nd Cycle)

Re-Certification (for 3rd Cycle)

Assessment Dates

27-30 Jul 2015

08-11 Aug 2016

24-27 Jul 2017

23-26 Jul 2018

12 Jul (HQ) & 16-20 Jul 2019 (Sites)

Intertek Certification International Sdn Bhd

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INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9307/16-4 IOI Corporation Berhad
Baturong Grouping: ASA-04 (2nd Cycle) 2019

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Surveillance Assessment was conducted on **Morisem Sdn Bhd - Baturong POM and Estates Grouping** of IOI Corporation Berhad (hereafter abbreviated as IOI), from **16 - 20 Jul 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 Mill.

The 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.

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

The Baturong Grouping consists of one (1) palm oil mill, namely Baturong Palm Oil Mill and four (4) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 4 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 (as per Legal Registration)	Address	GPS Reference	
			Latitude (N)	Longitude (E)
	Name of Palm Oil Mill: Morisem Sdn Bhd- Baturong POM Capacity (MT/hr): 30 MT/hr	<u>Postal Address</u> MDLD 5123, KM3 Jalan Segama, Lock Bag No 15, 91109, Lahad Datu, Sabah <u>Location Address</u> KM 52, Jalan Kunak-Tawau, Off Road KM3, 91109 Lahad Datu, Sabah	04° 45' 15"	118° 05' 18"
1	Morisem Sdn Bhd - Baturong 1 Estate	KM 52, Jalan Kunak-Tawau, Off Road KM6, 91109 Lahad Datu, Sabah.	04° 45' 03"	118° 05' 28"
2	Morisem Sdn Bhd - Baturong 2 Estate	KM 52, Jalan Kunak-Tawau, Off Road KM25, 91109 Lahad Datu, Sabah.	04° 45' 45"	118° 00' 13"
3	Morisem Sdn Bhd - Baturong 3 Estate	KM 52, Jalan Kunak-Tawau, Off Road KM14, 91109 Lahad Datu, Sabah.	04° 45' 09"	118° 01' 07"
4	Ladang Cantawan Sdn Bhd - Cantawan Estate	KM 20, Jalan Tungku-Lahad Datu, Off Road KM6, 91109 Lahad Datu, Sabah.	05° 03' 09"	118° 26' 09"

Table 1-1: Listing of MPOB Licenses and Validity

	Name of Operating Unit (as per MPOB License Name)	MPOB License No.	Validity Period
	Morisem Sdn Bhd - Baturong POM Capacity (MT/hr): 30 MT/hr	500147404000	01/01/2019 – 31/12/2019
1	Morisem Sdn Bhd - Baturong 1 Estate	502215302000	01/12/2018 – 30/11/2019
2	Morisem Sdn Bhd - Baturong 2 Estate	502215302000	01/12/2018 – 30/11/2019
3	Morisem Sdn Bhd - Baturong 3 Estate	502215302000	01/12/2018 – 30/11/2019
4	Ladang Cantawan Sdn Bhd - Cantawan Estate	502572102000	01/10/2018 – 30/09/2019

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1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Baturong Grouping PMU are from the abovementioned 4 estates owned by IOI. Verification done on site during the assessment confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

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

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous 2017 / 2018		Area Summary (ha) – Current 2018 / 2019	
	Certified Area	Planted Area	Certified Area	Planted Area
1. Baturong 1	2992.87	2748	2992.87	2698
2. Baturong 2	2434.52	2315	2434.52	2315
3. Baturong 3	2056.21	1843	2056.21	1841
4. Cantawan	1452.41	1198	1452.41	1198
Total:	8936.01	8104	8936.01	8052

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. All 4 of the estates were audited during current Assessment (as per the minimum sampling of estates).
3. There was a decrease in planted area of 52 ha due to area taken up for infrastructure buildings, road access and land sold to TNB for power transmission at Baturong 1 estate.
4. There has been no New Planting in any of the 4 estates at the certified areas.

1.4 Summary of plantings and cycle

The 4 estates are currently in the 1st and 2nd cycle of planting for the oil palms and the age profile is as shown in Table 3.

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

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Baturong 1 Estate	1993 –	1 st	264		
		2008 –	2 nd	250		
		2010 –	2 nd	258		
		2012 –	2 nd	377		
		2013 –	2 nd	211		
		2014 –	2 nd	449		
		2015 –	2 nd	178		
		2016 –	2 nd	207		
		2018 –	2 nd		161	
		2019 -	2 nd		343	
		S-total		2194	504	2698
2	Baturong 2 Estate	1992	1 st	1009		

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		2014	2 nd	114		
		2015	2 nd	298		
		2016	2 nd	367		
		2018	2 nd			
		2019	2 nd		236	
					291	
		S-total		1788	527	2315
3	Baturong 3 Estate	1993 –	1 st	844		
		2013 –	2 nd	146		
		2015	2 nd	214		1841
		2016	2 nd		289	
		2018	2 nd		348	
		S-total		1204	637	1841
4	Cantawan Estate	1994 –	1 st	116		
		1995 –	1 st	322		
		2013 –	2 nd	89		
		2014 –	2 nd	93		
		2015 –	2 nd	186		
		2016 –	2 nd	119		
		2017 –	2 nd		126	
		2019 –	2 nd		147	
		S-total		925	273	1198
G-Total				6111	1941	8052

Note: There has been no New Planting in any of the 4 estates at the certified areas.

1.5 Summary of Land Use (including Conservation and HCV Areas)

The summary of Land Use as identified in Baturong 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 / 2019)
1	Oil Palm - Planted Area (ha)	8052
	OP Mature (Production)	6111
	OP Immature (Non-Production)	1941
	OP Planted on Peat (see note1)	-
	Other crop such as Rubber etc.	-
2	Conservation Area (ha)	
	Conservation (forested)	52.52
	Conservation (non-forested)	70.31

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3	HCV Area (ha)	
	Areas as defined under HCVF Toolkit for HCV 1- 6	23.17

1.6 Other certifications held and Use of RSPO Trademarks

Currently, the other certification held by IOI Baturong Grouping PMU is the ISCC certification which is valid. The RSPO's trademarks and logo are not used by the PMU audited. Instructions for use were provided and acknowledged by the PMU through a signed Memorandum of commitment agreeing to adhere to the latest "RSPO Rules on Communications & Claims" during the assessment.

1.7 Organizational information / Contact Person

At Head Office:

Mr. NB Sudhakaran
Plantation Director
IOI Plantation Services Sdn Bhd
IOI City Tower Two, Persiaran IRC 2,
IOI Resort City, 62502, Putrajaya, Malaysia
Tel: 603-89478888
Fax: 603-89478988
Email: nb.sudha@ioigroup.com

At Baturong Grouping:

Mr. S.S Ragupathy
Senior General Manager (Sabah Region)
IOI Plantation Services Sdn Bhd
Baturong Palm Oil Mill
Tel: 089 - 568 700
Fax: 089- 568 120
Email: ioibaturong@gmail.com

Mr. Zakaria Arshad
Senior Plantation Controller (Lahad Datu Region)
IOI Plantation Services Sdn Bhd
Baturong Palm Oil Mill
Tel: 089 - 568 700
Fax: 089- 568 120
Email: zakaria.arshad@ioigroup.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 Baturong Grouping based on the actual and projection for the 12 months of 2018 / 2019 is as in Table 5 below:

Table 5: Tonnages Verified for Certification
Actual (July 18 – June 19)

#	Estate /Supplier	FFB Processed (MT)		Main Receiving Mill	Certified By
		July 18-Sep 18	Oct 18 – June 19		
1.	Baturong 1 estate	11852.99	40634.93	Baturong POM	Intertek
2.	Baturong 2 estate	7961.79	33733.14	Baturong POM	Intertek
3.	Baturong 3 estate	5543.72	24933.61	Baturong POM	Intertek
4.	Cantawan estate	3769.07	12084.70	Baturong POM	Intertek
	Total (under PMU):	29127.57	111386.38		
	Other Suppliers:	0	0		
	Grand total	29127.57	111386.38		

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

Table 6: Annual Tonnages of FFB

Estate / Supplier	Estimated FFB Processed (Oct 18 – Sept 19)		Actual FFB Processed				Projected FFB for processing (Oct 19 – Sept 20)	
			July 18-Sep 18		Oct 18 – June 19			
	MT	%	MT	%	MT	%	MT	%
Grouping estates: (under certification)	149,000	100 %	29,127.57	100 %	111386.38	100 %	132,000	100 %
B. External Suppliers: (certified)	0	0%	0	0%	0	0%	0	%
C. External Suppliers: (non-certified)	0	0%	0	0%	0	0%	0	%
Total	149,000	100.0%	29,127.57	100 %	111386.38	100 %	132,000	100.0%
SCCS Model for POM	IP		IP		IP		IP	

Note. The projected FFB for processing over the next 12 months period is expected to be consistent due to ongoing replanting and previous young palms become mature.

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

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

POM	Estimated (Oct 18 – Sept 19)		Actual				Projected (Oct 19 – Sept 20)	
			July 18-Sep 18		Oct 18 – June 19			
Total Certified FFB Processed (MT)	149,000	-	29,127.57	-	111,386.38	-	132,000	-
Total Certified CPO Production (MT)	31,290	OER: 21.00 %	6,273.33	OER: 21.54 %	25,075.68	OER: 22.51%	29,040	OER: 22.00%
Total Certified PK Production (MT)	7,301	KER: 4.90 %	1,323.72	KER: 4.54 %	5,391.44	KER: 4.84%	6,270	KER: 4.75%

Notes:

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 'Identity Preserved – IP' 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.**

1.9 Time Bound Plan and Multiple Management Units

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

To date IOI Group manages a total of 19 Units of Certification (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 'un-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 D.**

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
(a) • 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	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. Verified that incidences of HCV clearance that were reported at the IOI's 3 uncertified units at Kalimantan, Indonesia	Complied

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	<p>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.</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>	
<ul style="list-style-type: none"> Is there any new plantings since January 1st 2010 and did the new plantings comply with the RSPO New Planting Procedure (NPP) 	<p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Mar 2019). Refer to: Appendix D.</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?intNewsID=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>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>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>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>Verified in the 2nd quarterly update (Mar 2019), action plans on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in Feb 2019.</p> <p>Updated progress on said issue was accessed via link below;</p> <p>(a) <u>RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</u></p> <p>(b) <u>RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</u></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>Refer to: Appendix D.</p>	<p>Complied</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:</p>	<p>Complied</p>

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	<p>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>As at 7 Mar 2019, IOI had received consent from the last community, Long Teran Batu. Subsequently, the company proceeded with the Stage I of the Resolution Plan, Community Capacity Building. Noted that on 19 Mar 2019, a workshop was conducted by CICOM (coalition of local NGOs called CICOM) with the community leaders with visits made to the community longhouses CICOM on 27-31 Mar 2019.</p> <p>Updated progress of above was 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> <p>Verified that the Stakeholder engagements done with the said communities and NGOs involved are showing positive progress towards a final resolution.</p>	
(c) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;		
<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.</p>	<p>Complied</p>
(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;		
<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. 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 30 Mar 2019, had covered the requirements, conducted by the HQ-Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification.</p> <p>Verified that IOI Sustainability reports were available as further evidence for verification.</p> <p>This was verified via:</p>	<p>Complied</p>

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	1) IOI Sustainability Implementation Plan (Q1-2019) and 2) Sustainability Progress report as at 31 Mar 2019 made available at IOI web site.	
<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, in Jan and April 2019.</p> <p>This was also verified via:</p> <ol style="list-style-type: none"> IOI Sustainability Implementation Plans Sustainability Progress reports made available <p>Intertek had also verified via the RSPO RACP Case tracker, updated till March 2019, there are no units under IOI Group with RACP issues.</p>	Complied
(e) Are the evidences provided in 4.5.4 (a)-(d) adequate?	Verified that supporting evidences were adequately provided. Refer to findings on (a) to (d) above.	Complied
(f) Are the evidences provided in support of the Positive Assurance statement adequate?	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.	Complied
(g) Has the targeted stakeholder consultation, including consultation with the relevant NGO's carried out revealed any negative feedback?	Targeted stakeholder consultations done via emails conducted has not revealed any new negative feedback.	Complied
(h) Has desktop study e.g. web check done revealed complaints which were not addressed?	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 D.	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? Can the current assessment proceed to a successful conclusion? 	<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
(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>As at the time of the current assessment at this PMU in Apr 2019, there is no evidence to suggest such failure at the uncertified units which may affect the certification of this PMU unit.</p> <p>Justification as received and evaluated were as follows:</p> <ol style="list-style-type: none"> RSPO - Dispute Settlement Facility (DSF) consultation and process for handling dispute has been adhered. Active engagement with Stakeholders has been carried out 	Complied

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	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 till March 2019, there are no units under IOI Group with RACP issues.	
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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. IOI's statements of response and actions currently being undertaken to comply with their Sustainability commitments are indicated in **Appendix D**.

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 adhered to the RSPO dispute resolution processes. Updates of progress made have been duly considered, evaluated and risk assessed by Intertek, prior to conducting the continued certification assessment IOI units including this current unit.

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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	SOP	Standard Operating Procedure

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 6 Jun 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 Baturong Grouping regarding the environmental, biodiversity, community development and other relevant issues.

On 12 July 2019, Intertek Lead Auditor and Social Auditor had conducted an Evaluation audit at the IOI, HQ office (located at Putrajaya) on the Pre-Verification Data submitted which included the evaluation of the Timebound Plan of the IOI Group (both certified and non-certified units) and information related to Clause 4.5. and 4.6 of RSPO Certification System (June 2017) standard, as part of CB Risk assessment prior to the site audit at the Baturong grouping.

From 16 - 20 Jul 2019, the Assessment team of Intertek conducted the Assessment in which all the 4 estates of Baturong Grouping, namely Baturong 1, 2, 3 Estates and Cantawan Estate 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 ($z = 1.4$) 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 sensitive 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, hectareage 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).

Baturong Grouping POM was also assessed against the requirements for the Identity Preserved (IP) 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 IP 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 an independent review by the Intertek Internal Technical Reviewer/Panel prior to the approval of this report and decision on continued certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the next Annual Surveillance Assessment which will be carried out within a 12-month period of the certificate anniversary 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 globally offering certification across a wide range of industries.

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. Environment Protection Department Sabah
11. Department of Forestry Sabah
12. Department of Immigration Sabah
13. Department of Irrigation & Drainage Sabah
14. Department of Labour Sabah
15. Department of Occupational Safety & Health Sabah
16. Department of Wildlife Sabah
17. Land and Mines Office Sabah
18. Department of Environment Sabah

Statutory Bodies (by emails)

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

NGOs and others (by emails)

30. All Women's Action Society (AWAM)
31. BCSDM - Business Council for Sustainable Development in Malaysia
32. Borneo Child Aid Society (Humana)
33. Borneo Resources Institute Malaysia (BRIMAS)
34. Borneo Rhino Alliance (BORA)
35. Center for Orang Asli Concerns COAC

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

Local community (On-site interviews)

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

3.0 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). 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 Panel – Case Tracking 2) NPP – RSPO NPP Consultations Tracking 3) RACP - Tracker <p>The evidences verified and followed up during current assessment include the following updates:</p> <p>IOI Sustainability Progress update (May-Sept 2019) https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=975</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>CB request for information needed for evaluation on this CH unit prior the audit has been submitted in a timely manner.</p> <p>Verified during assessment that the above information was updated to the latest progress made.</p> <p>Date of public notification of this assessment of the PMU was made on: 6 Jun 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 the 4 estates (in grouping), the joint external stakeholders' consultations were held on 22 June 2019.</p> <p>Actions were progressively taken on the various issues from external stakeholders such as:</p>	Complied

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	<p>Kunak Police Department: PMU management monitoring and regular campaign needed to ensure their employees are free from drugs abuse and no hiring of illegal foreign workers.</p> <p>Improvement measures in monitoring and mitigation of flash floods to enable access and movement for users as commented by CLC Teachers at Baturong 2 Estate.</p> <p>Feedbacks given concerning repairs needed for water tanks and piping, more lightings, increased hours of electricity supply, repairs needed for houses, additional rubbish bins, school toilets condition, etc. were verified to be progressively addressed and done in timely manner.</p> <p>Records of participants and feedback given were satisfactorily maintained.</p>	
<p>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.</p>		
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: 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) alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society.</p> <p>IOI Corp. Bhd. further revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845.</p> <p>IOI Group had also revised its Policies on Human Rights at Workplace as uploded in the company website on 31 Oct 2017 http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>Verified during current assessment that the revised IOI SPOP and revised HR at Workplace policies were adequately communicated and understood by the various levels of the employees via briefing records maintained and random interviews with the employees. Thus Major NC#OCL-01 (2016) was effectively implemented and closed.</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>Complied</p>

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	<p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates.</p> <p>Continual Improvement Action Plans were reviewed and updated for next FY2019/2020 which include targets for waste reduction and pollution prevention.</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 Estates. HQ kept the original copies.</p>	Complied
<ul style="list-style-type: none"> Occupational health and safety plans (Criterion 4.7); 	<p>Policy and HIRAC documented for the mill and estates. The HIRAC was reviewed on 4 Jan 2019.</p> <p>Detailed Occupational Safety and Health Plans have been established and documented for the POM and estates by the Safety & Health Manager.</p> <p>The Plans as reviewed were up-dated and approved by the respective managers for the mill and estates.</p> <p>The OSH Programme FY2017/2018 include the following:</p> <ul style="list-style-type: none"> Safety & Health Committee meetings held quarterly. Annual medical surveillance, Accident Reporting & Investigation, Workplace inspection, CHRA assessment, Air compressors annual inspection, Warning signs, Chemical Register, SOP for safe work, PPE usage, MSDS/CSDS, JKKP 8 reporting of accidents annually, Emergency Response Plan (ERP), Emergency drills, Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), Monthly KPI Report on HSE performance, Monthly Safety inspection & audit by Safety Officer, <p>CHRA report issued on Sept 2018 is noted to be valid and will be due for next revisit and review in Sept 2023.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	Complied
<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>The Environmental Impact Assessments for the POM, Baturong 1, Baturong 2, Baturong 3 and Cantawan estates were reviewed between 2 and 10 July 2019.</p> <p>Management Action Plan and Continual Improvement Plan documented and implemented.</p> <p>The Social Impact Assessments for the POM and estates were reviewed between 7 May and 3 July 2019.</p> <p>Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied

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<ul style="list-style-type: none"> • HCV documentation (Criteria 5.2 and 7.3); 	<p>The Internal “HCV and Conservation Areas” Assessment for the respective Estates were reviewed between 2 and 10 July 2019. The Management Action Plans were implemented and monitored at the respective estates.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Pollution prevention and reduction plans (Criterion 5.6); 	<p>Pollution Prevention Management Plans for the POM and Estates were respectively reviewed between 2 and 10 July 2019.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, drums, tyres, used PPE, hydraulic oil) and organic/domestic wastes disposal, reuse and recycling (paper, plastic, glass, scrap iron).</p>	<p>Complied</p>
<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>Updates on the issues at the other IOI units, under compliance with RSPO CS 4.5 for Multiple Management Units, refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</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>	<p>Complied</p>
<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.</p> <p>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 Improvement Plans in key operations for the mill and estates have been identified, documented and implemented.</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.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Human Rights Policy (Criterion 6.13). 	<p>The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised on 08 Aug 2016 and signed by the Group CEO.</p> <p>IOI Corp. Bhd. further revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. (http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845).</p> <p>IOI Group had also revised its Policies on Human Rights at Workplace as uploded in the company website on 31 Oct 2017 http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p>	<p>Complied</p>

Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.		
Indicators	Findings and Objective Evidence	Compliance
<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.</p> <p>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.</p> <p>The following are included:</p> <ul style="list-style-type: none"> - Diversity and Respect in the workplace, - Equal Opportunity Employment, - 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>Verified that copies of the policy were found to be displayed at prominent locations in the POM and estates and easily viewed by the workers.</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>	Complied

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>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 in Jan 2019 for any 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>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>	Complied

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	<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).</p> <p>The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH. Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</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 in May 2018. (See indicator 4.7.2)</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities.</p>	
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. 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>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p>	<p>Complied</p>
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. 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>Complied</p>

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	<p>The PMU had conducted its internal audits from 10-15 Jun 2019 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained.</p> <p>Noted from Internal audit reports, a total of 4 NCs were issued at Baturong Group. The issues were followed till closure on 30 Jun 2019. Management review meeting was held on 6 July 2019 with analysis of compliance and KPI results for the Group. The records were noted to be satisfactorily maintained and verified during current surveillance assessment.</p>	
<p>2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p>	<p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The PMU subsequently ensured that the changes were adequately updated.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2 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>		
Indicators	Findings and Objective Evidence	Compliance
<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. 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 original copies are maintained by the Corporate Head Office. The legal use of the land confirmed to be for the 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 assessment.</p>	Complied
<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. Minor Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palm and 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 estates.</p> <p>On-site inspection 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). Minor Compliance</p>	<p>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. Major Compliance</p>	<p>There were no 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</p>	<p>No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	Not applicable

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neighbouring communities and relevant authorities where applicable). Minor Compliance		
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. Major Compliance	No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.	Not applicable
Criterion 2.3 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.		
Indicators	Findings and Objective Evidence	Compliance
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). Major Compliance	The lands at the PMU are legally owned or leased by IOI and it is verified that there were no other users or affected parties in the land areas. There is no dispute on the land rights in the PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.	Complied
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: 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; 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; 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. Minor Compliance	The lands at the PMU are legally owned or leased by IOI. 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
2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	No cases of land claims in this PMU. As such this process is not applicable for verification.	Not applicable
2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	This process is not applicable during 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>Business Plans for 5 years (starting with FY 2017/2018 & ending on FY 2022/2023) for the PMU was available at the Palm Oil Mill and estates.</p> <p>The said Business Plans were annually reviewed and revised. For year 2018/ 2019, the PMU reviews were done between 2 and 14 Apr 2019 at the POM & respective estates.</p> <p>Details of the Business Plans include the following:</p> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). (7) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.). <p>The Mill 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>There is evidence of monitoring of costs against budget to achieve specified targets.</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 HQ.</p>	<p>Complied</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>Annual replanting program had been prepared up to FY 2022/2023 for the audited estates as follows:</p> <p>Baturong 1: Ongoing replanting till 2020/21 Baturong 2: Ongoing replanting till 2021/22 Baturong 3: Ongoing replanting till 2022/23 Cantawan: Ongoing replanting till 2021/22</p> <p>It was noted that annual replanting was ranged from 120-180 ha at the said estates.</p> <p>The replanting cycle of 25 years has been adopted by the group.</p> <p>Nonconformance finding:</p> <p>Baturong 3 and Cantawan estate SOPs for replanting at estates was generic including the SOP Land Preparation for Replanting (v 2011). It is noted that specifications for realigning and establishing of field drains were stated. However, there was no specification indicated for the distance of OP planting from the drains. In another reference document i.e. Penyemburan dan Penaburan di Tepi Saliran Air di Ladang, it was stated that no spraying activities allowed at 5 feet from the edge of drains (5 kaki dari tebing saluran air).</p>	<p>2019: Minor NC: AL-02</p>

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	The monitoring of actual replanting near the drains was not satisfactorily done as it was seen during field inspection that there were some immature palms found less than 5 feet from the field drains.	
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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. Major Compliance</p>	<p>POM has documented SOPs for the following:</p> <ol style="list-style-type: none"> 1. Palm Oil Mill Operation from reception of FFB until the delivery of processed oil and POME management. 2. Laboratory Operation Manual (Issue 1 dated 01/02/2008). 3. Quality, Environmental and Occupational Health & Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling. 4. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the POM includes hazards identification, risk assessment and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and "permit to work system" for the mill. 5. SOP for Mill RSPO Supply Chain Certification System using the Identity Preserved (IP) module. <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> 1. Sustainable Oil Palm Estate Operation Manual The manual describes operational procedure of nursery practices, land preparation, planting practices, ground cover maintenance, roads, immature stage, harvesting, collection of bunches, manuring, pesticide application, pests & diseases control. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators. 2. SOP for riparian zone management: Buffer Zone Management (Riparian) (IOI/SPO/EMS/1.1.1, rev0, 01 Nov 2016) regarding no spraying at Riparian and Buffer zones. Reference was also made to Procedure: Penyemburan dan Penaburan di Tepi Saliran Air di Ladang, which stated a minimum of 5 feet from edge of DRAIN. (5 kaki dari tebing saluran air) <p>SOP for Replanting: SOPs available for estate including the SOP Land Preparation for Replanting (v 2011). The SOP for Replanting was noted to be generic. Document - Monitoring of Terracing during Replanting contour / field map was used. Site specific measures and actions e.g. for ongoing replanting currently at field sites in year 2019. Monitoring / Supervising process and records of monitoring to be done was not adequately stated in procedure. Noted Field Contour map was used as overall plan for terracing, roads (new & old) and maintained/repair upkeep of existing roads. Audit note: The overall replanting planning and layout such as mapping for the field / collecting drains, distances of OP planting next to the drains was unclear during site visit at estates.</p>	<p>Complied</p> <p>Refer to 2019 Minor NC: AL-02</p>

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<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 would be checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit. Internal audits on the operations were conducted on 3 - 4 May 2019. Noncompliances issued were followed up for closure on 30 Jun 2019</p>	<p>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. Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection. Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits and costing books.</p>	<p>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 mill did not source any FFB from third-party. The entire crop was supplied by Baturong PMU estates.</p>	<p>Complied</p>
<p>Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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 for year 2018/2019. Good Agricultural Practice (GAP) for minimization of soil erosion and maintenance of soil fertility are maintained via the frond stacking and fertilizer application as per the recommendations provided by the Agronomist. These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit. Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels. Noted that proper pesticide/herbicide spraying had also been done.</p>	<p>Complied</p>
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.</p>	<p>Complied</p>
<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 and soil sampling and analysis on a 5-year cycle to determine the nutrient levels. Soil analysis done in 2016 and valid till 2021. Annual Leaf sampling done in Apr – May 2019. Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long-term soil fertility and nutrient efficiency. Records of the sampling and analysis had been verified to be satisfactory.</p>	<p>Complied</p>
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB),</p>	<p>Geotubes used to filter the solid from the POME and the solid would be used by the estates for field application as organic fertilizer.</p>	<p>Complied</p>

<p>Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</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>EFB mulching had been carried out in mature area along the inter-row, and around the circle in the immature palms.</p> <p>Applications at immature & young palms were sighted during field visit at Baturong 3 estate (Eg Field blocks: Replanted areas 18A-H)</p> <p>Land application of POME through gravitation flow into the field in Baturong 1 Estate, which is near to the POM.</p>	
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Estate soils show no fragile or marginal soil existence. Soil types as indicated in soil maps are as follows: Baturong 1: Grumpal, wullersdorf, brantian, kretam, bang Baturong 2: Wullersdorf, brantian, kretam, bang, bidu-bidu, Baturong 3: Gumpal, kretam, brantian, bang Cantawan: Brantian, kretam, bang, bidu</p>	<p>Complied</p>
<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 constructed on land with slope more than 6° as indicated in the Terrace Map. It was observed during field visits that there was no planting at slopes of greater than 25°.</p> <p>Best Management Practices followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance.</p> <p>Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no soil erosion noted during the field visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	<p>Complied</p>
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Road maintenance programme was in place that included resources required, length of roads to be repaired or maintained. Estate roads were maintained in good and satisfactory condition.</p> <p>Road maintenance programme verified to be established, implemented and progress of completion closely monitored at the estates.</p> <p>Noted at Baturong 3 estate: Monitoring monthly done July 2018 – June 2019: 89% completed (Planned: 3,573 chains, Actual completed; 3,199 chains, note: 1 Chain = 20m)</p>	<p>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>It was confirmed during assessment on site that there is no peat soil on the PMU estates.</p>	<p>Not Applicable</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>There was no peat soil on the PMU estates as confirmed by auditor's on-site assessment</p>	<p>Not Applicable</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>Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.</p>	<p>Not Applicable</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 and was reviewed on 11 July 2019 Rainfall data found to be monitored as part of the water management plan. The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There are water ponds in the POM and estates. Water samples collected and analysis carried out at least twice a year. The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality). Parameters: Turbidity, PH, Chlorine, Temp, Total Coliform (ND), Faecal coliform results were reviewed by the Managers and found to be within permissible limits. Stream water analysis: Done every 6 months, eg last report (Sept 2018 - Feb 2019) done by Consultant – Kiwiheng. Analysis reports of August & Feb 2019 was done by Endiert Lab. Water sampling points (at incoming and outgoing) were identified and 11 parameters were tested. Results such as Dissolved Oxygen, BOD, COD, TOC, FCC results were noted to be within allowed limits at the Estates. Rain water harvesting was found to be maintained for washing and cleaning use only.</p>	<p>Complied</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 maintained on both sides of streams in the estates as verified during on-site field inspection. No evidence of spraying around palms marked as boundary for the buffer zones. Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone, There are only streams and no major rivers passing through the estates audited. There was no construction of bunds/weirs/dams across the waterways passing through the estates.</p>	<p>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>Water samples were taken at monthly interval at the final discharge point of the palm oil mill effluent pond and at upstream and downstream of waterways. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements. BOD levels had been in the range of 28.5 to 85.8 ppm for the period Jan to Jun 2019 with an average of 70.3 ppm. The current allowable upper limit specified by D.O.E. Sabah is 100 ppm (max.). Analysis results meet the following DOE limits specified for the water samples:</p> <ul style="list-style-type: none"> • BOD < 100 mg/l, • Total Suspended Solids < 400 mg/l, 	<p>Complied</p>

	<ul style="list-style-type: none"> • Oil & Grease < 50 mg/l, • Ammoniacal Nitrogen < 150 mg/l, • Total Nitrogen < 20 mg/l, • pH = 5 to 9, • Temperature < 45°C 	
4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	Water usage in the mill from Jul 2018 to Jun 2019 ranged from 1.70 to 1.94 m ³ /tonne FFB with an average of 1.85m ³ /tonne FFB which is higher than the industrial norm of 1.2 m ³ to 1.5 m ³ /tonne FFB. The higher usage is due to increased use of water at the nursery.	Complied
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
4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>Records on planting of beneficial plants had been verified on the estates. Pest infestation was noted to be minimal at the estates. Programme for planting of beneficial plants such as <i>Cassia cobanensis</i> (70%), <i>Turnera subulata</i> (20%), and <i>Antigonon leptopus</i> (10%) and records on areas planted had been verified together with the respective maps to be satisfactory.</p> <p>Rat baiting (using Brodifacoum 0.003% and 0.005%) would be carried out only should rat damage exceed 5 % on FFB as reviewed from the summary of grading of FFB for rat damages. Noted that rat control has been satisfactorily maintained at the 4 estates. Barn owl program was not seen at estates.</p> <p>No reported infestation by other pests (bagworms). Pest infestation was minimal on the estates.</p>	Complied
4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	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 satisfactory during field assessment.	Complied
Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.		
Indicators	Findings and Objective Evidence	Compliance
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>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% & 13.8% a.i) 6) Carbosulfan (5% a.i – for Rhino attack on young palms) 7) Cypermethrin (5.5% a.i for pest & disease) 8) Brodifacoum (0.005% a.i.) <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p>	Complied
4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and	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 a minimum of 5 years. Verified that records of monitoring were satisfactorily.	Complied

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<p>number of applications) shall be provided. Major Compliance</p>		
<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>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan. The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been a decline in pesticide usage per hectare on a year to year basis. No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p>	<p>Complied</p>
<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 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>Use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates. Alternatives such as Round up (Glyphosate Isopropylamine) had been used to replace paraquat. First Aid Kits found to be available during pesticides spraying in the fields (4th Schedule). Portable signboard noted to be displayed at areas of spraying activity (5th Schedule).</p>	<p>Complied</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 (including the contractor's workers) have attended 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 aprons) have been provided and used by the pesticides operators. All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers. Programme and training records verified to be satisfactory. 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.</p>	<p>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 in case of accidents. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers). Used chemical containers were either reused as containers for spraying solution. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</p>	<p>Complied</p>

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<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. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Warning notice displayed in the area being sprayed with pesticides Programme and training records verified to be satisfactory.</p>	<p>Complied</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>IOI group policy is not to carry out aerial application of pesticides. This policy has been followed by the PMU.</p>	<p>Complied</p>
<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>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	<p>Complied</p>
<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>Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor. The scheduled wastes from the estates are sent to the POM for disposal. Empty pesticide containers are triple rinsed and pierced for disposal as scheduled waste. Records of scheduled waste collection at the mill verified to be satisfactory.</p>	<p>Complied</p>
<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>Annual medical surveillance for all pesticide operators had been implemented in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2. It was verified that the CHRA recommendations has been satisfactorily followed. CHRA report of 16 Apr 2019 is valid for next 5 years. Baturong 1, 2, 3 and Cantawan estates had their sprayers, chemical pre-mixers, workshop and chemical store personnel for the annual medical surveillance. The workers were sent for medical surveillance as follows: <ul style="list-style-type: none"> ➢ Dec 2018 (Baturong 1 – 14 nos) ➢ Dec 2018 (Baturong 2 – 16 nos), ➢ Feb 2019 (Baturong 3 – 10 nos) ➢ April 2019 (Cantawan – 8 nos). Medical surveillance reports of individual sprayers were checked, and no abnormalities reported by the Medical doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition is unfit for work with pesticides. No such cases in the PMU as at the date of assessment. 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. Besides the annual medical surveillance, monthly clinical tests (to check lungs, gastro intestinal, urinary system, pregnancy, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p>	<p>Complied</p>

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<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator. Monthly clinical checks for pregnancy were satisfactorily maintained.</p> <p>Noncompliance finding as follows</p> <p>Location: Baturong 3 estate</p> <p>It was noted that any new female worker must be checked and evaluated by the Estate Hospital Assistant (EHA) prior to being assigned to work with chemical or pesticides.</p> <p>However, the evaluation done was not thorough as it was discovered that a new female worker, employee ID BR3308, had been assigned to work as a Sprayer on 10 Oct 2018. The said worker had a new born child in 18 July 2018 (about 3 months prior).</p> <p>There was no evidence in the evaluation / records to determine if she was still breastfeeding her said child or not.</p>	<p>2019: Major NC JMD-01</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:</p> <p>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>OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health.</p> <p>The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved as Chairman and Secretary respectively of the estate Safety Committees.</p> <p>Quarterly committee meetings were conducted and decisions and planned actions were recorded in the meeting minutes.</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. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards. Risk assessment reviewed on 2-4 Jan 2019.</p> <p>There was an assessment of noise levels in the POM on 21/06/2011 as seen in the Consultant Report. Work areas identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db. Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear mufflers.</p> <p>Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 14 Jan 2018. The audiometric reports of five workers indicated as having mild to moderate hearing impairment and recommended to wear hearing protector. No worker have severe hearing impairment. Baseline audiogram and occupational and medical history records of workers maintained.</p>	<p>See NC below</p>

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	<p>The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear muffers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was 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.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety & Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p> <p>Noncompliance finding as follows: Baturong 1 estate It was noted that there was an Observation Tower erected by the Sabah State Museum Dept (external party) which was found to be in damaged and poor condition, which poses a potential safety risk for field workers. In addition, there were young palms found planted near the said Observation tower. There were no safety measures found at the site e.g. safety signages or any cordoning off at the area, and this had not been risk assessed in the estate HIRARC.</p>	<p>2019: Major NC AL-03</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. Major Compliance</p>	<p>Training programme planned for year 2018 & 2019 had included training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as fire-fighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p>	<p>Complied</p>

	Trainings records were available. Evaluation carried out on each of the trainings to determine its effectiveness. Records were satisfactorily maintained.	
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. Major Compliance	The Mill Manager and Estate Managers are responsible for safety and health issues. They are the Chairmen of the respective Safety Committee as required by OSH Act. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.	Complied
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	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. Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH) Committee.	Complied
4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	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 with valid coverage till Sept 2019.	Complied
4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Records on Lost Time Accident (LTA) metrics were available and maintained for 2018. Verified that JKK8 reports had been submitted to DOSH before 31 Jan 2019. Ongoing monitoring records on LTA for 2019 is updated till time of audit.	Complied
Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.		
Indicators	Findings and Objective Evidence	Compliance
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	A formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established in July 2017 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.	Complied
4.8.2 Records of training for each employee shall be maintained. Minor Compliance	Records of training for each employee, including new employees were maintained. Sampled records for several Sprayers and Manurers 2018: 24 nos training done till 17 Dec 2018 2019 todate: 9 training done till 29 June 2019	Complied

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

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.		
Indicators	Findings and Objective Evidence	Compliance

<p>5.1.1 An environmental impact assessment (EIA) shall be documented.</p> <p>Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment was conducted and documented according to requirements. The Environmental Aspect and Impacts Assessment documents for the POM, Baturong 1, Baturong 2, Baturong 3 Estate and Cantawan estates have been reviewed by the Environmental Liaison Officer and approved by the respective Mill/ Estate Manager on 04/07/2019, 8/07/2019 and 7/072019 and 8/7/2019 respectively.</p> <p>The review was conducted internally by personnel of the SPO team. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance.</p> <p>The assessment had also included the action plans to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p> <p>The assessment includes issues raised through relevant stakeholders' consultations.</p>	<p>Complied</p>
<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>There were no major changes to the identified impacts since the establishment of the documents above.</p> <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the Baturong POM and implemented effectively.</p> <p>The Environmental Management plan developed had included the potential impacts, measures to mitigate negative impacts, timeframe for action and responsible persons identified. The plan had been implemented by the Mill and Estate Managers.</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>The monitoring of the documented environmental improvement plans is ongoing. Data is being collected, documented and the result is being monitored.</p> <p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis. The review had considered the monitoring of the mitigation on 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.</p> <p>The water for the POM is sourced from a nearby pond located at Baturong 1 Estate.</p> <p>Analysis of the treated water for domestic use is carried out twice a year. The results meet all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>It is found that the extent of the buffer zone around the pond has been identified and clearly demarcated.</p> <p>Previous NC: SH-01, raised at Baturong 1 and Baturong 2 on water sampling, location of water samples and markers, the extent of the riparian zones and water quality analysis had been addressed accordingly and effectively implemented.</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 SPO team of the IOI Group. The team consists of personnel from various backgrounds such as plantation management, sustainability and environmental science. The HCV assessment had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Sabah, Department of Irrigation and Drainage, Sabah Wildlife Department and Environmental Protection Department. The overall landscape surrounding the PMU had been considered in the HCV assessment reports. The HCV reports for Baturong 1, Baturong 2, Baturong 3 and Cantawan Estates were reviewed on 8/07/2019 respectively.</p> <p>The exercise has also taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, steep hills, wildlife boundaries and was documented.</p> <p>Visits to site (Baturong 1, Baturong 2, Baturong 3 and Cantawan estates) also confirmed that they were surrounded by other palm oil estates belonging to others. None of the estates bordered any forested areas</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Perimeter boundaries bordering the plantation areas were well demarcated. Monitoring of all these areas had been effectively implemented. Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of streams which pass through the estates had been identified and being monitored.</p> <p>Review of the assessment on the High Conservation Value areas was conducted by a team of personnel. However, the relevant HCV qualification of each individual member in the assessment team was not stated in the document.</p>	<p>Complied</p> <p>2019 OBS:SH-01</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>Overall, the recommendations and feedback provided by the various parties during the internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the respective estates.</p> <p>The HCV report had reviewed the conservation needed for the wildlife identified such as elephants, long and short tailed macaque and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.</p> <p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented.</p> <p>Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p> <p>Regular patrols to monitor the HCV buffer zones have been carried out and findings recorded by the respective Estate Executives / Auxillary Police. The patrol logbooks include entries such as any sighting of wildlife, no erosion at the banks of the streams, no sign of spraying or manuring within the buffer zone, condition of sign boards, red marking at oil palm trees demarcating the buffer zone and condition of river bank soft vegetation.</p>	<p>Complied</p>
<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE</p>	<p>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signages erected which prohibited such activities.</p>	<p>Complied</p>

<p>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>The PMU had conducted a program to educate the workforce and community about the status of RTE species and the consequences in accordance with company rules and national laws of any infringement. Training was also conducted in relation to this issue on 29th June 2019.</p>	
<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>The overall management plan on the status of HCV/RTE of the Baturong plantation group is collated, reviewed and monitored by the HQ sustainability team. Management plans were established, and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification were also made during on-site assessment and found to be satisfactory implemented at all sites visited (Baturong 1, Baturong 2, Baturong 3 and Cantawan estates).</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 PMUs visited i.e. Baturong 1, Baturong 2, Baturong 3 and Cantawan 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>
<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 PMU (Baturong 1, Baturong 2, Baturong 3 and Cantawan 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, Stack emissions and Boiler ashes were maintained and monitored at the POM.</p> <p>Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102). Records on the usage and disposal were well recorded and documented.</p> <p>At the mill, it was noted that the used welding rods was disposed of as Scheduled waste. However, this material was not clearly indicated in the waste identification document.</p>	<p>2019: OBS: SH-02</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 line with the legal requirements and also in accordance with their schedule on waste management as planned.</p> <p>The mill and estates 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 carried out on the 7/5/2019 and 4/7/2019. Documentation relating to disposal and inventory of</p>	Complied

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	<p>the schedule waste was satisfactorily documented and available during audit.</p> <p>Disposal of scheduled wastes by licensed contractor (Lagenda Bumimas Sdn Bhd) within 180 days verified to be in compliance with EQ (Scheduled Waste) Regulation 2005.</p> <p>It was verified on-site that the records, i.e. Consignment Notes and related documentation has been satisfactorily maintained at the mill and estates.</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 PMU. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Baturong mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill. Secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be appropriate.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>The solid waste management and disposal plan using landfills was available at all the estates visited (Baturong 1, Baturong 2, Baturong 3 and Cantawan estates). The landfill management was found to be satisfactorily managed.</p> <p>Verified that the landfill location planning and maps were available. The designated landfill areas at the estates were verified to be at least 50 m away from any streams/water sources and housing/dwelling areas. Thus, the risk of contamination has been observed to be avoided.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management EFB application plans and progress reports were verified to be satisfactory recorded.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.</p> <p>However, the NC finding as follows: <u>Baturong POM:</u> It was observed that materials meant for recycling purposes such as rubber tubing, wood materials were not managed in an orderly manner. It was placed scattered around the mill complex.</p> <p><u>Baturong 1, 2 and Cantawan estates:</u> It was observed that numerous black LDPE Polybags were found left at the replanted field blocks. The polybags were noted to be non-biodegradable and their disposal was not implemented accordingly.</p>	<p>See NC below</p> <p>2019 Minor NC SH-01</p>
<p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
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>The use of energy from both renewable and non-renewable sources were monitored monthly to optimise the use of renewable energy in the production of CPO.</p> <p>Electricity generation was through steam turbine and boiler where palm fiber and PK shells were used as renewable energy/fuel.</p>	<p>Complied</p>

	<p>Monthly records of energy consumption of non-renewable fuel (diesel) and renewable fuel (palm fiber and PK shell) per metric tonne of palm product at the POM were available.</p> <p>Diesel usage in the estates was recorded for a period of 5 years' data and was available for comparison.</p>	
<p>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.</p>		
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 Baturong 1, Baturong 2, Baturong 3 and Cantawan 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 Baturong 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. The sanitary landfill located at all the estates were located far away from the workers quarters, village and water sources.</p>	Complied
<p>Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
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>Environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land were reviewed annually for the POM and estates.</p> <p>Mill gas emissions as monitored online by Department of Environment using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Chart. Verified that the emission is within the permissible limits of Department of Environment.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to Department of Environment regulations.</p>	Complied
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p>Major Compliance</p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer. Their usage has been recorded at the PMU. This has been verified on-site. Plan to reduce GHG emissions include the proposal to construct a Methane Capture system by 2020/2021.</p> <p>The GHG emissions calculation has been compiled for FY 2018/2019 using PalmGHG v3.0.1. The data used for the calculation of the emissions has been verified correct and represent the actual situation of the mill and estates.</p>	Complied
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available.</p>	Complied

<p>estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	<p>Tools and systems used include the Department of Environment online CEMS monitoring for air emissions, PalmGHG, water quality at discharge points as per Department of Irrigation and Drainage regulations and SW disposal were adhering to Department of Environment regulations.</p> <p>Dust emission monitoring indicated average dust emission concentration to be within the permissible limit of 0.400 g/Nm² EQ (Clean Air) Reg.1978 – Std C. Smoke monitoring report conducted twice a year and latest report submitted to DOE on April 2019.</p> <p>It was verified that the POME is treated via ponding system, i.e. overall 8 ponds used. (5 ponds being aerobic and anaerobic ponds, one deoiling pond, one cooling pond and one discharge pond). Geotubes was also used in the effluent for the continuous desludging of the effluent.</p> <p>Water samples were taken monthly and tested by mill environment officer in charge and analyzed to ensure compliance to Department of Environment requirements at final discharge point. The discharged water is 100% used for land application into Baturong 1 Estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits.</p> <p>Audiometric test was also conducted on 18/12/2018, to the workers to ensure their fitness and exposure to sound and is monitored accordingly.</p>	
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Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mills.

<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>At the PMU, the respective Social Impact Assessment reports and Management Plans at all estates and mill were individually documented by the Sustainability Team of IOI. The SIA contains inputs from external stakeholders' consultation with the local communities and employees which was held on 22 June 2019 for the Baturong POM, Baturong 1, Baturong 2 Estate and Baturong 3 Estate. Cantawan Estate conducted their own external stakeholder consultation on 12 June 2019.</p> <p>A total of 42 and 28 external stakeholders took part in the consultation session at POM, Baturong 1, 2 and 3, and at Cantawan Estate respectively. The participants included contractors, suppliers, government agencies, police, neighbouring estate, etc.</p> <p>Gender Consultative Committee and Employee Consultation Committee meetings were conducted at the POM and the estates to collate feedback from the internal stakeholders.</p> <p>Final revision of SIAs for each management units were dated 18 May 2019 and 9 Jul 2019 for Cantawan Estate and POM and Baturong 1,2, 3 estates respectively. These final revisions incorporated inputs from both internal and external stakeholders.</p>	<p>Complied</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>The group has considered issues of social impact to employees and communities affected by their activities. Records of meeting with internal and external stakeholders indicated discussions held were generally on matters pertaining to access roads and</p>	<p>Complied</p>

	<p>use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p> <p>In all meeting minutes of ECC and Gender Committee, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. Through verification of entries made in the Complaints & Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</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>A time table of activities identified was sighted with time frame on implementation plans. Latest Social Plans for POM and the estates were sighted. Complaints submitted through ECC meetings, grievance book, etc., received by the management were recorded and also indicated with status either completed or still in progress.</p> <p>POM & Estates: It is noted that all affected parties had been consulted in the various consultations held by the Management with both internal and external parties and stakeholders. The social issues raised by the affected parties including all the representatives of the workers such as in the ECC, GCC, OSH meetings were noted to be included in the SIA reviews. The issues raised should be analysed based on its order of significance to further enhance its comprehensiveness and focus on the significant social impacts' items in the mitigation plan.</p>	<p>2019 OBS: JMD-01</p>
<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 plans are reviewed annually together with affected parties as mentioned especially the workers were consulted during the ECC meetings, daily morning muster and individual reports made in the Grievance Books maintained.</p>	<p>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>There are no smallholders at the PMU. Thus this is not applicable.</p>	<p>Not Applicable</p>
<p>Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p>Major Compliance</p>	<p>IOI's Group consultation and communication procedures are available via website link: http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm</p> <p>The PMU has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p>	<p>Complied</p>
<p>6.2.2 A management official responsible for these issues shall be nominated.</p>	<p>Personnel at the appropriate levels were appointed as Social Liaison Officers with their roles and responsibilities defined in the appointment letters.</p>	<p>Complied</p>

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Minor Compliance		
<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, communication and actions taken were maintained in Stakeholders File. Consultations with various stakeholders held and meeting minutes have been verified during the audit.</p>	Complied
<p>Criterion 6.3 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>The PMU had established complaints and grievances procedures and they were all well implemented. Complaints and Grievances logbooks were sighted in at the mill and all audited estates and actively used by workers.</p> <p>Timelines for response to complaints and grievances are either indicated in the logbook were appropriately established and implemented. Generally, the complaints were responded by the following day of the complaint.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For reports which are related to private matters such as sexual harassment reports separate logbooks are prepared and always kept under lock and key locations. Complainants are given the option whether the make the report personally or through nominated workers' representatives.</p> <p>It is verified during on-site interviews that there were no incidents of dispute or grievance of a serious nature.</p> <p>Since Feb 2014, IOI had developed "Dasar Pemberi Maklumat (Whistleblowing)" which was approved by "Jawatankuasa Audit dan Pengurusan Risiko".</p> <p>Training on identification of snake species and safety precautions were conducted. Regular monitoring of grass-cutting was carried out. Todate, there had been no sighting of snakes near the mill and the estate buildings which were reported as worker complaints in previous audits.</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Minor Compliance</p>	<p>The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.</p>	Complied
<p>Criterion 6.4 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>		
Indicators	Findings and Objective Evidence	Compliance
<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>There are no borders adjacent to any village at the estates audited in the PMU.</p> <p>No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion.</p>	Not Applicable
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be</p>	<p>The IOI Group has a procedure for calculating and distributing compensation which is available. To date, there has been no</p>	Complied

<p>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>dispute by any parties reported at the PMU.</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. Therefore the process and outcome of compensation could not be observed.</p>	<p>Not Applicable</p>
<p>Criterion 6.5 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>Offer letters and work contracts for local staff and foreign workers are verified. The contracts met the industry minimum standards including included extra pays under the statutory fringe benefits.</p> <p>The pay slips for workers at the estates and mill were verified to contain all necessary information and can easily be understood by the workers, e.g. type and rate of works completed, days offered, days worked, days absent, total deduction, etc.</p> <p>Review of field workers' pay slips showed that the calculation of pay is clearly itemised, for example:</p> <ul style="list-style-type: none"> • Normal day field work wage [Daily Rated or Piece Rated] • Normal working day overtime • Working rest day • Overtime for working rest day • Working public holiday • Overtime for working public holiday • Out-turn incentives [December pay slips only] • Conversion of annual leave into annual payment renewal [December pay slips only] <p>Based on the payslips sampled for month of Jan 2019, the annual leave pay and other incentives were noted to be correctly calculated and paid to the entitled workers.</p> <p>All contracts between the management and the workers are in Bahasa Malaysia, even for foreign workers from Indonesian and Filipino workers. Through interviews it was verified that the contracts were clearly understood by the foreign workers when they were able to give correct response on daily minimum rate, medical entitlement, public holiday entitlement and pay for work during public holiday, etc.</p> <p>Noncompliance finding as follows:</p> <p>Location: Baturong 1 estate</p> <p>It is noted that the Group Management practice is to</p>	<p>See NC below</p> <p>2019</p>

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	<p>maintain the benefits (such as annual leave entitlement and calculations of vacation leave pay) for long service workers, who may be transferred to another estate (in the grouping) in which a new employment card (with new date of joining) is issued due to fresh registration and contract signing with the next estate.</p> <p>It was discovered that a worker (ID BR1 5170) was transferred from Baturong 3 (previous estate, in which he was entitled for annual leave of 16 days) to the next estate at Baturong 1 on 20 August 2018.</p> <p>However, the calculation for Ordinary Rate of Pay (ORP) at Baturong 1 estate for the said worker was based on his services in Baturong 1 between August – December 2018 and thus had not considered his earlier 7 months service (from Jan – July 2018) at Baturong 3 (previous estate). This has affected the calculation of the Vacation Leave Pay (VLP) eligibility in 2018 for the said transferred worker.</p>	<p>Major NC JMD-02</p>
<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>The contract of employment covered all aspects such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, and reasons for dismissal, period of notice made available in Bahasa Malaysia which is understood by the workers.</p> <p>The obligatory Foreign Workers Compensation Scheme [FWCS] for foreign workers were issued by MSIG and is valid till 30 Sep 2019.</p> <p>At the estates audited a number of field workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism, long holidays and low productivity. These reasons were verified as true during the audit.</p> <p>Workers receiving below minimum wages are identified, counselled and if there is no improvement in the achievement the workers will be offered to take on additional jobs or to work on less difficult tasks.</p> <p>However, evidence is clear that the workers who reached the daily target and working the whole month without absent received the minimum wages and some even much more.</p> <p>All relevant payment as prescribed by the laws, i.e. public holiday, annual leave, sick leave, are paid accordingly.</p> <p>The mill and estates had taken action to file records according to the month they were generated thus was able to be retrieved at a timely manner for sampling during the audit.</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>The PMU has provided adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities Act 1990 to the workers. This act is yet to be enforced by Sabah.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estate are provided with free electricity and treated pond water 24 hours daily. The houses had incorporated rain-harvest system for which the water was used for general cleaning. Line site inspection is conducted weekly by the office and the Health Assistant (HA), office staff and RSPO Field Supervisor.</p> <p>During site visit to the housing area, there were no harvesting</p>	

	<p>poles and sickles being kept at the houses. The workers confirmed that the poles and sickles are now kept at the nearby store.</p> <p>During field visit, it was observed sickles, when not in use, were covered with harvesting sickle covers.</p> <p>The previous Minor NC# JMD-01 (2017) raised was addressed and effectively closed.</p> <p>Linesite inspections were conducted by HA and RSPO Field Supervisor. General cleaning around the compounds were organized weekly and it was observed the compounds were in tidy state.</p> <p><u>Schools</u></p> <p>The migrant workers' children received free education in a NGO-managed school, i.e. HUMANA, located in Baturong 1 and Baturong 3 estates. Maintenance of the school building, furniture, electric and water supplied are under the purview of the estate management. Children attending the schools are provided with free school bag and stationery annually. Local children are transported to government school in Kunak town at no cost.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>Crèche is available in each estate and they are well maintained. The crèche ayahs are well trained on procedures of using the first aid kits. Depending on the estate management, some crèche are provided biscuits or chocolate drink. Crèche inspection is conducted weekly by the HA.</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 but built with the help of the PMU.</p> <p><u>Sundry shops</u></p> <p>From interviews with the workers in PMU it was found that most household sundries, including frozen foodstuffs were available on sale. Fresh food, such as fish, chicken, vegetable and meat are also brought in by fresh food suppliers into the estates in food trucks at least twice a week.</p> <p><u>Medical clinics</u></p> <p>Clinic in Baturong 1 Estate is also serving workers from Baturong 2 Estate, Baturong 3 Estate and Baturong POM. The clinics are managed by experienced HA with sufficient number of health assistants. Medical and ambulance services for the PMU is free of charge. Record of visiting medical officer were also sighted. Medical fees for workers sent to local hospital are also covered by the management.</p> <p><u>Sports and Recreational Facilities</u></p> <p>Courts for futsal, sepak takraw, volley ball, badminton and community halls were generally in good state of repair and maintenance.</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>The PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within their compounds.</p> <p>The estates visited are located close the Kunak and Lahad Datu towns which are reachable by local transportation. The workers had the options to travel to these towns for their general supplies.</p>	<p>Complied</p>
<p>Criterion 6.6</p>		

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<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. Major Compliance</p>	<p>The published statements of policy which recognises employee's freedom of association, was noted to be available and widely displayed in Bahasa Malaysia.</p> <p>Each of the estates audited in the PMU had formed the ECC as a mechanism to cater the collective bargaining needs of the workers. Results of ECC meetings were minuted and available for verification.</p>	Complied
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance</p>	<p>The PMU has published a statement (in local languages) recognizing freedom of association at the POM and estate offices.</p> <p>The representation from the different levels of workers is through the Employees Consultative Council (ECC). These representatives are elected by the workers.</p> <p>In all meetings, minutes of ECC, list of attendance and photos of the sessions were kept in file showing evidence of participation of affected parties. Inputs and request raised during ECC meetings were verified to be included in the continual improvement plans of the mill and estates.</p>	Complied
<p>Criterion 6.7 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. Major Compliance</p>	<p>There was no evidence of any child labor being used at the PMU.</p> <p>The Child Labour Policy adopted by estate managements had stated that the minimum age of workers is 19 years and above. Site inspection of the employment records in all estates confirmed that this has been complied.</p> <p>Inspection of the employment records including site visit to the estates confirmed that this criterion has been complied with.</p>	Complied
<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance</p>	<p>The policy statements which recognize Equal Job Opportunity were widely available and displayed in local languages and English.</p>	Complied
<p>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</p>	<p>Based on interviews and feedback from the employees and groups including migrant workers, local communities, woman and migrant workers there was evidence of fair practices implemented at the PMU.</p> <p>Review of ECC, GCC and OSH meeting minutes and Grievance Book, it is verified that there has been no issue of discrimination at the PMU.</p>	Complied
<p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical</p>	<p>The PMU demonstrated that staff and workers are hired and promoted based on specific criteria. However, promotion to higher position sometime take a longer period due to the position sought is not yet vacant.</p>	Complied

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<p>fitness necessary for the jobs available. Minor Compliance</p>	<p>For foreign workers, hiring is based mainly on mandore recommendations. However, it was evident that no discrimination on promotion as both men and women, local and foreign workers have equal opportunity to be promoted.</p> <p>Promotions given to workers including female field workers such as upgrade to 'Mandore' / Group Leaders and Drivers were accompanied with letters and briefing given to on their roles and responsibilities on the upgraded positions. Previous Observation (2018) AL-02 was addressed and closed.</p>	
<p>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>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</p>	<p>The established social policy covered aspects on No sexual harassment, Gender and Women reproductive rights.</p> <p>There are gender committees specifically to address areas of concerns 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.</p> <p>The policy statements on prevention of sexual harassment, protection of gender and women reproductive rights were widely available and displayed in local languages and English. Briefing sessions were conducted together with the GCC meetings in all estates audited as well at the POM for both male and female workers.</p>	<p>Complied</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. Major Compliance</p>	<p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche. Female workers were found to have voluntarily resigned from work due to her pregnancy. Local female workers who have given birth are entitled to maternity leave with pay.</p> <p>Noncompliance finding as follows: Location: Baturong 3 estate</p> <p>It is noted that daily briefing at the morning muster ground on issues of safety and work assignments are conducted by the Field assistants / Supervisors for all the workers.</p> <p>However, it is sighted that some of the briefing notes recorded by the Field Supervisor, appeared to use inappropriate and/or intimidating terms in relation to the protection of workers reproductive rights.</p>	<p>2019 Major NC JMD-03</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. Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU 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.</p>	<p>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. Minor Compliance</p>	<p>All estates in the PMU have no dealing with smallholders.</p>	<p>Complied</p>

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<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). Major Compliance</p>	<p>The PMU has the pricing mechanism available. Currently, all of their FFB are supplied from within the grouping.</p>	<p>Complied</p>
<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 meeting minutes (between the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner.</p>	<p>Complied</p>
<p>6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance</p>	<p>The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. The agreed payments were stated to be within a 60-day period for all the contracts. Previous observation (2018) CBK-01 was addressed and closed.</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>Verified that the contributions to local development were provided in several ways and had considered the feedback obtained from consultations with the local communities. Main contribution was demonstrated in the provision and progressive upgrade of infrastructure facilities and services such as the clinics, schools and improved road access and maintenance. Examples noted include the annual contribution of school bags to HUMANA pupils. free transport for children to the schools. Occasional donations were made to workers and local community festive celebrations. The Clinics available at the estates had provided free treatment for the workers including contractor workers and local neighbouring communities.</p>	<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>Not applicable as there are no scheme smallholders within the PMU.</p>	<p>Not Applicable</p>
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance</p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Region office [LDRO]. 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 IOI estates. The workers kept their own passports. Only when there were needs for renewal of work permits that their passports would be handed over to the management for processing purposes.</p>	

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	<p>The workers themselves may opt to have their passports kept at the estate office which they will have 24 hour access to their passports.</p> <p>The Management monitors the expiry of passports and work permits.</p> <p>Handling over of workers passports for renewal of permits and extension of passports validity and return to the workers was adequately recorded. Thus, previous observation (2018) CBK-02 was addressed and closed.</p> <p>A noncompliance finding was issued as follows</p> <p>Location: POM and estates</p> <p>1.1 The company has been engaging a Recruitment agent (which is approved under the panel of agents by the Sabah Labour Department / Jawatankuasa Tenaga Kerja - JTK). However, there was no documentation relating to the Terms and conditions such as the type of services used, the responsibilities of both parties and declaration from the recruitment agents to comply with company's zero recruitment fee policy.</p> <p>Location: Cantawan Estate and Baturong 1 Estate</p> <p>2.1 In Cantawan Estate, the workers list and respective worker registration/ labour card were maintained by the Admin clerks. It was indicated that a new worker (Employee ID CTW 4976) was stated in the workers list under 'Date Joined: 13 August 2018'. However, copy of the work permit indicated that it was issued on 27 November 2018. It was later confirmed that the said person was firstly registered as an applicant / potential worker as there was no payment slips for the said individual between the period of August – October 2018. This was further checked and subsequently verified that the said person was not a worker yet, until the work permit was issued. The record of date joined, and actual date start working was misleading.</p> <p>2.2 In Baturong 1 Estate, some new Filipino 'work applicants' were issued with travelling documents (with employee ID numbers indicated) by the Estate management. However, it was verified during audit that these were still applicants who had not started working at the estate. The documentation made available was confusing and misleading.</p>	<p>2019 Major NC JMD-04</p>
<p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance</p>	<p>No issue of contract substitution has been found and this was confirmed through interviews with external stakeholders.</p>	<p>Complied</p>
<p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance</p>	<p>A policy on Equal Opportunity was adopted and implemented by the PMU and verified to have covered all necessary aspects of migrant workers related issues.</p>	<p>Complied</p>
<p>Criterion 6.13 Growers and millers respect human rights.</p>		

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<p>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</p>	<p>The Sustainable Palm Oil Policy, Equal Opportunity Employment & Freedom of Associations Policies contain commitment of the Management to respect and uphold rights of workers. These policies were signed by the Plantation Director in October 2017.</p> <p>The “no recruitment fee” policy as stated in Foreign Worker Recruitment Guideline & Procedure in Malaysia was implemented from July 2018.</p> <p>Interviews conducted with several newly employed workers confirmed that they were aware and that no “recruitment fee” was deducted from them.</p>	<p>Complied</p>
<p>6.13.2 As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. Minor Compliance</p>	<p>The “Sustainability Policy Statement” recently adopted and implemented by the PMU verified to have covered the necessary aspects of human rights related issues, including access to education for the children of foreign workers.</p>	<p>Complied</p>

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 of its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The PMU had submitted the GHG data to the RSPO Secretariat on 2 July 2019.

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

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

SUMMARY OF NET GHG EMISSIONS

Data below as per the latest summary report generated through **PalmGHG Calculator Version 3.0.1**.

GHG Table 1: Summary of Net GHG Emissions (Actual past 12 months: July 2018 - June 2019)

Emissions per Product	tCO₂e/tProduct
CPO	1
PK	1

Production	t/year
FFB processed	140514.05
CPO Produced	31349.01

Extraction	%
OER	22.31
KER	4.78

GHG Table 2: Summary of Land Use

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Land use	ha
OP planted area	8052
OP planted on peat	0
Conservation (forested)	52.52
Conservation (non-forested)	70.31
Total	8174.83

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	43232.72	5.37	0	0	0	0	43232.72	5.37
CO ₂ Emissions from Fertiliser	7420.11	0.92	0	0	0	0	7420.11	0.92
N ₂ O Emissions	6819.82	0.85	0	0	0	0	6819.82	0.85
Fuel Consumption	3355.82	0.42	0	0	0	0	3355.82	0.42
Peat Oxidation	0	0	0	0	0	0	0	0
Sinks								
Crop Sequestration	-51361.94	-6.38	0	0	0	0	-51361.94	-6.38
Conservation Sequestration	-481.71	-0.06	0	0	0	0	-481.71	-0.06
Total	8984.82	1.12	0	0	0	0	8984.82	1.12

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	27543.13	0.2
Fuel Consumption	1721.44	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Excess Electricity to Grid and Housing	-184.18	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	29080.38	0.21

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

Divert to compost	0 %
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Divert to anaerobic digestion	100 %
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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); • 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>Action plans for continual improvement at the POM and Estates were documented, monitored and implemented for year 2018 till July 2019 as follows:</p> <p><u>At POM:</u></p> <p>Installation of new silo to improve heating of the palm kernel</p> <p>Installation of sterilizer exhaust to reduce noise and to maintain the level at <85dB.</p> <p>Upgrading boiler emission system to reduce amount of boiler smoke emitted</p> <p>New school bus for students from Baturong POM.</p> <p>Constructed VSAT and Booster POM for system to adopt SAP (by year end 2019)</p> <p><u>At Estates:</u></p> <p>Ongoing planting of beneficial plants (<i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>) along the estate main roads;</p> <p>Tractors fitted with side mirrors for safety and light stickers for security.</p> <p>Annual donation to HUMANA schools, repainting and repair</p> <p>Participation in annual Career Exhibition conducted by JTK Lahad Datu and Kunak.</p> <p>Evidence of results was available for the above continuous improvement action plans.</p> <p>New Van for workers children transport</p> <p>New safety signages/signboards: for narrow bridges and warning signs at estate roads, road conditions, speed limits</p> <p>Flooding area & SOP boards signages</p> <p>Upkeep and marking of buffer zones near waterways</p> <p>Office equipment and tools</p> <p>Community hall to be completed in Dec 2019</p> <p>Upgrading of drainage system at labour quarters (total: 246m, present completed 30%)</p> <p>Constructed VSAT and Booster at B1 & B2, for system to adopt SAP (by year end 2019)</p>	<p>Complied</p>

3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at IOI Baturong POM during this assessment is: Module D – CPO Mills: Identity Preserved (IP).

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. 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. After the end product manufacturer, there is no further requirement for certification.</p>	<p>The CPO Mill i.e. Morisem Sdn Bhd - Baturong POM (under IOI Group) takes legal ownership and physically handles the certified FFB, CPO and PK. Verified as at todate, no outsourced facility is used in the processing and production of the CPO and PK.</p>	Complied
<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>	Complied
<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 Morisem Sdn Bhd - Baturong POM unit is registered in the RSPO PalmTrace as follows: Member ID: RSPO_PO1000000118 License ID: CB75273</p>	Complied
<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>	Complied
5.2 Supply chain model		
<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 D: Identity Preserved (IP)</p>	Complied

<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 D: Identity Preserved (IP)</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 of the organization's procedures for the implementation of this standard. 	<p>Documented SOP for SCC: RSPO/SCC/SOP/IP/3 (Rev 06) updated on 8 Sept 2018 - Module D is verified on site.</p> <p>The 'IP 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 Sr. Asst Mill Manager (Mr. Rodricks Rajesh), confirmed that he and his assistants are aware and able to demonstrate the implementation of the RSPO supply chain requirements.</p>	<p>Complied</p>
<p>5.3.2. The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <ol 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>Internal audit SOP: RSPO/SCC/SOP/IA/1 rev 01 dated 1 Aug 2017 is established.</p> <p>SOP for SCC: RSPO/SCC/SOP/IP/3 (Rev 06) updated on 8 Sept 2018 - Module D (include Appendix 1- Grievance Procedure, version 3, dated 5 June 2018) covered the implementation of all elements of Supply chain modules, is verified on-site.</p> <p>Stated in section 9.1 that its Internal Control System that the RSPO trademark and claims are to be done in accordance with RSPO Rules on Market Communications and Claims requirements.</p> <p>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/IP or CSPK/IP 5) IP general & Module D: IP for CPO Mill 6) Labelling and trademark 7) Messaging <p>Last Internal audit was done on 10 June 2019 by SPO team (Asmawati A & Wee S H) using the checklist as per the RSPO SCC Standard 2017 which included the RSPO Market communication and claims requirements.</p>	<p>Complied</p>

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	<p>The last internal audit indicated -1 NC 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>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); • 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 	<p>The Daily Production Report showed traceable figures of certified products from certified raw material sources. All incoming certified raw material is recorded by daily, monthly and annual basis. Incoming raw material 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 - IP and RSPO certificate number. Incoming FFB from supply base are entirely from owned estates only</p> <p>Samples noted: At POM: 1 July 2018 – 30 June 2019 Origin: Baturong 1, 2,3 & Cantawan estates Address: Jalan Segama, Lahad Datu, Sabah Country of origin: Lahad Datu, Sabah, Malaysia Receiver: Baturong POM Address: Lahad Datu, Sabah Product: FFB – RSPO / IP Certified Quantity: Between: 23730 kg – 22710 kg (gross) / 10560 - 9630 kg net per load Vehicle no: RSPO Cert no: RSPO 930788 (CSFFB)</p> <p>At Estates: 1 July 2018 – 30 June 2019 Delivery Notes (DN): 63136 – 64098 (Baturong 2) WB ticket no: 465198 – 466680 DN 25455 - 26384 (Ladang Cantawan SB) WB ticket No 48653– 496679 38580 kg gross / 22230 kg (net) RSPO Cert no: RSPO 930788 (CSFFB)</p> <p>NC finding: Baturong POM: FFB Delivery notes received by POM from Baturong 1 estate over the past 12- month period did not contain the RSPO SCC traceability information i.e. RSPO FFB status, SCC certificate number.</p>	<p>See NC below</p> <p>2019: Major NC: AL-01</p>

<p>on the RSPO website (www.rspo.org) at least annually or through the RSPO IT Platform by confirmation of (shipping) announcements.</p> <ul style="list-style-type: none"> 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>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 for POM: IOI/Stop/ 09 issue 02, 01 July 2019 (Product Storage & Dispatch) available at the POM for the IP based incoming FFB and documentations such as Estates Delivery Notes and Weighbridge tickets at POM, the control mechanism noted to be in order.</p> <p>Mechanism for handling of NC OP products and documentation: RSPOSC/SOP/IP/3, rev 06, 8 Sept 2018 (RSPO Supply Chain, Module D, CPO Mills: IP, Section 12 – NC products / documents / certification issues.</p> <p>So far, there was no evidence of any occurrence of non-conforming products or related documents.</p>	<p align="center">Complied</p>
<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>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>Verified that there are no outsourced processing activities to Independent third parties.</p> <p>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>	<p align="center">Complied</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"> The site has legal ownership of all input material to be included in outsourced processes; 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 	<p>No outsourcing of processing activities noted at the POM.</p>	<p align="center">Not applicable</p>

<p>contractor or operation if an audit is deemed necessary.</p> <p>c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</p> <p>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>		
<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; • 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). 	<p>CPO Mill: Morisem Sdn Bhd - Baturong POM, sales and delivery documents information include:</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><u>Sample - Outgoing product - CSPO:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Morisem Sdn Bhd (Baturong POM) - Country of origin: Malaysia - Customer/Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - WB Ticket no. 149887 - Date: 27 June 2019 - Transport ID: SS 5002 N - Product: CSPO / IP - Quantity: 40,850 kg net (gross; 58,800 kg) - RSPO Cert no: RSPO 930788 <p><u>Outgoing product - CSPK:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Morisem Sdn Bhd (Baturong POM) - Country of origin: Malaysia - Customer/ Recipient: IOI Edible Oil Sdn Bhd 	<p>Complied</p>

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<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia WB Ticket no. 43220 Date: 25 June 2019 Transport ID: SS 7323R Product: CSPK / IP Quantity: 35220 kg net (Gross-55,620 kg) RSPO Cert no: RSPO 930788 	
<p>5.7 Registration of transactions</p>		
<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>The PalmTrace ID: CB49654 is identified during certified products trading.</p>	<p align="center">Complied</p>
<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 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. 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>The company has registered their transactions as per the Palm trace.</p> <p>Checked information: Transaction ID: stated Seller: Morisem Sdn Bhd (Baturong POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPO Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: Mar 2018 - Apr 2019</p> <p>Transaction ID: stated Seller: Morisem Sdn Bhd (Baturong POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPK Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: Mar 2018 - Apr 2019</p>	<p align="center">Complied</p>
<p>5.8.1. The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going</p>	<p>The POM has an annual Training 2018 /2019, which includes refresher training on the RSPO SCCS.</p>	<p align="center">Complied</p>

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review and is supported by records of the training provided to staff.	Training records are updated for personnel which includes attendance list and photograph as evidence are verified and available.	
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.	The last training was done on 4 July 2019 attended 8 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.	Complied
5.9 Record keeping		
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.	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.	Complied
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.	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.	Complied
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.	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.	Complied
5.10 Conversion factors		
5.10.1 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.	Not applicable, as the scope of certification for this unit covers until the CPO Mill only.	Not applicable

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5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	Not applicable, as the scope of certification for this unit covers until the CPO Mill only.	Not applicable
5.11 Claim		
5.11.1. 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.	As at to-date, there has been no evidence of any no incorrect or inappropriate claims made at this unit.	Complied
RSPO Rules on Market Communications and Claims:		
General Corporate communications		
4.1 Highlights RSPO membership and/or commitment to RSPO Principles	The RSPO membership number is stated under the parent company of IOI Corporation Berhad as indicated in the RSPO website and CH certificate.	Complied
4.2 a) displays RSPO membership number b) displays RSPO web address (www.rspo.org.) c) states support for RSPO work	Noted done via the ACOP submitted on annual basis eg for year 2017 and 2018.	Complied
4.3 No misleading claim on RSPO membership on sale of certified RSPO products	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 (Jan-Dec 2018)	Complied
4.4 No misleading claim to consumers and stakeholders.	As above.	Complied
4.5 Use of RSPO logo	No evidence of inappropriate use of the RSPO logo.	Complied
Business to Business communications		
5.1 Appropriate communications for B to B	Transactions and communications are presently internal i.e. between the IOI POM (seller) and IOI Edible Oils Sdn Bhd – Refinery (buyer)	Complied
5.2 Communication of claims of SCC Model and Certificates	Verified that claims using the IP model / status as issued in the CH certificate was correctly stated.	Complied
5.3 Distributor or wholesaler License use	Not applicable as the POM is not a distributor / wholesaler.	Not applicable
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

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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 procedure for CPO Mill for Palm Products. SOP updated on: 1 Mar 2019 Section 11... is verified on site, 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 5 July 2019 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 1 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: <ul style="list-style-type: none">Improvement of the effectiveness of the management system and its processes.Resource needs.	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

RSPO Supply chain requirements – Module D (IP) for CPO Mill

D.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
D.1.1	The POM only processed FFB from its own supply base (see Section 1.3).	Complied

<p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>It was verified that there were no sources of FFB from any outgrowers or independent suppliers / smallholders.</p> <p>Therefore, the CPO Mill continues to apply the Identity Preserved (IP) module as was in the previous year.</p>	
<p>D.2 Explanation</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. 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. 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 and submitted by the POM. The data is verified during the current assessment.</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 i.e. estimated for 2018/2019</p> <p>The actual tonnage produced has been recorded in each annual surveillance report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	<p>Complied</p>
<p>D.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 or book and claim).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform or book and claim). The PalmTrace ID: CB49654 is identified during certified products trading.</p>	<p>Complied</p>
<p>D.3 Documented procedures</p>		
<p>D.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>Documented procedure for CPO Mill for Palm Products. SOP: updated on '1/08/2018 (RSPOSC/SOP/IP/4 is verified on site.</p> <p>The 'IP module' implementation is verified.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D. The implementation includes controlling of FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	<p>Complied</p>
<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and</p>	<p>The Mill Manager, Mr. Rodricks Rajesh (Sr Mill Asst.) has the overall responsibility and authority for implementation and compliance with the</p>	<p>Complied</p>

<p>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>	<p>documented procedure. He and other relevant staff (e.g. Asst. Mill Manager, Mr. Iskandar Aluddin) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations. The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	
<p>D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>For the period: July 2018 – June 2019, the POM only received and processed FFB entirely from the PMU group estates. Verified that there is no evidence of any non-certified FFB from other sources or suppliers. All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel. The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure. The POM has 4 CPO storage tanks that stored the IP quantities.</p>	<p>Complied</p>
<p>D.4 Purchasing and goods in</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional Office and weekly to the Head Office at Putrajaya.</p>	<p>Complied</p>
<p>D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. So far, there is no projected overproduction.</p>	<p>Complied</p>
<p>D.5 Record keeping</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p>	<p>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. The 3-monthly summary of incoming FFB and outgoing CPO & PK are available and checked to be accurately recorded.</p>	<p>Complied</p>
<p>D.6 Processing</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

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<p>D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.</p>	<p>Confirmed from records that the POM only received and processed certified FFB from its own estates. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill, including transport and storage. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. The POM does not have a Kernel Crushing facility. All CPO and PK are sold to IOI Edible Oil Sdn Bhd (Refinery at Sandakan, Sabah).</p>	<p align="center">Complied</p>
<p>D.6.2 The objective is for 100 % segregated material to be reached.</p>	<p>Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module was indicated as CSPO/IP and CSPK/IP on relevant documents.</p>	<p align="center">Complied</p>

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 'IP' module and is thus eligible for 'IP' trading for its palm products for year **2019/2020**.

3.1.3 Summary of Certified Products - PalmTrace:

The Production data and traded volumes of certified products which was verified for current (period: Oct 18 – June 19) and next year's projection is detailed as per Table 8 below:

Table 8: Summary of Production Data (for next 12 months license)

Details required (for RSPO Palm Trace – Trading volumes submission)		
	CPO (mt)	PK (mt)
Last year's (Projected) Certified volume (RSPO Certified)	31,290	7,301
a) Last year's Actual sold volume (RSPO Certified)	20,133.44	4,462.04
b) Last year's Actual sold volume * (Other Schemes Certified)	0	0
c) Last Year's Actual sold volume ** Conventional	0	0
d) RSPO Credits	0	0
Total of (a) + (b) + (c) + (d)	20,133.44	4,462.04
New (Projected) Certified Volume (RSPO Certified)	29,040	6,270

Notes:

- Verified that the total Actual sold (for last year) has not exceeded the Projected (for last year)
- * There were no volumes under 'Other Schemes certified'.

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- ** There were no volumes traded as 'Conventional'.

3.2 Status of Identified Noncompliance and Corrective Actions, Observations and Positive Elements.

The status of the Noncompliance (NC) and Observations (OBS) identified against the MYNI Compliance Indicators is as per the details below:

Assessment Type	Year	Noncompliance (NC)	Observations (OBS)	Follow up status
Re-certification Assessment (for 2 nd Cycle)	2015	Nil	6	All OBS closed during ASA-01.
Annual Surveillance ASA-01 (2 nd cycle)	2016	1 Major	1	NC and OBS closed during ASA-02
Annual Surveillance ASA-02 (2 nd cycle)	2017	4 (2 Major & 2 Minor)	4	All NCs and OBS closed during ASA-03
Annual Surveillance ASA-03 (2 nd cycle)	2018	2 (0 Major & 2 Minor)	4	Next surveillance
Annual Surveillance ASA-04 (2 nd cycle)	2019	6 Major & 2 Minor	3	Major NCs close out date: 10 Oct 2019 On-site Verification to be scheduled prior to next annual assessment.

3.2.1 Year 2019: 6 Major & 2 Minor NCs

NC#	MYNI Indicator	Details of Non-Conformance (NC)-1
Major AL-01	RSPO SCC 5.4.1	Date issued: 20 July 2019
		Requirement:
		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: A description of the product, including the applicable supply chain model <ul style="list-style-type: none"> • (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;
		Statement of Nonconformance:
		POM did not ensure that the certified RSPO FFB Delivery notes from Baturong 1 estate had contain the required RSPO SCC traceability information.
		Evidence of Nonconformance:
Baturong POM:		
		FFB Delivery notes received by POM from Baturong 1 estate over the past 12- month period did not contain the RSPO SCC traceability information i.e. RSPO FFB status, SCC certificate number.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

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		<p>Root cause Analysis: Further investigation has found that only some of the Delivery Notes (DN) from Baturong 1 since 18/05/2019 do not have information as required in RSPO SCCS.</p> <p>This happen because, at that period of time, the estate is trying to amend their existing stamping as there were some mistakes in the MSPO Certification information, which was also put together in the same rubber stamp. While waiting for the newly amended rubber stamp, the stamping at some of the DN has been missed out which has then being detected during the audit.</p> <p>Lack of enforcement at the mill side to ensure the RSPO SCCS information stamping on the DN is in order during receiving the FFB also has contributed to the non-compliance.</p> <p>As overall management point of view (prior to the raised NC), the issue was not seen as a non-compliance as the DN is attached together with the computer-generated weighbridge ticket, which contain all the required information as per the RSPO SCCS requirement. The weighbridge ticket, which is considered as part of the delivery document, is considered as a backup document to ensure all the SCCS information is properly adhered to by the operating units.</p> <p>Correction: The missed out FFB delivery note from Baturong 1 estate will be stamped.</p> <p>Corrective Action: Both mill and estate are responsible for the monitoring of the stamping on the FFB delivery note. The training will be given not only to the mill personnel, but also to the general clerk who overseeing the issuance of the DN at estate level. Both the weighbridge clerk and the general clerk will be responsible to check and ensure the stamping on the delivery note. Going forward, a notification letter from the Mill Management will be send out to the estate management whenever there is any case of incomplete information stamping at the DN.</p> <p>CA Implementation Timeline September 2019</p> <p>Attachment</p> <ol style="list-style-type: none"> Evidence of the FFB delivery note stamped with the traceability information. Training record of Supply Chain that involves mill and estate personnel. 						
		Verification on Corrective Action(s): by Lead Auditor / Auditor						
		<p>MAJOR NC: Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept till 7 Oct 2019 was reviewed. Training records for related field personnel was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>						
		<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM and Estates was verified. The actions taken and implementation needed were found to have addressed the issue. Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status closed by auditor: AL</td> <td>Date closed: 10 Oct 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: 10 Oct 2019	Verification of effectiveness: Next audit		NC status verified by auditor:	Date verified:
NC status closed by auditor: AL	Date closed: 10 Oct 2019							
Verification of effectiveness: Next audit								
NC status verified by auditor:	Date verified:							

NC#	MYNI Indicator	Details of Non-Conformance (NC)-2
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<p>Minor AL-02</p>	<p>3.1.2</p>	<p>Date issued: 20 July 2019</p>
		<p>Requirement:</p>
		<p>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. Growers should have a system to improve practices in line with new information and techniques.</p>
		<p>Statement of Nonconformance:</p>
		<p>Ongoing replanting have not adequately considered improvement in practices using new information and techniques.</p>
		<p>Evidence of Nonconformance:</p>
		<p>Baturong 3 and Cantawan estate</p> <p>SOPs for replanting at estates was generic including the SOP Land Preparation for Replanting (v 2011). It is noted that specifications for realigning and establishing of field drains were stated. However, there was no specification indicated for the distance of OP planting from the drains. In another reference document i.e. Penyemburan dan Penaburan di Tepi Saliran Air di Ladang, it was stated that no spraying activities allowed at 5 feet from the edge of drains (5 kaki dari tebing saliran air). The monitoring of actual replanting near the drains was not satisfactorily done as it was seen during field inspection that there were some immature palms found less than 5 feet from the field drains.</p>
		<p>Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative</p>
		<p>Root cause Analysis:</p> <p>The currently used SOP is dated way back in 2011. Since then, there is no updated information on the specific planting/ replanting points distance from the edge of the drain and therefore there is no guidance for the operating units.</p> <p>The regional senior management has already given verbal instruction to the operating units to be mindful when replanting the young palm so that it would not be too close to the drains. However, since the instruction is not properly documented, the implementation have been found to be not consistent. Further investigation to the field mentioned by the CB on the email dated 01.08.2019, did not found any palm replanted less than 5 ft from the edge of the collection drains in the field block as stated in the NC statement.</p>
		<p>Correction:</p> <p>To established a standard procedure for replanting young palm near the field drain area. The revision of SOP for the Land Preparation at companywide level to include the planting distance from the drain is already in progress. In the meantime before the finalization of the SOP, a memo will be issued by the regional senior management to officialize the instruction regarding the matter.</p> <p>Corrective Action:</p> <p>Estate management to ensure the area will be marked before replanting started to ensure the palm is not planted too close to the drain.</p> <p>Pictorial evidence that show the actual distance of the palm planting from the edge of drains.</p> <p>CA Implementation Timeline:</p> <p>September 2019</p> <p>Attachments:</p> <ol style="list-style-type: none"> 1. Issued memo from Senior Management, Lahad Datu Region on the replanting distance from the drains. 2. Pictorial evidence of palm planting (more than 5ft) from the edge of drains.
<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>		

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		<p>Minor NC: Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept 2019 was reviewed i.e. Replanting memo by GM and photographic evidences for related estates was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>						
		<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue. Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>						
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Verification of effectiveness: Next audit								
NC status verified by auditor:	Date verified:							

NC#	MYNI Indicator	Details of Non-Conformance (NC)-3
Major AL-03	4.7.2	Date issued: 20 July 2019
		Requirement: 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.
		Statement of Nonconformance: Potential safety issues have not been adequately identified.
		Evidence of Nonconformance: Baturong 1 estate It was noted that there was an Observation Tower erected by the Sabah State Museum Dept (external party) which was found to be in damaged and poor condition, which poses a potential safety risk for field workers. In addition, there were young palms found planted near the said Observation tower. There were no safety measures found at the site e.g. safety signages or any cordoning off at the area, and this had not been risk assessed in the estate HIRARC.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

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	<p>Root cause Analysis: Specific HIRARC for observation tower is not available because it is not an activity and not owned by Estate. As per the guideline from DOSH, the HIRARC should be done by assessing the risk according to operation type, not based any specific risk. In relation to the NC raised, HIRARC for harvesting and other work type/operation (e.g. spraying, manuring, etc.) has mentioned about falling object and unsafe structure, which can be relate to the risk poses by the observation tower. However, the monitoring of the risk was not sufficiently captured in the workplace inspection checklist as there is no indication workplace near to the area such as the observation tower was included.</p> <p>The observation tower structure should be maintained by the Sabah Museum Department (External Party) as the structure owned by them. Other than absence of the monitoring checklist at structure with potential risk, lack of communication by estate management to the Sabah Museum Department to report the condition of the tower may also contribute to the reason of why this issue has been raised.</p> <p>Correction: To contact the Sabah Museum Department regarding the condition of the tower and erect safety signage's and cordon at this area.</p> <p>Estate management will erect prohibited signages to enter the area to prevent any unwanted dangerous occurrence.</p> <p>Corrective Action Official letter from the Museum Department dated 06/09/2019 which indicating the department's consent to demolish the observation tower had been received by the estate management on 11/09/2019. With the consent received, the estate management will establish a demolishing plan of the tower. The work is expected to be completed by 21/09/2019.</p> <p>The estate management to identify and monitor any old/damaged/poor condition of any other structure in the field to ensure safety precaution can be made. An additional item will be included in the Workplace Inspection Checklist to include monitoring of 'aging structure'.</p> <p>The estate management shall communicate/ report to the relevant government body if any of the structure is owned by them.</p> <p>CA Implementation Timeline: October 2019</p> <p>Attachments:</p> <ol style="list-style-type: none"> 1. Letter of notification to Sabah Museum Department regarding the observation tower structure condition. 2. Picture signage's has been posted and cordon off the area. 3. Patrolling record to ensure there is no unwanted dangerous occurrence. 4. Flowchart and record of correspondence with Sabah Museum Department. 5. Acknowledgment letter from Sabah Museum Department regarding the demolition of the observation tower. 6. Revised workplace inspection checklist with inclusion of 'aging structure' that can cause potential hazard <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>MAJOR NC: Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept till 7 Oct 2019 was reviewed. Verified that supporting documentation ie Letters of communication and Inspection checklists submiited have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>
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	<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue.</p> <p>Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>						
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Verification of effectiveness: Next audit							
NC status verified by auditor:	Date verified:						

NC#	MYNI Indicator	Details of Non-Conformance (NC)-4
Minor: SH-01	5.3.3	Date issued: 20 July 2019
		Requirement: A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.
		Statement of Nonconformance: The waste management and disposal plan were not implemented accordingly as planned.
		Evidence of Nonconformance:
		Baturong POM: It was observed that materials meant for recycling purposes such as rubber tubing, wood materials were not managed in an orderly manner. It was placed scattered around the mill complex.
		Baturong 1, 2 and Cantawan estates: It was observed that numerous black LDPE Polybags were found left at the replanted field blocks. The polybags were noted to be non-biodegradable and their proper disposal was not implemented.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

	<p>Root cause Analysis: The materials found at the mill were actually intended to be reused for maintenance purposes at different site in the mill. The wood material found was actually the debris from the recently demolished store. There is no designated storing place/point has been provided to keep these reusable/recyclable materials temporarily before its being reused/recycled.</p> <p>As a practice in the estate, the young palm seedlings were transported to the field from the nursery in its LDPE Polybags. During planting of the seedlings, the polybags will have to be opened up and placed near the palm base as an evidence the young palm has not been planted with the polybag is still intact. This practice is proven to be very critical to verify the replanting work is done in the correct way.</p> <p>The estate management will be then supposed to send their workers to collect the polybags after the replanting inspection of the field has been done.</p> <p>However, it may due to lack of formal emphasis on the instruction and/or monitoring/enforcement on the matter, the collection of some of the polybags was missed out and therefore left in the field.</p> <p>Correction: At the mill, after the maintenance work has been completed, the material has been collected and kept in a designated area for waste collection. This is including the wood debris which has also been collected and sent to the same designated area.</p> <p>Corrective Action:</p> <p>Waste Management training to be given to the responsible workers as a refreshment. This training this time would give emphasize on the polybag management.</p> <p>The polybags will be collected and keep in the store. The responsible field staff for replanting will conduct inspection at their respective replanting field block to ensure all polybags are properly collected. Training of replanting procedure and recycle waste is also going to be conducted to the responsible workers and field staffs.</p> <p>CA Implementation Timeline: September 2019</p> <p>Attachments: Pictorial evidence of the materials and debris after cleanup. Designated area for reusable/ recyclable waste collection. Record of recycle waste training to the workers. Inspection record from Safety Site Supervisor. Pictorial evidence of the polybags being collected. Disposal inventory of the polybags to the store Training record for the responsible staff and workers in replanting area. Inspection record on the by the field staff at the replanting area</p> <p>Date for implementation: October 2019</p> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>Minor NC: Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept 2019 till 7 Oct 2019, was reviewed. Training records for related field personnel and photographic evidences was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>
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	<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue.</p> <p>Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>						
	<table border="1"> <tr> <td>NC status closed by auditor: SH</td> <td>Date closed: 10 Oct 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: SH	Date closed: 10 Oct 2019	Verification of effectiveness: Next audit		NC status verified by auditor:	Date verified:
NC status closed by auditor: SH	Date closed: 10 Oct 2019						
Verification of effectiveness: Next audit							
NC status verified by auditor:	Date verified:						

NC#	MYNI Indicator	Details of Non-Conformance (NC)-5
Major JMD-01	4.6.12	Date issued: 20 July 2019
		Requirement: No work with pesticides shall be undertaken by pregnant or breast-feeding women.
		Statement of Nonconformance: The evaluation done for female workers fitness to work with pesticides was found to be inadequate.
		Evidence of Nonconformance: Location: Baturong 3 estate It was noted that any new female worker must be checked and evaluated by the Estate Hospital Assistant (EHA) prior to being assigned to work with chemical or pesticides. However, the evaluation done was not thorough as it was discovered that a new female worker, employee ID BR3308, had been assigned to work as a Sprayer on 10 Oct 2018. The said worker had a new born child in 18 July 2018 (about 3 months prior). There was no evidence in the evaluation / records to determine if she was still breastfeeding her said child or not.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

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	<p>Root cause Analysis: The Estate Hospital Assistant (EHA) did not include breastfeeding report in the medical check-up report/case note card to determine the said workers was not breastfed her baby even though that information were asked to her during the pre-employment medical check-up. There is no official comprehensive format of the pre-employment medical checkup procedure is available to ensure all the critical component of the health assessment has been sufficiently assessed and recorded. This has led to the gaps which has been identified and highlighted in the NC statement.</p> <p>Correction: To include the certificate of fitness form when conducting pre-employment medical checkup for new recruitment of worker who would conducts chemical-related work and the form must be referred and verified by VMO if there is pregnancy/new delivery/breastfeeding case detected. The form also will serve as a checklist to the EHA to ensure all of the other critical component of the health examination will be sufficiently covered and recorded.</p> <p>Every new female worker candidate with a new born child with the age under 6 months (at the time of her work application) shall be referred to VMO for working fitness examination.</p> <p>A memo from Safety and Health Department, LDRO has been issue on 02/08/2019 on the health assessment for the New Recruitment Worker Procedure. The following is included in the memo:</p> <ol style="list-style-type: none"> 1. A form called 'Certificate of Fitness for New Recruitment' will serve as the official recording format that should include the health assessment outcome 2. 'New Recruitment Worker Procedure' flowchart will serve as the step by step guideline and checklist to the EHA to conduct the health examination <p>Corrective Action: With the establishment of the health assessment New Recruitment Worker Procedure, any future recruitment of worker will strictly follow the procedure given. The implementation of the procedure will take effect from the date it was issued and the first training/briefing session had taken place on 10/09/2019. As indicated in the memo, the distributed procedure shall be briefed and communicated to the respective EHA by the HODs of the operating units.</p> <p>The Certificate of Fitness will be acknowledged by the estate management (Manager, Assistant Manager) who will ensure all the other related document to the matter (e.g. worker registration record, list monthly medical checkup, dependent list record) will also be kept updated.</p> <p>Safety & Health Team, alongside with the Sustainability Team will verifying the implementation of the procedure during the team periodical visit to the operating unit.</p> <p>CA Implementation Timeline: September 2019</p> <p>Attachments:</p> <ol style="list-style-type: none"> 1. Certificate of fitness for new recruitment worker - breastfeeding information will be recorded in the remarks column by EHA/VMO. 2. Medical Check-up procedure for recruitment of new workers. 3. Training record on the procedure on 10 September 2019.
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>
	<p><u>MAJOR NC:</u> Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept till 7 Oct 2019 was reviewed. Revised procedure for Medical checks, monitoring checklists and Training records for related field personnel was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>

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	<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue.</p> <p>Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>						
	<table border="1"> <tr> <td>NC status closed by auditor: JMD</td> <td>Date closed: 10 Oct 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: 10 Oct 2019	Verification of effectiveness: Next audit		NC status verified by auditor:	Date verified:
NC status closed by auditor: JMD	Date closed: 10 Oct 2019						
Verification of effectiveness: Next audit							
NC status verified by auditor:	Date verified:						

NC#	MYNI Indicator	Details of Non-Conformance (NC)-6
Major JMD-02	6.5.1	Date issued: 20 July 2019
		Requirement: Documentation of pay and conditions shall be available.
		Statement of Nonconformance: There were discrepancies in the calculation of payments for the workers such as ORP and VLP.
		Evidence of Nonconformance:
		Location: Baturong 1 estate It is noted that the Group Management practice is to maintain the benefits (such as annual leave entitlement and calculations of vacation leave pay) for long service workers, who may be transferred to another estate (in the grouping) in which a new employment card (with new date of joining) is issued due to fresh registration and contract signing with the next estate. It was discovered that a worker (ID BR1 5170) was transferred from Baturong 3 (previous estate, in which he was entitled for annual leave of 16 days) to the next estate at Baturong 1 on 20 August 2018. However, the calculation for Ordinary Rate of Pay (ORP) at Baturong 1 estate for the said worker was based on his services in Baturong 1 between August – December 2018 and thus had not considered his earlier 7 months service (from Jan – July 2018) at Baturong 3 (previous estate). This has affected the calculation of the Vacation Leave Pay (VLP) eligibility in 2018 for the said transferred worker.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

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		<p>Root cause Analysis: The reason of why the ORP calculation was only considering the worker's service in the new estate (Baturong 1) was because the worker had been mistakenly registered as new worker (instead of transferred worker) in the system.</p> <p>The clerk in-charge for the worker registration is not aware on the procedure and eligibility of the transferred worker. The clerk has then been mistakenly considered and registered the transferred worker as a new worker. This is then further linked to the same weakness of lack of understanding among the highest management at estate level (i.e. Assistant Manager & Manager) on how to appropriately handle such issue. Therefore, when the estate's executive (Assist. Manager, Manager) is doing their verification in the system, this is also were not being detected</p> <p>It was identified that these of lack of awareness in the implementation is caused by lack of communication with HR Department on the matter. A memo on transferring worker has been issued on 08/04/2019 by HR Dept. but there is no official training has been given to the clerk, assistant managers and HODs to give further clarification on the matter. This has caused the handling of registration of new/transferred worker has not been carried out as what it should have been done.</p> <p>Correction: Amendment of the registration of the transferred worker also has been done in the system by the estate management. This is done by attaching the worker's Labour Card (EICID - Employee Identification cum Input Document) and transfer letter from the old estate (Baturong 3) to the Labour Card at the current/new estate (Baturong 1). Prior to this, both of these labour record documents are kept separately.</p> <p>Subsequently, the estate management has keyed in the same 'Date Joined' as in the Labour Card of the previous estate (Baturong 3) into the Checkroll system in the current/new estate (Baturong 1). This way, the system is now has been able to read the data correctly which in return will produce the correct result of the calculation.</p> <p>Corrective Action: Training on workers transfer has been given to the operating unit by HR Department on 20/08/2019. The target participants were the HODs, Assistant Manager/SLO, and check-roll clerk. The training contents includes transfer worker related matter especially regarding their pay and conditions, as well as other HR related matters.</p> <p>The training programme for clerk regarding transfer worker will be added as a yearly training programme for the estate clerk.</p> <p>CA Implementation Timeline: September 2019</p> <p>Attachments:</p> <ol style="list-style-type: none"> 1. Attachment of the Labour Card (EICID) and transfer letter from the previous estate with the Labour Card (EICID) in the current estate. 2. Record of training by HR Department related to HR matter including transfer workers. 3. Revised training programme (Social) - Training for VLP, Sick Leave and ORP calculation will be revised to training for VLP & Transfer Workers, Sick Leave & ORP calculation.
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>

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		<p>MAJOR NC: Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept till 7 Oct 2019 was reviewed. Revised Training programme, Workers information cards and Training records for related field personnel was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>	
		<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue. Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>	
		NC status closed by auditor: JMD	Date closed: 10 Oct 2019
		Verification of effectiveness: Next audit	
		NC status verified by auditor:	Date verified:

NC#	MYNI Indicator	Details of Non-Conformance (NC)-7
Major JMD-03	6.9.2	Date issued: 20 July 2019
		Requirement: A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.
		Statement of Nonconformance: Lack of proper understanding and poor communication by new and/or junior staff in relation to the company policy on protection of reproductive rights of women.
		Evidence of Nonconformance: Location: Baturong 3 estate It is noted that daily briefing at the morning muster ground on issues of safety and work assignments are conducted by the Field assistants / Supervisors for all the workers. However, it is sighted that some of the briefing notes recorded by the Field Supervisor, appeared to use inappropriate and/or intimidating terms in relation to the protection of workers reproductive rights.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

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		<p>Root cause Analysis: The freedom to use any terms in briefing record are meant to make it more understandable and effective when giving explanations to the workers. The use of textbook word/terms may not be as effective especially when trying to explain the risk of being exposed to chemical work during pregnancy. However, this practice has given the rooms for a lot of discrepancy on the delivery of the message, some has even deviated and not in line with the company commitment/policy.</p> <p>The field staff who was given the task to give and record the briefing on the protection of workers reproductive right was found interpreting the company policy and practice to his own understanding. This is due to lack of guideline provided, especially in Bahasa (local language), to interpret the policy, which is written in English.</p> <p>Correction: Sustainable Team, Lahad Datu Region will be releasing a standard briefing template regarding the protection of reproductive right policy in local language. This template is to be use by all personnel who will be giving briefing on the matter.</p> <p>Corrective Action: Every record of the briefing session will be verified by the estate executive (Assist. Manager, HODs) to ensure the content is in line with the template provided, as well as to the company policies and practice.</p> <p>Briefing template will be used continuously in giving information to all workers.</p> <p>CA Implementation Timeline: September 2019</p> <p>Attachment Template of briefing prepared by Sustainable Team, Lahad Datu Record of briefing by the operating unit using the template given.</p>						
		Verification on Corrective Action(s): by Lead Auditor / Auditor						
		<p><u>MAJOR NC:</u> Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept till 7 Oct 2019 was reviewed. Revised Briefing templates and Training records for related field personnel was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>						
		<p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue. Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status closed by auditor: JMD</td> <td style="width: 30%;">Date closed: 10 Oct 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: 10 Oct 2019	Verification of effectiveness: Next audit		NC status verified by auditor:	Date verified:
NC status closed by auditor: JMD	Date closed: 10 Oct 2019							
Verification of effectiveness: Next audit								
NC status verified by auditor:	Date verified:							

NC#	MYNI Indicator	Details of Non-Conformance (NC)-8
Major	6.12.1	<p>Date issued: 20 July 2019</p> <p>Requirement:</p>

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JMD-04	There shall be evidence that no forms of forced or trafficked labour are used.
	Statement of Nonconformance:
	<ol style="list-style-type: none"> 1. No documentation of terms and conditions between the company with the recruitment agencies used. 2. Misleading and confusing terms and dates used in the registration of new applicants and new workers.
	Evidence of Nonconformance:
	<p>Location: POM and estates</p> <p>1.2 The company has been engaging a Recruitment agent (which is approved under the panel of agents by the Sabah Labour Department / Jawatankuasa Tenaga Kerja - JTK). However, there was no documentation relating to the Terms and conditions such as the type of services used, the responsibilities of both parties and declaration from the recruitment agents to comply with company's zero recruitment fee policy.</p> <p>Location: Cantawan Estate and Baturong 1 Estate</p> <p>2.1 In Cantawan Estate, the workers list and respective worker registration/ labour card were maintained by the Admin clerks. It was indicated that a new worker (Employee ID CTW 4976) was stated in the workers list under 'Date Joined: 13 August 2018'. However, copy of the work permit indicated that it was issued on 27 November 2018. It was later confirmed that the said person was firstly registered as an applicant / potential worker as there was no payment slips for the said individual between the period of August – October 2018. This was further checked and subsequently verified that the said person was not a worker yet, until the work permit was issued. The record of date joined, and actual date start working was misleading.</p> <p>2.2 In Baturong 1 Estate, some new Filipino 'work applicants' were issued with travelling documents (with employee ID numbers indicated) by the Estate management. However, it was verified during audit that these were still applicants who had not started working at the estate. The documentation made available was confusing and misleading.</p>
Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative	

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	<p>Root cause Analysis: <u>Points for clarification</u></p> <ul style="list-style-type: none"> - There is no recruitment agent has been engaged by IOI. - Currently, the 'agent' (which henceforth be referred as 'work agency') that has been engaged by IOI is mainly provide the service to arrange for workers documentation purposes only (i.e. application/renewal of passport and work permit). - At the moment, this work agency is not doing any work to recruit workers for IOI. <p>The agreement between IOI and the work agency is not currently available. This is due to the fact that they only provide minimal service to IOI (i.e. only to manage the workers documentation). The work agency does not have any direct dealing with the workers themselves. This is especially in term of any payment as the company will bear 100% of the cost to get the documentation in place. Therefore, as far as to the company management is concern, the agreement to declare IOI's zero recruitment fee with the work agency is not needed as there is no room for the work agency to charge any cost to the worker for any kind of purpose.</p> <p>The related document available between the work agency and IOI is only the 'agent letter'. The letter describes the job scope of the work agency, which is only to apply/renew the workers passport and permit. The letter also indicate that all the job scope of the work agency will only deals directly with IOI management, which means that they will have no direct deal with the workers.</p> <p>Correction: A draft of memorandum/letter of understanding between IOI and work agents will be prepared by the Human Resource Department.</p> <p>The memorandum/letter will be containing the type of services that will be provided by the work agency and the responsibilities of the work agency to comply with the IOI's zero recruitment fee policy. Endorsement form IOI-HQ to be obtained before the implementation of the document region wide.</p> <p>Corrective Action: HR Department will get the letter to be signed by all the work agency who are providing their service to any of the IOI operating units in relation to the worker recruitment processes. A copy of the signed letter will be distributed to the respective operating units as a documentation of proven acknowledgment from the work agency to strictly adhere to IOI zero recruitment fee.</p> <p>CA Implementation Timeline: October 2019</p> <p>Attachment: Notification letter to agency on IOI 'No Recruitment Fee Policy' (Draft). Newly established job application form (Draft). Record of training on the newly established job application form by HR Department.</p> <hr/> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>MAJOR NC: Off-site Verification on documentations: Sept till 10 Oct 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Further evidences of implementation as submitted via email in Sept till 7 Oct 2019 was reviewed. Notification to recruiting agency, Worker Job application forms and Training records for related field personnel was reviewed. Verified that documentation have addressed the NC issued. Subject to on-site verification at a later scheduled date.</p>
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		Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited POM - Estates was verified. The actions taken and implementation needed were found to have addressed the issue. Based on documentations submitted, pending on-site verification, an Interim closure is recommended. On-site verification is proposed to be done prior to next surveillance audit for effectiveness of implementation for a full closure.	
		NC status closed by auditor: JMD	Date closed: 10 Oct 2019
		Verification of effectiveness: Next audit	
		NC status verified by auditor:	Date verified:

3.2.2 Year 2019: 3 Observations

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: SH-01	5.2.1	Review of the assessment on the High Conservation Value areas was conducted by a team of personnel. However, the relevant HCV qualification of each individual member in the assessor team was not stated.	20 July 2019	-	Next audit
OBS: SH-02	5.3.1	At the mill, it was noted that the used welding rods was disposed of as Scheduled waste. However, this material was not clearly indicated in the waste identification document.	20 July 2019	-	Next audit
OBS: JMD-01	6.1.3	POM & Estates: It is noted that all affected parties had been consulted in the various consultations held by the Management with both internal and external parties and stakeholders. The social issues raised by the affected parties including all the representatives of the workers such as in the ECC, GCC, OSH meetings were noted to be included in the SIA reviews. The issues raised should be analysed based on its order of significance to further enhance its comprehensiveness and focus on the significant social impacts' items in the mitigation plan.	20 July 2019	-	Next audit

3.2.3 Year 2018: 2 Minor NC

NC#	MYNI Indicator	Details of NC
	4.4.1	Date issued: 26 July 2018

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SH-01 (Minor)	Requirement:
	4.4.1 An implemented water management plan shall be in place.
	Statement of Nonconformance:
	The water management plan was not adequately documented and implemented as it had not covered all sources of water being used by the workers.
	Evidence of Nonconformance:
	Location: Baturong 3 Estate The steep slope areas (identified as a HCV area) was noted to serve as another function for the estate community i.e. a source of water collected for domestic use. The action plan taken to enhance this other function has not been adequately documented and effectively implemented. Additionally, the access stairs constructed which leads to the site, is observed to be not sturdy and unsafe. This could potentially lead to safety issues and can affect the proper monitoring needed for the said area
	Root Cause and Corrective Action(s): by Auditee representative
	Root cause: The action plan pertaining to the management of the water extraction point is actually has been already included in the internal Water Management Plan and HCV Assessment. However, since the water extraction point is located within the estate's steep hill area, the management action point for the extraction point was place under the management plan for the steep hill. Thus, while both sites serve different function/impact, a comprehensive management plan for site specific water extraction point was not prepared by the management. In term of monitoring, the water extraction point is also being included in the SPO Supervisor's patrolling record to the HCV/Conservation Area. However, the previous monitoring does not specifically include the safety condition of the stairs used to visit the extraction point.
	Corrective Actions: The management plan for the steep hill and water extraction point will be separated into 2 site specific management plans. A detailed and comprehensive management plan for both sites will be included in the Water Management Plan and HCV Assessment. Immediate action has been taken by Baturong 3 Estate to repair the stairs and clear the walkway leading to the water extraction point.
	Preventive measure: The future monitoring of water extraction point will include the condition of the access pathway (stairs). The frequency of the monitoring will also be increased from one to two times per week. Awareness training which will focus on the HCV and conservation areas, will be conducted for the staff & executive of Baturong 3.
	Verification on Corrective Action(s): by Lead Auditor / Auditor

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	<p>Corrective actions taken: As stated by Auditee in their RC & CA</p> <p>Supportive evidences: As submitted via email under the respective CA was additionally verified for the actual implementation on site at the estates.</p> <p>The submitted evidences were:</p> <ol style="list-style-type: none"> 1) Revised section of Water Management Plan and HCV Assessment that is site specific for the water extraction point. 2) Pictorial evidence on repair of the stairs and along the access pathway to the water extraction point. 3) Patrolling record of water extraction point by SPO Supervisor which include specifically the checking of the access pathway and stair's condition. 4) Training done on HCV and Conservation area awareness for the executive & staff of Baturong 3 Estate. <p>Conclusion:</p> <p>Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by AL & SH</td> <td>Date closed: 10 Sept 2018</td> </tr> </table>	NC status verified by auditor: Closed by AL & SH	Date closed: 10 Sept 2018
NC status verified by auditor: Closed by AL & SH	Date closed: 10 Sept 2018		
	<p>Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: SH</td> <td>Date verified: 20 July 2019</td> </tr> </table>	NC status verified by auditor: SH	Date verified: 20 July 2019
NC status verified by auditor: SH	Date verified: 20 July 2019		

NC#	MYNI Indicator	Details of NC
SH-02 (Minor)	5.1.3	Date issued: 26 July 2018
		Requirement:
		5.1.3 This plan (Environmental Management Plan) shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures.
		Statement of Nonconformance:
		The Environmental Management Plan was not effectively implemented as water sampling points were not correctly identified and water analysis done was inadequate. Thus monitoring of mitigation measures was not effective.
		Evidence of Nonconformance:
		Location:
		<ol style="list-style-type: none"> 1. At Baturong 1 estate. Water quality analysis was noted to be only conducted at the outlet of the streams flowing out of the estate. No water samples were taken at the inlet points. As such the effectiveness of the mitigation measures taken along the streams was not adequately ascertained. 2. Baturong 3 estate One of the streams in the estate passing through field blocks: 93 C & 93 D was noted to be without the clear extent of the riparian zone or markings. There was no evidence of any water quality analysis conducted at the said stream and no identification of water sampling points were indicated on the map from the inlet to the outlet points.
		Root Cause and Corrective Action(s): by Auditee representative

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		<p>Root cause: The location of water sampling point located at Baturong 1 and Baturong 3 Estate was determined by the external consultant (Kiwiheng Environmental Consultant) who reported to the local authorities (Sabah's Environment Protection Department). Therefore, it is assumed that the current monitoring mechanism is accepted as there is no feedback from the authorities to say otherwise. In addition to that, the other reason of why there is no water sampling taken at the mentioned stream is because the stream is actually seasonal. It only has running flowing water during the wet/raining season and most of the other time it was just</p> <p>For the streams passing through the field blocks 93 C & 93 D at Baturong 3, the surrounding field areas has just undergone re-planting recently. As the old buffer zone demarcation was painted at the tall palm, the estate has yet to reestablish the marking in the area since the palms were felled.</p> <p>Corrective Actions: The management will inform the Kiwiheng consultant to add one more water sampling point at the inlet of the mentioned stream. In the event of the water in the stream is found dried up/stagnant during the scheduled periodical water sampling, then no water sample can be taken. Thus, the record will reflect as such. The riparian reserve at 93D and 93C located at the Baturong 3 Estate will be demarcated accordingly.</p>
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		<p>Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: As submitted via email under the respective CA was additionally verified for actual implementation on site at the estates. The submitted evidences were:</p> <ol style="list-style-type: none"> 1) Map indicating the location of the two new water sampling point 2) Pictures of demarcation of the streams in field blocks 93 C and 93 D 3) Quotation for the additional water sampling point 4) Latest result of the water sampling to the newly added water sampling point will be available on early September 2018 <p>Conclusion: 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 AL & SH
		Date closed: 10 Sept 2018
		Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.
		NC status verified by auditor: SH
		Date verified: 20 July 2019

3.2.4 Year 2018: 4 Observations

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AL-01	4.1.1	<p>Location: Baturong 2 estate</p> <p>The height and roofing for new notice boards which displayed news & instructions should consider the safe height levels for the viewer. Some of the new ones erected were noted low in height.</p>	26 July 2018	20 July 2019	Addressed and closed

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OBS: AL-02	6.8.3	Location: All estates There was evidence of several female field workers had been promoted to 'Mandore' / Group Leaders. The basis for their promotion and change in their role and responsibilities and wages can be more clearly documented and retained.	26 July 2018	20 July 2019	Addressed and closed
OBS: CBK-01	6.10.4	Location: Baturong 1 & 3 estates 1) Contract agreement with the FFB/EFB transporter does not clearly state the period of payment after the services has been provided. 2) It was also noted that agreement stated that the load cannot exceed 18 MT per trip but in instances of overloading, what actions will be taken is not clearly stated.	26 July 2018	20 July 2019	Addressed and closed
OBS: CBK-02	6.12.1	Location: Cantawan & Baturong 3 estates There should be an acknowledgement of receipt by the management when foreign workers hand over their passports for the purpose of renewal of work permit as being assisted by the estates.	26 July 2018	20 July 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 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 and sport facilities.
- 3) The PMU has participated in the IOI Sabah region wide stakeholder consultations and meetings held with the Local authorities and communities as part of commitment to CSR activities for the region.

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 Baturong 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 2019

Communication done via email on 6 Jun 2019 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: No new feedback received from the Sabah Forestry Dept and the other Govt. Agencies.</p>	<p>The PMU had taken actions as required by SFD. Ongoing consultations will be maintained.</p>	<p>Verified during on-site assessment that the PMU has held consultations with the Sabah Forestry Department, as evidenced in stakeholder consultation records in 2019.</p>	<p>No further action required.</p>
<p>Non-Governmental Organizations: No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 19 Jul 2019.</p> <p>A total of 10 stakeholders 2 government agencies, 2 transporter, 3 suppliers, 1 neighbouring estate, 2 shop operators were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> DOE representative: The Mill has started to comply with new requirements of EQA June 2019. DOE would appreciate the timely submission of the Mill reports as required. No other significant issues from the other stakeholders as they are generally positive comments. 	<p>During closing meeting, the feedback was relayed to the Management.</p> <p>Mill Management will continue to make adhere to DOE new requirements and the appropriate actions needed.</p> <p>Ongoing stakeholder consultations will be continued.</p>	<p>It was verified during on-site audit that there were evidences of measures taken which have partly addressed the concerns raised.</p> <p>Thus further follow up to be done during the next Assessment.</p>	<p>To be followed up during the next Assessment.</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from during ASA-04.</p>			

Staff / Workers sampling: POM = 8 male, 7 female Estate Offices = 10 male, 14 female Field/sites visit = 16 male, 31 female No issues raised by the sampled staff and workers.	No response needed.	No response needed.	Nil
Other Interested parties: No feedback received.	No response needed.	No response needed.	Nil

3.3.2 Feedback Raised by Stakeholders: Year 2018

Communication done via email on 12 Jun 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No new feedback received from the Sabah Forestry Dept and the other Govt. Agencies.	The PMU had taken actions as required by SFD. Ongoing consultations will be maintained.	Verified during on-site assessment that the PMU has held consultations with the Sabah Forestry Department, Sabah as evidenced in stakeholder consultation records of 2017 and 2018.	No further action required.
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 26 Jul 2018. A total of 11 stakeholders (3 government agencies, 2 transporter, 3 suppliers, 1 neighbouring estate, 2 shop operators) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations: 1. DOE representative: Mill should comply with new requirements in the Environment Quality Act by June 2019. Management	The PMU will internally communicate the concerns as follows: 1) HQ & Mill Manager to review and consider the appropriate actions needed.	It was verified during on-site audit that there were evidences of some measures are in place which partly addressed the concerns raised.	Verified that appropriate actions were taken during on-site assessment in 2019.

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<p>should take initiative to comply.</p> <p>2. Police Dept. representative: If there are foreign workers who abscond, these must be reported immediately to the Police and Immigration Departments to assist in the tracking on those workers.</p>	<p>2) Respective Mill & Estates Managers to improve the reporting to internal HR Dept. and externally to the Police & Immigration Depts. On the cases of worker abscondment.</p>	<p>Thus further follow up to be done during the next Assessment.</p>	
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from: 23-26 Jul 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 10 males, 9 females Estate Offices = 8 males, 12 females Field/sites visit = 22 males, 35 females</p> <p>No issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</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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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Baturong 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 Baturong Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

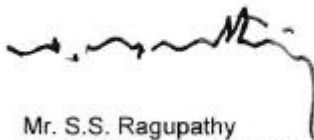


Augustine Loh
Lead Assessor
Date: 8 Nov 2019

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. S.S. Ragupathy
Senior General Manager (Sabah Region)
Date: 11 Nov 2019

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4.2 INTERTEK- RSPO P&C Certificate details for IOI Baturong Grouping

Certificate No:	RSPO 930788
Original Issue date:	08 Oct 2010
Expiry date:	07 Oct 2020
New PalmTrace License Start date:	08 Oct 2019
PalmTrace License End date:	07 Oct 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:	Morisem Sdn Bhd - Baturong POM Grouping
Address of POM:	KM 52, Jalan Kunak-Tawau, Off Road KM3, 91109 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	Identity Preserved (IP)

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

Name	Address	GPS Reference		Mature OP / Production Area (Ha)	Certified (Titled) Area (ha)
		Latitude	Longitude		
Baturong Palm Oil Mill (Capacity: 30 MT/hour)	MDLD 5123, KM3 Jalan Segama, Lock Bag No 15, 91109, Lahad Datu, Sabah <u>Location Address</u> KM 52, Jalan Kunak-Tawau, Off Road KM3, 91109 Lahad Datu, Sabah.	N 04° 45' 18.94"	E 118° 05' 19.25"	-	-
Baturong 1 estate	KM 52, Jalan Kunak-Tawau, Off Road KM6, 91109 Lahad Datu, Sabah.	N 04° 44' 9.66"	E 118° 04' 15.55"	2,194.00	2,992.87
Baturong 2 estate	KM 52, Jalan Kunak-Tawau, Off Road KM25, 91109 Lahad Datu, Sabah.	N 04° 45' 55.59"	E 118° 01' 41.68"	1,788.00	2,434.52
Baturong 3 estate	KM 52, Jalan Kunak-Tawau, Off Road KM14, 91109 Lahad Datu, Sabah.	N 04° 45' 27.80"	E 118° 00' 07.71"	1,204.00	2,056.21
Cantawan Estate	KM 20, Jalan Tungku-Lahad Datu, Off Road KM6, 91109 Lahad Datu, Sabah.	N 05° 03' 56.46"	E 118° 26' 51.50"	925.00	1,452.41

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

Baturong POM	Annual Tonnages (MT)
Certified FFB	132,000
Certified CPO	29,040
Certified PK	6,270
Supply chain module	Identity Preserved (IP)

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 (US) 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.

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Appendix B:

Assessment Plan (Actual)

At HQ site: 12 July 2019

Date	Time	Assessors and Assessment Activity		
		Assessment Team (Lead Assessor: AL)		
12 July 2019	9.00 am – 1.00 pm	Opening Meeting and Briefing at HQ Office (to be attended by representatives from the HQ Management)		
		<ul style="list-style-type: none"> Review of documentation changes (incl. Organisation, Policies, SOPs, and Laws etc.) Evaluation of the Pre-Verification Data Review of Time Bound Plan (TBP) Verification on compliance with Minimum requirements for Multiple Management Units (MMU) Verification of implementation effectiveness for corrective actions on previous NCs 		
	1.00 pm - 2.00 pm	Lunch Break		
	2.00 pm – 4.30 pm	Continue site assessment at HQ		
	4.30 pm – 5.30 pm	Briefing of findings on areas/ issues related to HQ		

At PMU site: 16 – 20 July 2019

Date	Time (Note 3)	Assessors and Assessment Activity		
		Assessment Team		
16 July 2019 (Day 1)	6.00 am – 1.00 pm	Travel to Baturong Palm Oil Mill		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	2.30 pm – 5.30 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		AL	SH	JMD
		Site assessment at Palm Oil 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 Palm Oil Mill <ul style="list-style-type: none"> P2 Laws & regulations P4 Best Practices at POM P5 Environmental, Conservation, HCV & GHG P8 Continual Improvement 	Site assessment at Palm Oil 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"> Verification of effectiveness of corrective actions for non-conformances Review of Time Bound Plan Verification for compliance on Multiple Management Units 		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

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17 July 2019 (Day 2)	8.30 am – 12.30pm	AL Site assessment at Baturong 1 Estate • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement	SH Site assessment at Baturong 1 Estate • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement	JMD Site assessment at Baturong 1 Estate • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue Site assessment at Baturong 1 Estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
18 July 2019 (Day 3)	8.30 am – 12.30pm	AL Site assessment at Baturong 2 Estate • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement	SH Site assessment at Baturong 2 Estate • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement	JMD Site assessment at Baturong 2 Estate • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue Site assessment at Baturong 2 Estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
19 July 2019 (Day 4)	8.30 am – 12.30pm	AL Site assessment at Baturong 3 Estate • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement	SH Site assessment at Baturong 3 Estate • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement	JMD Site assessment at Baturong 3 Estate • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement

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	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Site assessment at Cantawan Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Cantawan Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Cantawan Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
20 July 2019 (Day 5)	8.30 am – 11.00 am	AL	SH	JMD
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement • 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	
	11.00 am – 12.30 pm	Site assessment at POM or estates to follow up on any specific criteria/areas		
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.30 pm	Preparation for Closing Meeting		
	3.30 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative		
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
	5.30 pm – 6.30 pm	Travel to Hotel at Sandakan		

Appendix C-1:

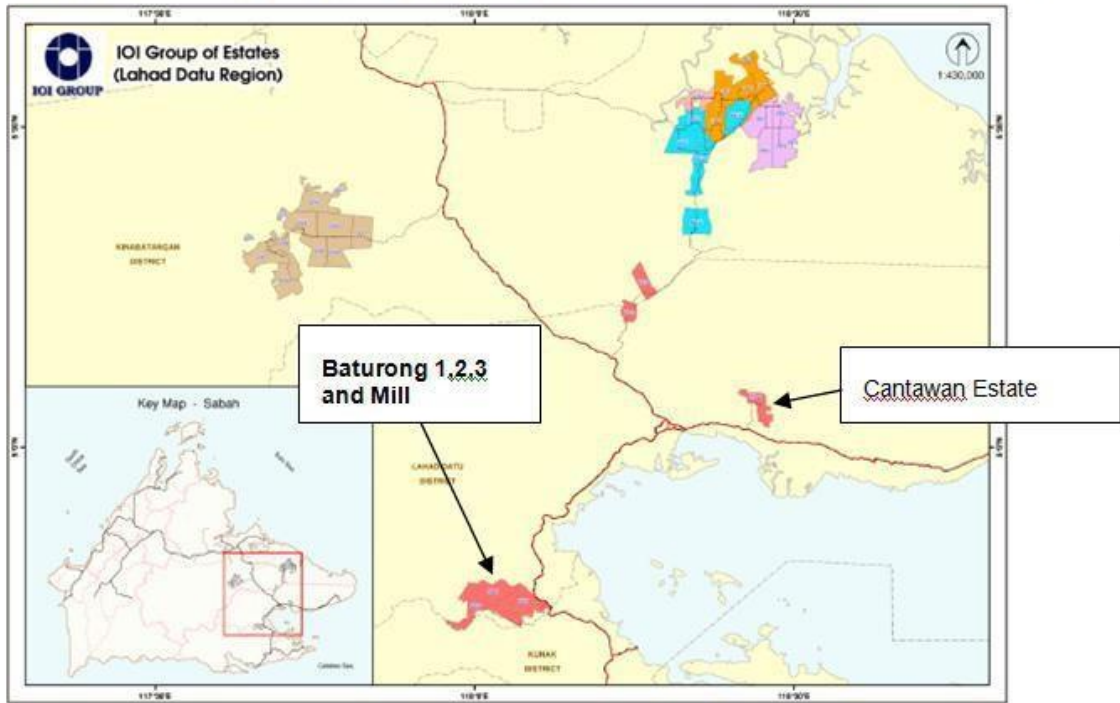
**Location Map of IOI Baturong Grouping, Lahad Datu, Sabah
Scale 1: 200 km**



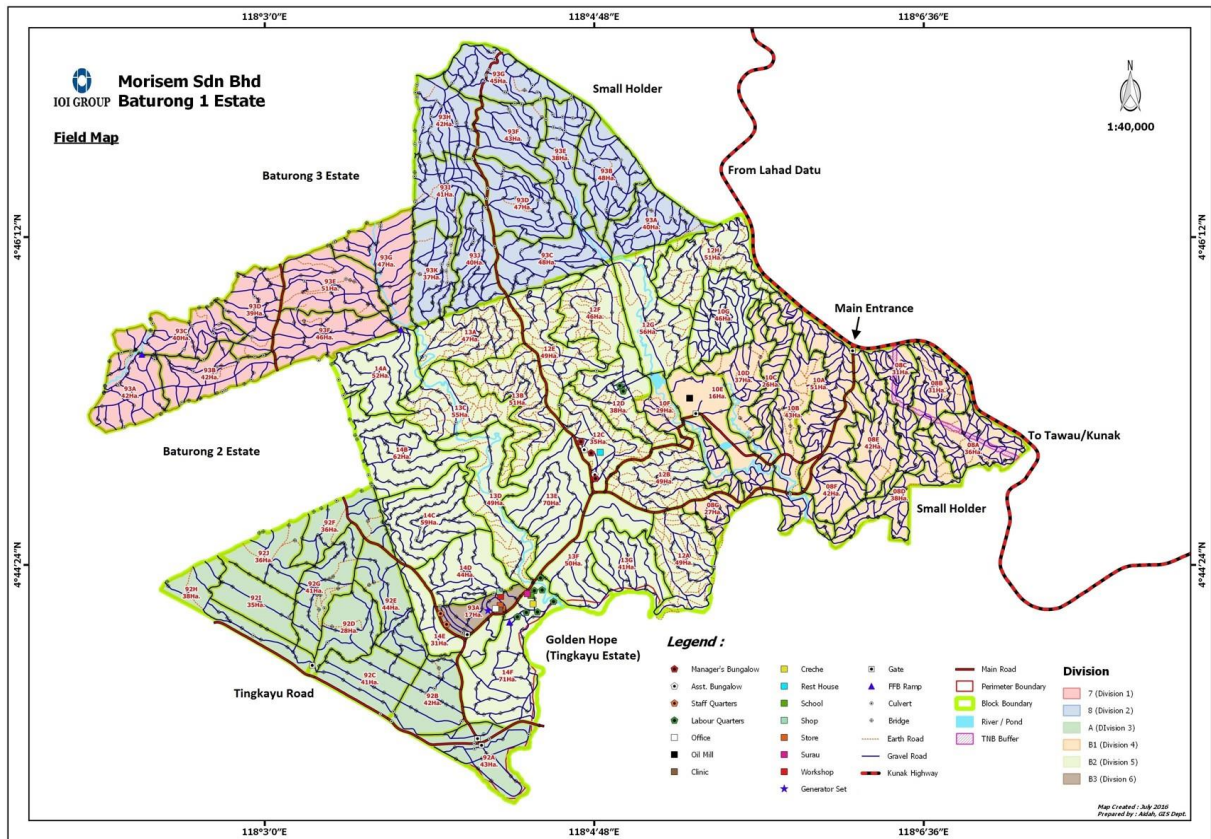
Appendix C-2:

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

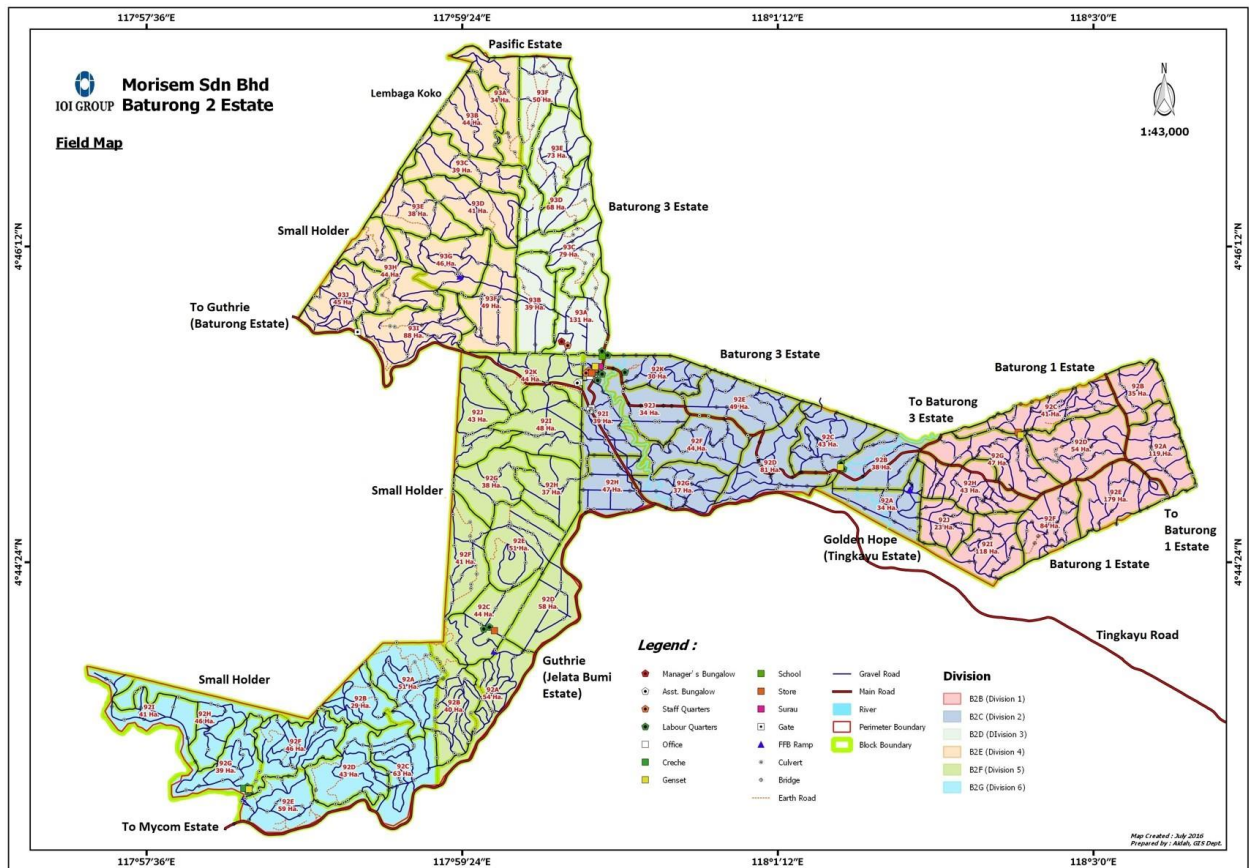
LOCATION OF IOI ESTATES IN LAHAD DATU REGION



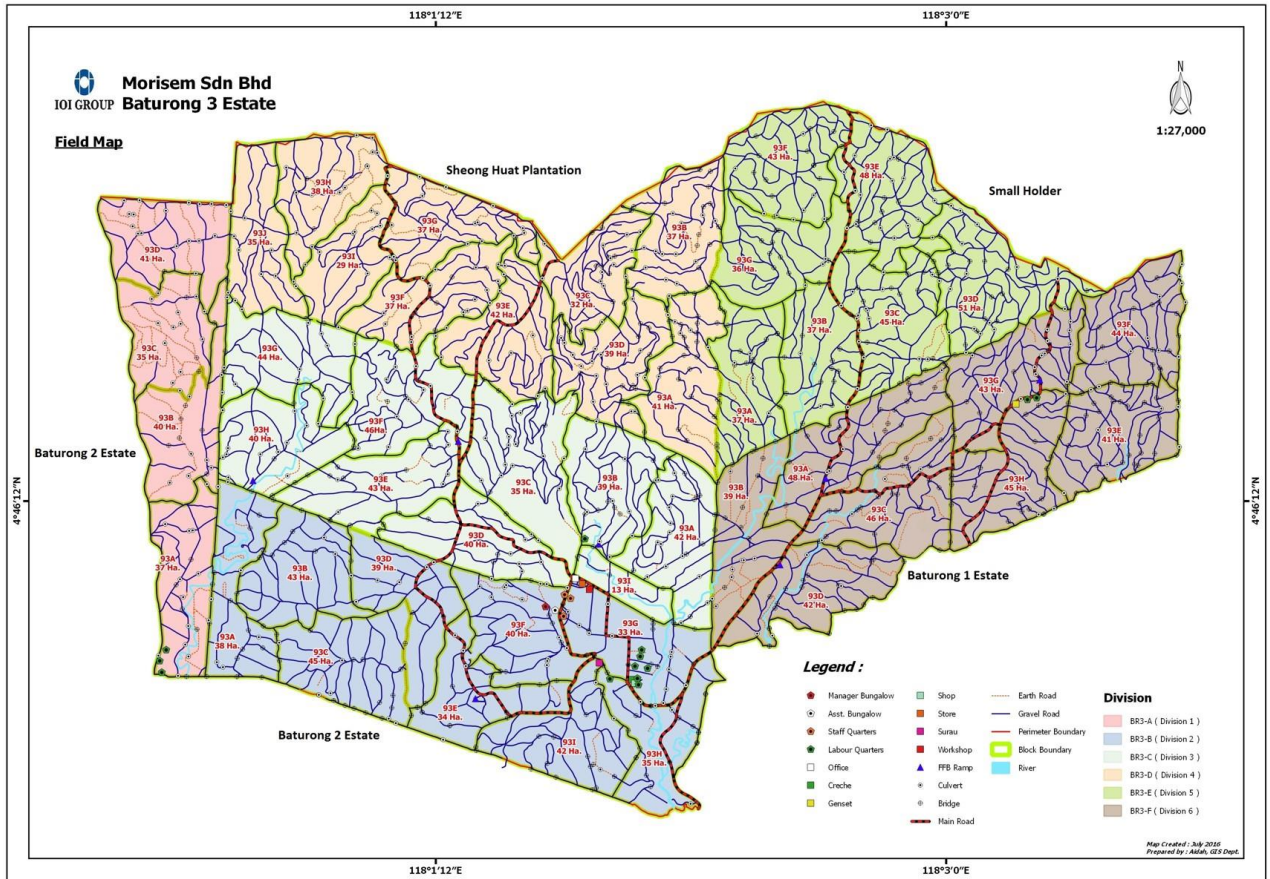
Appendix C-2-1: Map of Baturong 1 Estate



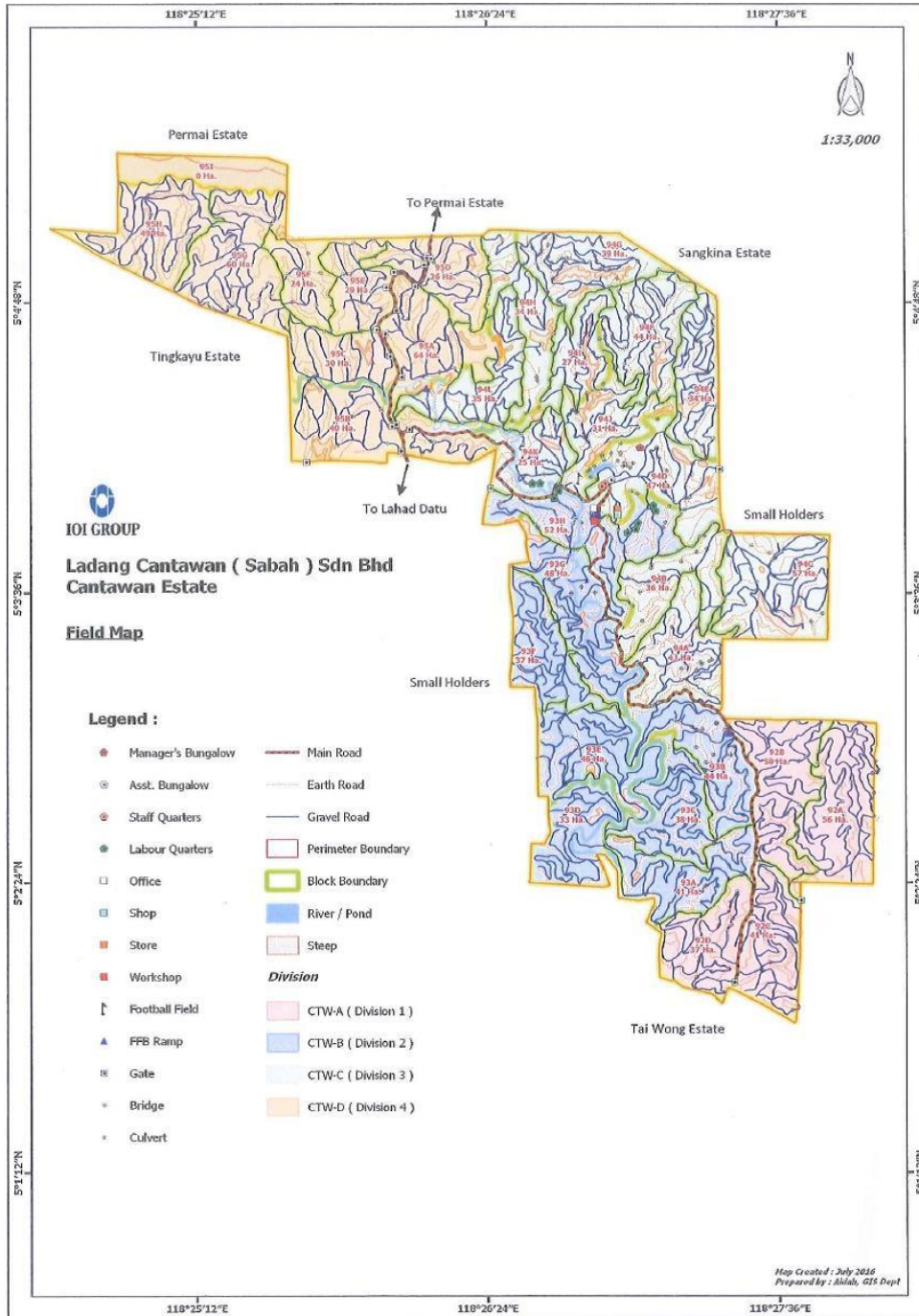
Appendix C-2-2: Map of Baturong 2 Estate



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



Appendix C-2-4: Map of Cantawan Estate



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Appendix D:

Time Bound Plan

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

No	PMU	Supply Bases (Estate Name)	Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1, 4.5.3 & 4.5.4 RSPO Certification Systems for Principles & Criteria
1.	Pamol (Sabah) POM, Sabah	Meliau, Nangoh, Rungus, Tindakan, Ulu, Sugut & Bayok	May 2008	Re-Certified in November 2016	ASA-02 completed in September 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-04 completed in May 2019	In the progress of closing the NCs
5.	Baturong POM	Baturong 1, Baturong 2, Baturong 3 and Cantawan	Sept 2009	Re-Certified in Oct 2015	ASA-03 completed in July 2019.	In the progress of closing the NCs
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	No outstanding issues
9.	Leepang (Sabah) POM	Morisem 5, Leepang 1, Leepang 5, Permodalan 1, Permodalan 2, Permodalan 3, Permodalan 4	Aug 2012	Pending for Cert Issuance	Recertification audit completed in November 2018	No outstanding issues.
10.	Syarimo POM	Syarimo 1, Syarimo 2, Syarimo 3, Syarimo 4, Syarimo 5, Syarimo 6, Syarimo 7,	Sept 2012	Re-certified in Mar 2018	ASA-01 audit completed in January 2019.	No outstanding issues

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		Syarimo 8 and Syarimo 9				
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.	No outstanding issues
12.	Morisem POM, Sabah	Morisem 1, Morisem 2, Morisem 3, Morisem 4, Leepang 2, Leepang 3, and Leepang 4	Sept 2013	Certified in Dec 2013	Recertification audit completed in September 2018	No outstanding issues
13.	Unico POM-1, Sabah	Unico 6, Ladang Asas (Tas & Halusah), 31 outgrowers and 1 Collection Centre	Planned - 2018	Certified in July 2018	ASA-01 audit completed in April 2019.	No outstanding issues 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.	No outstanding issues Outgrowers are not part of the certified area
15.	IOI – Pelita, Sarawak	Sejap and Tegai	Planned – TBC as it is in the resolution process	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is in the resolution process	<p>On 18 January 2019, IOI retained the services of the Community's Information and Communication Centre (CICOM), a local NGO, to conduct Community Capacity Building program, which is the main component of Stage I of the Resolution Plan.</p> <p>In mid-March 2019, IOI and CICOM launched the Community Capacity Building program, the purpose of which was to do the following:</p> <ul style="list-style-type: none"> • Double check whether the communities have good understanding of a) RSPO Principles & Criteria on conflict resolution, b) Free, Prior and Informed Consent process, and c) Resolution Plan itself; • Provide affected communities with any needed advice and technical expertise; • Gather community grievances, on the basis of which the Community Participatory Mapping would be designed.

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						<p>CICOM completed the Capacity Building Program at the end of June 2019.</p> <p>Currently, with input from all stakeholders, including the State of Sarawak Government, IOI is evaluating options in regards to the surveyors to be involved in the Community Participatory Mapping.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <ul style="list-style-type: none"> (a) IOI Pelita Land Dispute Resolution Plan (b) Current progress on IOI Pelita Land Dispute Resolution Process (c) https://www.ioigroup.com/Content/MEDIA/M_Media?Category=7 (d) RSPO Case Tracker – IOI Pelita Status of Complaints
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 September 2019	<p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "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 (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has</p>

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						<p>successfully met all the requirements set by the Complaints Panel."</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>The RSPO P&C audit is expected to be conducted in August 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	In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in September 2019	<p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "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 (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements set by the Complaints Panel."</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>

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						The RSPO P&C pre-audit to be conducted in September 2019. Pending issuance of HGU.
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 September 2019	<p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "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 (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements set by the Complaints Panel."</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>The RSPO P&C pre-audit to be conducted in September 2019. 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>

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						https://rspo.org/certification/new-planting-procedures/public-consultations/ioi-group-pt-kalimantan-prima-agro-mandiri HCSA Peer Review Assessment completed on 14 May 2018. The HCSA Peer Review Report and Summary Report could be assessed through the link below: http://highcarbonstock.org/registered-hcs-assessments/

CB Evaluation and verification:

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. Monitoring done of the Timebound Plan and details of progress provided by IOI Group units were evaluated and actions taken found to be appropriate and satisfactory in complying with the RSPO requirements.

- End of Report -