

IOI Corporation Berhad

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

PLANTATION MANAGEMENT UNIT

Pukin Grouping

Rompin and Muadzam Shah (Pahang),
Segamat and Tangkak (Johor), Malaysia



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Assessment Report

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(188296-W)

Report No.: R2020/10-8 IOI Corporation Berhad, Pukin Grouping
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ANNUAL SURVEILLANCE ASSESSMENT

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Pukin Grouping

Rompin & Muadzam Shah (Pahang), Segamat & Tangkak (Johor), Malaysia

Certificate No:

Issue Date (Re-Cert):

Expiry date:

RSPO 927888

13 Jun 2016

12 Jun 2021

Assessment Type

Re-Certification Assessment

Verification cum Annual Surveillance

Assessment-01

Annual Surveillance Assessment (ASA-02)

Assessment Dates

28 Mar – 1 Apr 2016

20–23 Mar 2017

19–22 Mar 2018

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This **Surveillance Assessment (ASA-02)** was conducted on the Plantation Management Unit (PMU) Pukin Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **19–22 Mar 2018**, to assess the organization's operations of the mill and its supply bases for compliance against the **RSPO Principles and Criteria (Apr 2013)**, **Malaysian National Interpretation (MYNI 2014)** and the **RSPO Supply Chain Certification Standard (Jun 2017) for the Palm Oil Mill**.

The plantation management unit (PMU) or management unit is equivalent to a certification unit as defined in the RSPO Certification Systems Document. Each PMU consists of one mill and its supply bases which are made up of estates owned and/or managed by IOI.

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

The Pukin Grouping consists of one (1) palm oil mill, namely Pukin Palm Oil Mill and five (5) estates only as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The location maps are provided in **Appendix C**.

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

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

Note: After the last assessment, Laukin A Estate has been removed from Pukin Grouping and placed under IOI Bukit Leelau Grouping).

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1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Pukin Grouping PMU are currently from the abovementioned 5 estates which are owned by IOI. Verification done on site during current 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 to the PMU are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) (Year 2016)		Area Summary (ha) – Current (Jan to Dec 2017)	
	Certified Area	Planted Area	Certified Area	Planted Area
Pukin Estate	2,428.12	2,188.00	2,428.12	2,173.00
Shahzan 1 Estate	1,562.95	1,518.00	1,562.98	1,512.00
Shahzan 2 Estate	1,640.77	1,601.00	1,640.74	1,601.00
Segamat Estate	1,896.27	1,718.00	1826.89 (Note 3)	1,702.00 (Note 3)
Bukit Serampang Estate	2,564.46	2,558.00	2,564.46	2,558.00
Total:	10,092.57	9,583.00	10,023.19	9,546.00

Notes:

- This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplatable areas including HCV (if any) marked out at the estates.
- The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and any high conservation value areas.
- Reduction in certified area and planted area for Segamat Estate is due to land acquired by IOI Properties for conversion to housing since May 2015.

1.4 Summary of plantings and cycle

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

Table 3: Age Profile of Planted Oil Palm (Year 2017)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Pukin Estate	1999	2 nd	2,173	0	2,173
	2001	2 nd			
	2004-2010	2 nd			
Shahzan 1 Estate	2000	1 st	1,512	0	1,512
	2003	1 st			
Shahzan 2 Estate	2002-2003	1 st	1,601	0	1,601
Segamat Estate	1989	1 st	1,262	440	1,702
	1991	1 st			
	1993-1997	1 st			
	2001	1 st			
	2002-2004	2 nd			
Bukit Serampang Estate	1993-2002	1 st	2,558	0	2,558

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	2007	1 st			
	2011	1 st			
	2012	2 nd			
		Total	9,106	440	9,546

1.5 Summary of Land Use - Conservation and HCV Areas

The summary of Conservation and HCV Areas as identified in the PMU during this assessment is as shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	Year 2016 Hectarage – Ha	Year 2017 Hectarage – Ha
1	Planted Area (ha) – Oil Palm		
	- Mature (Production)	10,401	9,106
	- Immature (Non-Production)	233	440
2	Conservation Area (ha)		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	493	36.82*
3	HCV Area (ha)		
	- comprising buffer zones near river riparian, forest reserves, water catchments, burial & religious sites	15	15

*Note: The significant change in conservation area is due to the transfer of Laukin A Estate to IOI Bukit Leelau Grouping (another IOI certified PMU). Laukin A Estate has a large unplatable area of 412.19 ha.

1.6 Other certifications held and Use of RSPO Trademarks

IOI-Pukin Grouping is also certified to the International Sustainability and Carbon Certification (ISCC). The RSPO's trademarks and logo are not being 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:

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Sustainability Coordinator / Head

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Manager

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IOI Plantation Services Sdn Bhd

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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 Pukin Grouping based on the reporting period for current assessment are as shown in Table 5 below:

Table 5: Tonnages Verified for Certification (Jan to Dec 2017)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	RSPO P&C Certification By CB
1.	Pukin Estate	42,737.00	Pukin Oil Mill	Intertek
2.	Shahzan 1 Estate	41,729.44	Pukin Oil Mill	Intertek
3.	Shahzan 2 Estate	47,301.35	Pukin Oil Mill	Intertek
4.	Segamat Estate	32,142.92	Pukin Oil Mill	Intertek
5.	Bukit Serampang Estate	58,673.80	Pukin Oil Mill	Intertek
A	Sub-Total Pukin PMU estates	222,584.51		
1	Leepang A estate	2065.18	*Bukit Leelau Oil Mill	SIRIM
2	Laukin A Estate	531.98	*Bukit Leelau Oil Mill	SIRIM
3	Mekassar Estate	434.75	*Bukit Leelau Oil Mill	SIRIM
4	Merchong Estate	515.64	*Bukit Leelau Oil Mill	SIRIM
5	Bukit Leelau Estate	461.91	*Bukit Leelau Oil Mill	SIRIM
6	Detas Estate	443.92	*Bukit Leelau Oil Mill	SIRIM
7	Sagil Estate	231.42	*Gomali Oil Mill	Intertek
8	Jasin Lalang Estate	194.34	*Gomali Oil Mill	Intertek
B	Sub-Total Other IOI certified estates:	4,879.14		
	Total:	227,463.65		
C	External / Other Suppliers	0		

*Note: FFB crop diverted from estates under IOI Bukit Leelau Grouping (CB-SIRIM) and IOI Gomali (CB – Intertek).

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

Table 6: Annual Tonnages of FFB

Estate / Supplier	FFB Processed in Year 2016 - Actual		FFB Processed in Year 2017 - Actual		FFB for Processing in Year 2018 - Projected	
	MT	%	MT	%	MT	%
Pukin Grouping	228,941.13	98.03	222,584.51	97.85	242,320	100
Certified PMUs under IOI Group	4,594.65	1.97	4,879.14	2.15	0	0
Total	233,535.78	100	227,463.65	100.00	242,320	100
SCCS Model for POM	IP		IP		IP	

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1.8.3 The annual certified tonnages of CPO and PK production by the PMU from the supply base/suppliers as assessed and verified during the current assessment are detailed as shown in Table 7 below:

Table 7: Annual Certified Tonnages of CPO and PK

POM	Year 2016 - Actual		Year 2017 - Actual		Year 2018 - Projected	
Total Certified FFB Processed (MT)	233,535.78		227,463.65		242,320	
Total Certified CPO Production (MT)	52,788.50	OER: 22.60%	46,726.01	OER: 20.54%	55,128	OER: 22.75%
Total Certified PK Production (MT)	11610.30	KER: 4.97%	9,624.04	KER: 4.23%	10,904	KER: 4.50 %

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 Plantation Management Units (PMU) which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia.

Currently, 12 of its PMUs have been certified with another 7 managed units still 'non-certified'.

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

On overall, IOI Group had declared its commitment to complete RSPO certifications on all its 'non-certified' units, targeted by 2019.

In addition, IOI Group had also submitted a positive assurance statement to assure its commitment to continued compliance with RSPO requirements for all its certified and non-certified units.

IOI had conducted an internal audit on the uncertified units to determine its compliance against Clause 4.5 (Minimum requirements for multiple management units) of the RSPO Certifications Systems for Principles & Criteria (Jun 2017). The Internal audit reports had identified the issues involved, on-going corrective actions and monitoring.

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

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

The publicly available updates of announcements on the progress of formal complaints as documented by RSPO and responses made by IOI Group are continually reviewed by Intertek to ensure that all issues as formally lodged and recorded against the IOI Group units are duly considered prior to conducting any new or ongoing certification assessments.

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1.10 Abbreviations Used

CB	Certification Body	LTA	Lost Time Accidents
CHRA	Chemical Health & Risk Assessment	Intertek	Intertek Certification International Sdn Bhd
CPO	Crude Palm Oil	IOI	IOI Corporation Berhad
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
IPM	Integrated Pest Management	POME	Palm Oil Mill Effluent
ISCC	International Sustainability & Carbon Certification	PPE	Personal Protective Equipment
IUCN	International Union for Conservation of Nature	SCCS	Supply Chain Certification Standard
KER	Kernel Extraction Rate	SOP	Standard Operating Procedures

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since **14 Feb 2018**, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on Pukin Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From **19–22 Mar 2018**, the Assessment team conducted the current assessment in which 3 out of the 5 estates of Pukin Grouping, namely Pukin, Segamat and Bukit Serampang estates, as well as the palm oil mill were assessed for compliance against the RSPO requirements.

The number of estates sampled was based on the sampling methodology provided under the **RSPO Certifications Systems for Principles & Criteria (Jun 2017) i.e. minimum sample of x estates = $(0.8\sqrt{y}) \times z$** , where y is the number of estates and z is the multiplier as defined by the risk assessment. The z multiplier value was determined as High Risk ($z = 1.4$) 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, hectarage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team using the process approach auditing technique 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).

Pukin Grouping POM was also assessed against the requirements of 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 the 'Identity Preserved' - 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 made.

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 and the External Peer Reviewer (only required for Initial / Re-Certification assessments) prior to the approval of this report and decision on continued certification by Intertek.

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

Details of the findings and actions taken are provided in **Section 3.2 of this report**.

2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment to be carried out within a 12-month period prior to the annual certificate anniversary expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

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, NGOs, suppliers and contractors.

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs (by emails)

36. All Women's Action Society (AWAM)
37. BCSDM - Business Council for Sustainable Development in Malaysia
38. Borneo Child Aid Society (Humana)
39. Borneo Resources Institute Malaysia (BRIMAS)
40. Borneo Rhino Alliance (BORA)
41. Center for Orang Asli Concerns COAC

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42. Centre for Environment, Technology and Development, Malaysia - CETDEM
43. Eco Knights
44. ENO Asia Environment
45. Environmental Management and Research Association of Malaysia (ENSEARCH)
46. Environmental Protection Society Malaysia (EPSM)
47. Friends of the Earth, Malaysia
48. Future in Our Hands Society, Malaysia
49. Global Environment Centre
50. HUTAN - Kinabatangan Orang-utan Conservation Programme
51. Institute of Foresters, Malaysia (IRIM)
52. JUST - International Movement for a Just World
53. Malaysian CropLife & Public Health Association (MCPA)
54. Malaysian Environmental NGOs - MENGO
55. Malaysian National Animal Welfare Foundation – MNAWF
56. Malaysian Nature Society Johor
57. Malaysian Nature Society Pahang
58. Malaysian Plant Protection Society (MAPPS)
59. National Council of Welfare & Social Development Malaysia - NCWSDM
60. National Union of Plantation Workers (NUPW)
61. Partners of Community Organisations (PACOS)
62. Pesticide Action Network Asia and the Pacific (PAN AP)
63. Proforest - South East Asia Regional Office
64. R.E.A.C.H. - Regional Environmental Awareness Cameron Highlands
65. SUARAM - Suara Rakyat Malaysia
66. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
67. Sustainable Development Network Malaysia (SUSDEN)
68. Tenaganita Sdn Bhd
69. The Malaysian Forum of Environmental Journalist (MFEJ)
70. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
71. Transparency International - Malaysian Chapter
72. Treat Every Environment Special Sdn Bhd. (TrEES)
73. United Nations Development Programme - UNDP Malaysia
74. Wetlands International (Malaysia)
75. Wild Asia Sdn Bhd
76. World Wide Fund for Nature (WWF) Malaysia

Local community (On-site interviews)

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

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1		
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
<p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Minor Compliance</p>	<p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. The evidences verified and followed up during current assessment include the following:</p> <p>Sept 2017: IOI submitted its Sustainability Report http://www.ioigroup.com/Content/S/S_Policy IOI uploaded the Social Responsibility report by BSR http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>IOI had provided a detailed response to the Greenpeace report “A Deadly Trade-Off” dated 27 Sep 2016 concerning policy violations in IOI’s third-party supply chain – for more details, please refer to: http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819 On 28 Apr 2017, Greenpeace announced their decision to suspend their campaign against IOI Corporation and re-engage with the company. (http://www.greenpeace.org/international/en/press/releases/2017/Palm-oil-giant-IOI-moves-to-eliminate-deforestation-and-human-rights-abuses-from-supply-chain/)</p> <p>Date of public notification of this assessment of the PMU was made on 14 Feb 2018.</p> <p>There were no further request for information/issues from external stakeholders.</p>	<p>Complied</p>
<p>1.1.2 Records of requests for information and responses shall be maintained.</p> <p>Major Compliance</p>	<p>The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates have conducted their respective internal and external stakeholders’ consultations.</p> <p>Meeting minutes were adequately maintained. The meetings and consultations were noted to be attended by the various categories of stakeholders.</p> <p>Records of participants and feedback given were maintained and appropriate actions taken.</p>	<p>Refer to Minor NC# JMD-01 (6.2.3)</p>
Criterion 1.2		

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Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Indicators	Findings and Objective Evidence	Compliance
<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: 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 08 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. The SPOP was further revised on 12 Jun 2017. (http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845) (see Appendix F).</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> • land titles/user rights, • occupational health and safety plan, • plans and impact assessments relating to environment and social impacts, • pollution prevention plans, • details of complaints & grievances, • negotiation procedures • continuous improvement plan • Public summary of certification assessment report. • Human Rights Policy. <p>Since then, further changes were implemented accordingly and these include:</p> <p>Sep 2017: IOI submitted its Sustainability Report http://www.ioigroup.com/Content/S/S_Policy IOI uploaded the Social Responsibility report by BSR http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>12 Jan 2018: IOI Group on Pelita Sdn Bhd, Sarawak http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869</p> <p>29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</p> <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention.</p>	<p>Complied</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>	<p>Complied</p>

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<ul style="list-style-type: none"> Occupational health and safety plans (Criterion 4.7); 	<p>Safety Policy and HIRAC documented for the mill and estates. The HIRAC was also reviewed on 02 Jan 2018.</p> <p>Occupational Safety and Health Plans have been established and documented for the POM and estates.</p> <p>The Plans had been reviewed (annually), up-dated and approved by the respective managers for the mill and estates.</p> <p>The OSH Programme 2018 include the following:</p> <ul style="list-style-type: none"> Safety & Health Committee meetings were held quarterly. Annual medical surveillance, Accident Reporting & Investigation, Workplace inspection, CHRA assessment, Air compressors annual inspection, Warning signs, Chemical Register, SOP for safe work, PPE usage, MSDS/CSDS, JKKP 8 reporting of accidents annually, Emergency Response Plan (ERP), Emergency drills, Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), Monthly KPI Report on HSE performance, Monthly Safety inspection & audit by Safety Officer, <p>CHRA report issued in Apr 2014 is still valid and recommendations were verified to have been adhered on-site. Next CHRA assessment scheduled for year 2019.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>Environmental aspect and impact assessment conducted for the POM and estates and reviewed in Mar 2018. Management Action Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment was also carried out and suitably reviewed in Feb and Mar 2018 by the IOI Sustainability Team together with the respective Mill and Estate Managers. Positive and negative impacts identified. Action plans were documented and implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> HCV documentation summary (Criteria 5.2 and 7.3); 	<p>The Assessment report on 'Internal HCV and Conservation Areas' were reviewed on 05 Mar 2017. 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 were reviewed in Mar 2018. 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, glass, plastic, 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>Complied</p>

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	<p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI: (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 (2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/4</p>	
<ul style="list-style-type: none"> Negotiation procedures (Criterion 6.4); 	<p>Presently, there is no conflict/dispute requiring negotiation or compensation pertaining to this criterion at this PMU. Negotiation procedure and flowchart was maintained Note: The status on the ongoing negotiations on land issues against IOI Group plantations at Sarawak and Kalimantan, Indonesia were accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Timebound Plan</p>	<p style="text-align: center;">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 style="text-align: center;">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 style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> Human Rights Policy (Criterion 6.13). 	<p>The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised on 12 Jun 2017. The said policy was further revised in Oct 2017 - refer to: 31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewslD=856 Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.</p>	<p style="text-align: center;">Complied</p>
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<p>Indicators</p> <p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance</p>	<p>Findings and Objective Evidence</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 topics highlighted included the following:</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 	<p style="text-align: center;">Complied</p>

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	<p>Environment</p> <ul style="list-style-type: none"> - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Copies of the policy were found to be displayed at prominent locations in the POM and estates.</p> <p>Refer also to:</p> <p>29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report</p> <p>http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	
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Principle 2: Compliance with applicable laws and regulations

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 Requirements Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed 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>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p>	Complied

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	<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. Noise Monitoring Report is available.</p> <p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p>	
<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 Requirements Register.</p> <p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p>	Complied
<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>The PMU had also conducted an internal audit for determining compliance of its operations with legal requirements and records were maintained.</p>	Complied
<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</p> <p>The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
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>	Refer to NC raised under RSPO SCC D.1.1
<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 use.</p> <p>Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the estates.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied

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<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>	<p>Complied</p>
<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>	<p>Not applicable</p>
<p>2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance</p>	<p>There are no land disputes in the PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	<p>Not applicable</p>
<p>2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance</p>	<p>No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	<p>Not applicable</p>
<p>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.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance</p>	<p>Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the POM and Estates were available and maintained. The lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area. The existing estates are not encumbered by any customary land rights and therefore the process of participatory mapping is not required.</p>	<p>Complied</p>
<p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: 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</p>	<p>The estate lands were acquired from private plantation owners or leased from the States of Pahang and Johor for a period of 99 years. Records are available to show such land acquisition complied with legal requirements without infringement of any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>

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<p>operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p>		
<p>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	<p>No cases of land claims in this PMU. As such this process is not applicable for verification.</p>	<p>Not applicable</p>
<p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	<p>This process is not applicable during current assessment.</p>	<p>Not applicable</p>

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

<p>Criterion 3.1</p>		
<p>There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>		
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 (FY 2016/2017 to FY 2020/2021) for the PMU have been prepared by the Palm Oil Mill and estates. 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 monitor 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>

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<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 2024/2025 for the audited estates as follows:</p> <p>The replanting areas (ha) are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Estate</th> <th style="text-align: center;">2017/18</th> <th style="text-align: center;">2018/19</th> <th style="text-align: center;">2019/20</th> <th style="text-align: center;">2020/21</th> <th style="text-align: center;">2021/22</th> <th style="text-align: center;">2022/23</th> <th style="text-align: center;">2023/24</th> <th style="text-align: center;">2024/25</th> </tr> </thead> <tbody> <tr> <td>Segamat</td> <td style="text-align: center;">0</td> <td style="text-align: center;">161</td> <td style="text-align: center;">166</td> <td style="text-align: center;">60</td> <td style="text-align: center;">44</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Pukin</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">185</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">143</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Bukit Serampang</td> <td style="text-align: center;">175</td> <td style="text-align: center;">0</td> <td style="text-align: center;">91</td> <td style="text-align: center;">103</td> <td style="text-align: center;">179</td> <td style="text-align: center;">268</td> <td style="text-align: center;">366</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> <p>A replanting cycle of 25 years has been adopted by the group.</p>	Estate	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Segamat	0	161	166	60	44	0	0	0	Pukin	-	-	185	0	0	0	143	0	Bukit Serampang	175	0	91	103	179	268	366	0	<p>Complied</p>
Estate	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25																														
Segamat	0	161	166	60	44	0	0	0																														
Pukin	-	-	185	0	0	0	143	0																														
Bukit Serampang	175	0	91	103	179	268	366	0																														

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

Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p>	<p>Documents on SOP had been maintained by the POM and the Estates which were verified to be in order.</p> <p>POM has documented SOPs for its operations. The procedures included the following:</p> <ol style="list-style-type: none"> 1. Palm Oil Mill Operation from reception of FFB, Operations for Laboratory, Biogas Plant, Polishing Plant, Water Treatment Plant, Boiler, Engine room, Workshops etc. for the processing until the delivery of processed oil and POME management. This was revised i.e. Doc No IOI/StOP/A on 01 July 2017 (Issue 02). 2. Quality, Environmental and Occupational Health & Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling. 3. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the POM includes hazards identification, risk Audit and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and “permit to work system” for the mill. 4. SOP for Supply Chain: RSPO/SOP/COC/3, Issue 5, dated 1 Jan 2018 (revised) <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at POM.</p> <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> 1. Group SOP for Estate Operation. The SOP describes operational procedure for oil palm DxP seed production, planting density, pre-nursery seedlings, land clearing & preparation, oil palm planting technique, leguminous cover plant, fertilizer application for immature & mature palms, weeding, integrated management of rat control, bagworm control, road maintenance, workshop, harvesting, buffalo healthcare, etc. 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 with specified buffer zones. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at Estates.</p>	<p>Complied</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>The implementation of the SOPs was verified to be consistently performed.</p> <p>Records of implementation were verified which included system monitoring via Internal audits and Operational activities i.e. daily, weekly and monthly Field inspections.</p> <p>Verified that the monitoring was done by trained and competent personnel e.g. Sustainability team (for internal audits) and Field Supervisors and experienced Mandores (for field operations)</p> <p>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.</p> <p>On-site assessment confirmed that the records were satisfactorily maintained.</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.</p> <p>Daily Muster chits and briefing records were available at POM and at estates.</p> <p>Actual operational and field activities were verified during on-site field inspection at the POM and estates audited.</p> <p>Verified that estates monitoring records on spraying, manuring and harvesting operations were maintained and available during inspection at the estates visited namely: Segamat (at the Genuang and Bukit Siput divisions), Bukit Serampang and Pukin.</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 the estates within the PMU estates grouping as verified from the records that indicate the source origin of FFB were from the Pukin grouping 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>SOPs for GMP as established are maintained and reviewed by the Estates Management.</p> <p>Agronomist reports under the IOI Research Centre and recommendations were sighted and available.</p> <p>Agronomist reports were sighted at: Segamat, Bukit Serampang and Pukin estates which were dated between 2 and 28 March 2017.</p> <p>Annual fertilizer inputs had been reviewed by the Agronomist and monitoring records were also reviewed by the respective Estate management.</p> <p>GAP for minimization of soil erosion and maintenance of soil fertility is also maintained via the frond stacking and selective pesticide weeding activities.</p> <p>Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels.</p> <p>Pesticides spraying records were available and maintained.</p> <p>Verified data at estates: Segamat, Bukit Serampang and Pukin.</p> <p>Sample checked for usage and inventory records for the months between Nov 2017 and current in March 2018 was made.</p> <p>Evidences provided and field inspection done during audit verified that good agricultural practices were adhered.</p>	<p>Complied</p>

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<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>The fertilizer application records at Segamat, Bukit Serampang and Pukin over the past 12 months were sample checked. Noted that among the types of fertilizers applied were: NK mixture, NPK, Ammonium Chloride (AC), MOP, RP and Kieserite</p> <p>The monthly summary of fertilizer applied per hectare had been verified to be satisfactorily maintained and updated.</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 (2014-2019) were maintained.</p> <p>The leaf sampling and analysis reports for year 2017 were sighted.</p> <p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency were satisfactorily adhered at the estates audited.</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), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>Geotubes are still in used to filter the suspended solids from the POME and the adequately dried and caked solids were bagged and sent to the estates for field application as organic fertilizer. Circle EFB mulching had been carried out at immature palms and for mature areas along the inter-row. Records of the quantities of EFB mulching including locations applied were maintained at Segamat, Bukit Serampang and Pukin estates.</p> <p>Land irrigation of effluent water discharges had ceased since 2014. Verified that dried POME are bagged and applied in the designated field blocks at the estates audited.</p> <p>Location: At Segamat estate</p> <p>It was noted that several heaps of Empty Fruit Bunches delivered to Field blocks: 02A had not been levelled into a single layer and not done in a timely manner as required by the company's SOP. Some vegetation were seen growing out of these heaps of EFB.</p>	<p>Minor NC# AL-01</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>Based on the soil maps and field visit verification done on-site, there was no fragile soil or marginal soils on the estates. Soil series were noted as follows:</p> <p>Segamat estate: mainly Telemong- Alluvium, Batu Anam-Shale, Malacca</p> <p>Bukit Serampang: mainly Marang, Laterite and Munchong.</p> <p>Pukin: Batu Anam, Malacca, Bungor and Durian</p> <p>Maps are of appropriate scale were maintained.</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>The PMU has a SOP (Best Management Practices) for erosion control during replanting or any activities involving earth disturbance. Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>No soil erosion encountered at estates audited as leguminous cover crop, <i>macuna bracteata</i> was well established.</p> <p>Planting terraces constructed on land with slope more than 6°.</p>	<p>Complied</p>
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Road maintenance programmes and budgets allocated for year 2017/2018 are available at the estates audited.</p> <p>The programme covers road grading, compacting and patching which were progressively implemented. Sample records at the</p>	<p>Complied</p>

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	estate had indicated completion between 30% and 50% of the total chains/lengths allocated. Estate roads were verified to be in satisfactory condition at the fields visited.	
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	It was confirmed during on-site assessment that there is no presence of any peat soil on the estates.	Not Applicable
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	There was no peat soil on the estates as confirmed by auditor's on-site assessment	Not Applicable
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	Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.	Complied
Criteria 4.4 Practices maintain the quality and availability of surface and ground water.		
Indicators	Findings and Objective Evidence	Compliance
4.4.1 An implemented water management plan shall be in place. Minor Compliance	<p>Documented water management plan verified to be in place for the palm oil mill and estates.</p> <p>The plans had included steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>Water samples were taken twice a year at upstream, midstream and downstream of streams and tested for Turbidity, Heavy metals, Coliform colonies etc. and checked against the DOE - Water Quality Index.</p> <p>The water supply for domestic use to staff and workers' housing at the Segamat and Bukit Serampang estates are piped water from the water treatment plant operated by the government utility company, Suruhanjaya Perkhidmatan Air Negeri (SPAN) that comply with the Specification for Drinking Water Quality.</p> <p>The water for domestic use at Bukit Serampang Estate is extracted from mountain water source of Gunung Ledang. Water samples taken twice a year and tests carried out on parameters (Turbidity, E. Coli, Total Coliform, aluminium, iron, manganese, etc.) to meet the SPAN and Ministry of Health Specification for Drinking Water Quality.</p> <p>The water for domestic use at Pukin Estate is from the water treatment plant in the POM that draws water from Sungai Pukin. Water samples taken twice a year and tests carried out on parameters to meet the SPAN and Ministry of Health Specification for Drinking Water Quality.</p> <p>Rainfall data found to be monitored as part of the water management plan.</p> <p>There was no construction of bunds/ weirs/dams across the rivers or waterways passing through the estates.</p>	Complied
4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national	Appropriate buffer zones with signages and markings had been maintained along streams passing through the Segamat, Bukit Serampang and Pukin estates.	Complied

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best practice and national guidelines) shall be demonstrated. Major Compliance		
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	Water samples were taken at monthly intervals at the inlet and outlet of the final discharge at the POM effluent pond. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results over the past 12 months were noted to be within the DOE requirements including the BOD level of <100 ppm. Stack emission monitoring by CEMS – Refer to 5.6.3	Complied
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 Mar 2017 to Feb 2018 ranged from 1.74 to 1.87 m ³ /tonne FFB. The average usage of 1.81 m ³ /tonne FFB was noted to be above the industrial norm of 1.2 m ³ to 1.5 m ³ /tonne FFB.	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	IPM Plan includes the planting of beneficial plants and control of damage by pest and plant diseases. The programme for planting of the beneficial plants was available at the estates audited and was noted to have improved with the establishing of nurseries for the 3 types of plants for biocontrol i.e. <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> . Noted that the planting ratio on of 60-20-20 basis is adhered. Sampled planting verified at Segamat estate Field blocks PM01A, 02B and 03B, Bukit Serampang Field blocks 96A & 96B and Pukin field blocks 04B & 10B. Records on areas planted and the planned stretches for planting has been indicated in the respective estate field maps. Barn owl was increasingly used for the control of rodents (rats). Barn Owl boxes census carried out and location maps available. Presently the overall the no. of barn owl boxes ratio of 2-5 boxes per ha is maintained at the estates audited. Rat baiting is appropriately applied according to census results obtained. The pest infestation was minimal on the estates. Verified that presently, there were no cases of infestation by other pests such as bagworms and rhinoceros beetles.	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 for the past 12 months were available and was verified to be satisfactorily maintained at the respective estate offices.	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	Register of agrochemicals use with written justification had been reviewed. The types of chemicals used are as follows: <ul style="list-style-type: none"> • Glyphosate isopropyl amine - Supremo • 2, 4 - Dimethyl amine – Ken Amine 600 • Triclopyr Butoxyethyl Esther – Kenlon / Garlon • Fluorooxymephyl – Floox, Strane, Crane 	Complied

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	<ul style="list-style-type: none"> • Metsulfuron methyl – Kenlly / Ellytech <p>Verified that the specific pesticides had been used to deal with the respective target pest, weed or disease.</p>	
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>The monthly and annual Summary of Chemicals including herbicides and pesticides used are verified to be available and updated.</p> <p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained. Noted that these will be kept for a minimum of 5 years.</p> <p>Verified that records of monitoring were satisfactorily maintained.</p>	Complied
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>The IOI group policy for the estates to minimize the use of pesticides in accordance with IPM plan is maintained.</p> <p>The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been a slight decline in pesticide usage per hectare on a year to year basis.</p> <p>Todate, there were no prophylactic use of pesticides carried out at the estates.</p>	Complied
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>Paraquat usage had ceased since 2011 at IOI Group Estates including the Pukin PMU.</p> <p>Alternatives such as Glyphosate Isopropylamine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of paraquat.</p> <p>Portable warning signboards noted to be displayed at areas of spraying activity (5th Schedule).</p> <p>First Aid Kits found to be available (as per 4th Schedule) at the field blocks during pesticides spraying in the fields. The contents and usage were satisfactorily recorded.</p>	Complied
<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.</p> <p>Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves and overalls) have been provided and used by the pesticides operators.</p> <p>All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers.</p> <p>The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE.</p> <p>Programme and training records verified to be satisfactory.</p> <p>The training include spraying technique, precautions and symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Verified during inspection and interviews with workers performing spraying and manuring activities at field blocks: Segamat (Field 17D), Bukit Serampang (Field 12A & 01B)) and Pukin (Field 04A & 04B)</p>	Complied

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<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 showers and eye wash are available near the pesticides store in case of accidents and tested to be functional. 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>
<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. 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>The company has a policy not to carry out any aerial application of pesticides. This policy is verified to be adhered at 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. Training attendance and records for 2017 for related personnel were verified to be maintained. 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 had been disposed of through: M/S. OLST Petro-Chemical Sdn. Bhd., a licensed contractor approved by DOE. Records of scheduled waste collection at 180 days interval verified to be satisfactorily maintained.</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 in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 for all pesticide operators in all the estates were implemented. It was verified that the CHRA reports were within the 5 year validity period (expiring in 2019) and recommendations made has been satisfactorily followed. Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical Doctor. A total of 10 workers (Pukin), 8 workers (Segamat) and 12 workers Bukit Serampang were sent for the medical surveillance check between Aug and Nov 2017. The medical reports showed that there was no case of low blood cholinesterase levels. It is confirmed by the respective Estate Managers that any worker with such health condition would be considered as unfit for work with pesticides and re-designated to other types of field work. No such cases are found 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</p>	<p>Complied</p>

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	<p>reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Besides the annual medical surveillance, monthly clinical tests (to check lungs gastro intestinal, urinary system, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p>	
<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 or engaged in work involving pesticides handling.</p>	<p>Complied</p>
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
Indicators	Findings and Objective Evidence	Compliance
<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 1967 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. 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.</p> <p>Records on training had been verified on the Palm Oil Mill and the Estates.</p> <p>Analysis on the understanding of training by the workers on the PMU had been verified.</p>	<p>Complied</p>
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance</p>	<p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/ chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards.</p> <p>Assessment of noise levels in the POM was done in Oct 2013 and Consultant Report is available. Work areas identified with high noise levels are the boiler station and engine room where noise level exceeded 85 db. Assessment of noise levels in Biogas Recovery Plant conducted in Nov 2013 with areas of levels >85 dB were indicated in the plant layout.</p> <p>Mill management have taken steps to reduce the noise levels by construction of a room to isolate the gen sets, reducing the exposure time to high noise and mandatory use of both ear plugs and ear mufflers.</p> <p>Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out for all 92 POM employees in Nov 2017.</p> <p>The PMU has identified the few employees whose audiometric reports indicated slight hearing impairment and taken measures to reduce noise exposure.</p> <p>Baseline audiogram and occupational and medical history records of workers maintained. 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,</p>	

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	<p>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. 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.</p> <p>Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>HIRARC reviews were done in Jan & Feb 2018 by the Safety Manager and Officers and revisions made to include transportation risks of chemicals / workers and safety features on trailers used. Thus, Major NC: AL-01 (2017) was addressed and effectively closed.</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.</p> <p>Supporting documentations and evidences of cases reported are maintained and adequately followed up including status of compensation payments made to victims / workers.</p> <p>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>Verified that additional HIRADC reviews also made by the Safety & Health team upon occurrence of incidences or accidents.</p> <p>Location: Pukin POM</p> <p>1) Summary of recommendations by the medical doctor on the Annual Medical Surveillance report such as to get eyesight checked and corrected, lose weight etc. on some of the workers, did not have clear evidence of follow up done.</p> <p>2) Areas under construction were not cordoned off or placed with signages to indicate safety precautions needed at those areas e.g. near Settling tank area, and Biogas – Site lab area.</p> <p>Location: Bukit Serampang & Pukin estate Along entrance roads into the estate areas, there were signages indicating 'Safety helmets' to be used when travelling on motorbikes. However, this was seen to be not adhered by some of the motorcyclist in the estate roads. Refer: SOP – "Procedure Kerja Selamat Penunggang Motosikal – IOI-OSH.3.2 (01 Aug 2012) Rev.0.'</p> <p>Location: Segamat estate Bathroom flooring for field workers – drains to be covered and no protruding planks to ensure better safety.</p>	<p style="text-align: center; vertical-align: middle;">Major NC# AL-01</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</p>	<p>Training programme planned for year 2017/2018 has included all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p>	<p style="text-align: center;">Complied</p>

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<p>be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p>	<ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>Records of the above trainings included attendees list and photographic evidences.</p> <p>Other trainings held included firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>The above trainings were conducted and records were maintained. Evaluations were carried out on each of the trainings to determine its effectiveness.</p>	
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	<p>The responsible person (usually the Mandore or Headperson) had been identified. It is noted that the present Mandores are represented by both male and female gender who have over 3 years field work experiences.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory. Understanding of the safety and health requirements was also verified during interviews at field visit with the respective mandores available on duty.</p>	Complied
<p>4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.</p> <p>Minor Compliance</p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations and are presently kept unlocked for emergency use purposes.</p> <p>First Aid Kits were available at worksites and contents were checked to be sufficient. Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Safety, & Health Committee. Records on the status of follow up done were updated.</p> <p>Observation raised: Location: At POM First Aid Kit at Laboratory noted without the Checklist of Items.</p>	OBS# AL-01
<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance.</p> <p>Minor Compliance</p>	<p>Medical care had been provided to all the workers.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with insurance company, MSIG Insurance Berhad which were valid.</p>	Complied
<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics.</p> <p>Minor Compliance</p>	<p>Records on Lost Time Accident (LTA) metrics for 2017 was verified to be satisfactorily maintained.</p> <p>Cases of incidences and accidents were satisfactorily reported and noted to be minimal.</p> <p>Observation raised: Location: At Pukin estate Insurance case of estate harvester who was injured in Oct 2017, and has taken long leave is not closed yet and results of claims will need proper follow up until closure.</p>	OBS# AL-02
<p>Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.</p>		
Indicators	Findings and Objective Evidence	Compliance

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<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance</p>	<p>The training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System established was implemented.</p> <p>Refresher training for mill staff was conducted in Nov 2017 and interviews confirmed the satisfactory levels of understanding on requirements.</p> <p>Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed on annual basis and appropriate training including 'on-job' training / supervision and briefings were satisfactorily documented.</p> <p>This was further confirmed during interviews done with sampled workers at both office and operations both at the POM and estates audited.</p>	<p style="text-align: center;">Complied</p>
<p>4.8.2 Records of training for each employee shall be maintained. Minor Compliance</p>	<p>Records of training provided for each employee, including new employees were available and found to be satisfactorily maintained.</p>	<p style="text-align: center;">Complied</p>

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

<p>Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance</p>	<p>The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. It was reviewed in Mar 2018 for both the POM and estates. The scope of assessment had included the management of mill effluents, management of pests and disease palms (IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant stakeholder to identify impacts and develop the mitigation measures such as relevant conservation activities applicable to the PMU.</p>	<p style="text-align: center;">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. Minor Compliance</p>	<p>The environmental management plan is in place and documented including the identification of responsible person, the potential impacts and measures to mitigate the negative impacts.</p> <p>The environmental management plan is being implemented satisfactorily and effectively.</p>	<p style="text-align: center;">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. Minor Compliance</p>	<p>The monitoring of the documented environmental improvement plans is ongoing.</p> <p>Implementation and monitoring of the documented environmental improvement plan was reviewed on Mar 2018. The review has taken into consideration the mitigation of negative impacts and promotion of positive impacts.</p> <p>At the POM, biogas plant has been commissioned beginning Jan 2018 to capture the methane. The POME and EFB are delivered/recycled to the plantation for fertiliser and moisture retention purposes. Records on the delivery and usage of POME and EFB were made available during the audit. Stacking of fronts</p>	

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	<p>was also done effectively. Waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. Monitoring and implementation of the environmental improvement plan were adhered to and found to be effectively implemented. Maintenance, desilting and clearing of overgrown natural vegetation and debris along the streams in estates was also carried out.</p> <p>Nonetheless, it was found that:-</p> <p>(1) The mitigation plan for the prevention of erosion at a stream in Pukin estate has not been addressed and implemented.</p> <p>(2) At Segamat Estate, it was found that certain streams are without the buffer demarcation marker. The extent of the buffer zone was not clearly identified. One of the streams is at Bukit Siput Division and the other at Genuang Division.</p> <p>(3) At Bukit Serampang Estate, the buffer markers were faded and not clearly visible.</p>	<p>Minor NC# SH-01</p>
<p>Criteria 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p>Major Compliance</p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated Oct 2010. Latest review was done in Mar 2018.</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.</p> <p>Visits to site confirmed that all estates visited (Segamat estate, Bukit Serampang estate and Pukin estate) are all surrounded by palm oil estates, belonging to either companies or smallholders.</p> <p>Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of streams which pass through the estate had been identified and being monitored.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Perimeter boundaries bordering the estates with other lands and forested areas were well demarcated with markers. Trenches were also dug to clearly demarcate the perimeter boundary of the estate. At some instances, estate roads also served as perimeter boundary. Thus, Major NC# SH-01 (2017) was addressed and effectively closed.</p>	<p>Complied</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>Presence of the HCV/RTE is mostly not within their plantation boundary. However, occurrence of RTE, if any, will be recorded. Nonetheless, a management plan is in place and measures being taken to maintain/enhance the surrounding. The measures were actively implemented and on-going monitoring done.</p> <p>Regular patrols within the POM and estates were being carried out and findings recorded by the respective Estate Executives to monitor the conservation / buffer zone areas.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented.</p> <p>Also, signage 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>Complied</p>

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<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>Program to educate the workforce about the status of RTE is in place.</p> <p>The training program on the awareness of this subject matter was conducted and extended to include officials and workers of the estates. All estates visited had extended the awareness program. Record on the training program was made available during the audit. Training has been conducted on 6th March 2018 and 15th March 2018 at Pukin estate and Bukit Serampang estate, respectively.</p> <p>There was also evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p>	<p>Complied</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>Management plans were established and on-going monitoring was done by the Estate managers.</p> <p>The overall management plan on the status of HCV/RTE of the Pukin plantation group is collated, reviewed and monitored by the HQ sustainability team and is ongoing.</p> <p>However, at Pukin Estate, a steep hill has been identified as conservation area within the estate. The action plan to conserve the area is on-going and monitored. This area was not included and not reported in the HCV assessment study. In addition, the composition of the HCV working group is not accurate concerning the identification of the team leader <i>(As there was a Minor NC raised against this indicator during the previous assessment ASA-01, this finding is graded as a Major NC).</i></p>	<p>Major NC# SH-01</p>
<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. Segamat estate, Bukit Serampang estate and Pukin estate. Thus negotiated agreement of such nature is not applicable.</p>	<p>Complied</p>
<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>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).</p> <p>Records on the usage and disposal were maintained.</p>	<p>Complied</p>
<p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major Compliance</p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p>	<p>Complied</p>

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	<p>The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor.</p> <p>An inventory on all the chemical and containers used was available and up to date.</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>A waste management and disposal plan has been documented and implemented.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the mill and estates. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>The solid waste management and disposal plan using landfills was available at all the estate visited. The landfills are used mainly for disposal of household/line site waste. However, the condition of the road leading to the landfill at Pukin Estate was not properly maintained to facilitate easy access to the site.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management of EFB application plans and progress reports were verified to be satisfactory.</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>OBS# SH-01</p>
<p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p>Minor Compliance</p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement.</p> <p>Visit to Pukin mill showed evident that they are compiling the data, document it for further action to improve on their efficiency of using the renewable and non-renewable energy. At the mill, the monthly record tabulated showed the amount of FFB processed, CPO produced, palm kernel produced, the usage of water, diesel usage, electrical power usage, fiber & shell usage and also the B.O.D level of the effluent discharge.</p> <p>Apart from using diesel, electricity generation was through steam turbine and boiler where Palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>At the estates, diesel consumption was also monitored on a monthly basis.</p> <p>It was verified that energy usage are being monitored especially at the POM for better control and comparison of trends.</p>	<p>Complied</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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

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<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003</i>, 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 Segamat estate, Bukit Serampang estate and Pukin estate, showed no evidence of open burning.</p>	<p>Complied</p>
<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 <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003</i>, or comparable guidelines in other regions.</p> <p>Minor Compliance</p>	<p>The PMUs adhered to the 'zero burning' policy for replanting at the estates. The old trees were chopped and left to rot at site.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfill of the estate during on site field assessment. Sanitary landfill was only available at all estates and the area is located far away from the village/line site and water sources.</p>	<p>Complied</p>
<p>Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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>Assessment on all polluting activities including gaseous emissions, particulate and effluent has been made and documented.</p> <p>Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelman Smoke Chart. Report showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on-site visit to the mill.</p> <p>POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations.</p> <p>Records were made available at both the POM and estates during the audit.</p>	<p>Complied</p>
<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>Identification of significant pollutants and greenhouse gas (GHG) emissions has been done and documented, e.g. POME, diesel / fuel, water, chemical and fertilizer. Their usage have been recorded and documented at both the POM and estates. There are plans to reduce the use of diesel at the POM and using fibre especially as a substitute for energy. The plan has been implemented but the changes have not been very significant.</p> <p>Also at the estates, the use of chemicals is only done when necessary and when there is no other option available. Planting of beneficial plants and the construction of barn owls is on-going to reduce the reliance on chemicals to arrest pest and diseases.</p>	<p>Complied</p>
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations, boiler stack monitoring(report dated 13/12/2016) , ambient air quality monitoring(report dated Nov 2016) Reports were submitted to the Department of Environmental once every six month. The schedule waste disposal (latest dated 18 Mar 2017) were adhering to DOE requirements.</p> <p>Water samples were regularly taken and tested by mill environment officer in charge and analysed to ensure</p>	

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	<p>compliance to DOE requirements at final discharge points. The water samples were sent for analysis. This was conducted by ENV Consultancy & Monitoring Services. Records are maintained and verified on-site to have met the permissible regulatory limits. Domestic Water Discharge Quality Report was also submitted to DOE once every six month and complied to the requirements.</p> <p>There was no lay out plan placed at the effluent site.</p> <p>Palm GHG summary report has also been submitted to RSPO on 10 Mar 2018 using RSPO formula version 3.0.</p>	<p>OBS# SH-02</p>
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Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mill

<p>Criterion 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>Social impacts in IOI Pukin group operations were assessed through a mixture of consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment [SIA] for the year 2017 for IOI Pukin grouping has been conducted together with relevant external and internal stakeholders in three separate sessions. For example, external consultation session for Pukin POM and Pukin Estate was conducted on 12 Feb 2017. External consultation for Segamat Estate was conducted on 28 Feb 2018. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc.</p> <p>In each SIA for each operating unit audited it was verified that all potential impacts were included, e.g. access and use rights to individual passports and travelling documents, sufficient and on time monthly pay, schools and health clinics, etc.</p> <p>At the IOI Pukin grouping, the respective SIA reports and management plans at all estates and mill was specifically and individually documented by the Sustainability Team of IOI.</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>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the group. Participants in external and internal stakeholder consultations were already mentioned above [6.1.1]. Participants in meeting such as Employee Consultative Committee [ECC] involved workers representatives from different categories of workers such as general workers, sprayers, manurers harvesters, drivers both locals and foreign citizens. Participants in Gender Consultative Committee [GCC] mainly are women workers attended by Social Liaison Officer who are mostly male Assistant Manager acting as representatives for male workers.</p> <p>During external consultation respond forms were distributed for written inputs, however, verbal inputs were recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. ECC and GCC meetings. Attendance lists and photos for stakeholder consultations and meetings conducted were also verified.</p>	<p>Complied</p>

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<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>Based on the inputs received from the consultation, meetings, respond forms, etc. IOI Pukin grouping developed a social action plan which also stated the time frame and responsible person.</p>	<p>Complied</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 above. The workers especially are regularly consulted through the ECC meetings, safety meeting, daily morning muster in the estates and individual reports made in the Grievance Books.</p> <p>Actions taken to address the concerns raised by the stakeholders were verified during the audit and these actions are updated as necessary in the social action plan.</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>No smallholders in IOI Pukin group, thus this criteria 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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p>Major Compliance</p>	<p>All units audited within IOI Pukin group are verified to have maintained lists of local communities as well as affected and interested parties. Procedure related to communication and consultation with the parties mentioned is available at IOI group website via the link stated below:</p> <ol style="list-style-type: none"> 1. Grievance Procedure – IOI Group http://www.ioigroup.com/Content/S/PDF/30 sept 2016 Grievance Mechanism FINAL.pdf 2. Whistleblowing Policy - IOI Group http://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf <p>The group 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.</p> <p>At IOI Pukin group level, the procedure mentioned above is available in English and Bahasa Malaysia and made public to all workers. Furthermore the procedures were also explained carefully to all level of workers and this was verified through individual interviews with sampled workers during the audit. This procedures were also socialised with external stakeholders during the consultation session and personal interviews conducted by the management.</p>	<p>Complied</p>

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<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>In most cases, nominated person responsible as social liaison officers are the Assistant Managers of the operating units. Social liaison officers are responsible in handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties.</p> <p>For example during the stakeholder consultation in Pukin, names of social liaison officers were announced including Mr. Koh Wei Liang, POM; Mr. Zulhafiz Zainon, Pukin Estate; Mohd Faiz Hafizuddin, Shahzan 1 Estate; Muruganathan, Shahzan 2; Sivendran Rajendran, Bukit Serampang Estate and Najmuddin Abu Ani, Segamat Estate.</p> <p>Names of these nominated officers are made public to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviewed conducted with workers during the audit verified that the workers especially have easy access to these social liaison officers.</p>	<p>Complied</p>
<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>All units audited within IOI Pukin group are verified to have maintained lists of local communities as well as affected and interested parties. These lists were referred to for auditors' interview session with external stakeholders</p> <p>However, latest stakeholders list sighted at Pukin POM was found to be incomplete. Four directly hired contractors are found not included in the list, e.g. CPO transportation and schedule waste contractors.</p>	<p>Minor NC# JMD-01</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Pukin group. Among others, the affected parties have several options to register their complaints and grievances, e.g. Grievance Book, annual stakeholder consultation, morning muster, during ECC, GCC and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards and in languages understood by the workers. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanation on how to utilised this system were given and verified by the auditor.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance are addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received are recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the supervisors. The workers also allowed to elect their own representatives in the ECC as opposed to the representatives being dictated by the management.</p> <p>Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and</p>	<p>Complied</p>

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	<p>grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>It was verified during on-site interviews that dispute or grievance of a serious nature was attended to appropriately. Since Feb 2014 IOI grouping had adopted “Whistleblowing Policy” [www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf] which was approved by Audit and Risk Management Committee in Feb 2013. It was also evident that if no mutual resolution found between the complainants, esp. external stakeholder, the issue will be brought to RSPO and relevant local authorities’ attention.</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>All complaints and grievances received are documented either in the form of log book as in the Grievance Book, meeting minutes for the ECC, GCC, Safety meetings and annual stakeholder consultations or respond forms. Decisions and action as responds to the complaints and grievances received also very well documented with sufficient supporting documents as proofs. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public. However, it was noted that numbers of grievances recorded from workers in the grievance books are declining. This decline is mainly due to many different avenues for the workers to raise their concerns to the management, especially through frequent meetings between workers and the management.</p>	<p style="text-align: center;">Complied</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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 were some borders at the operating units audited in IOI Pukin group immediately adjacent to villages. However, there has been no records of any negotiation or compensation pertaining to this criteria.</p> <p>No changes in status to date, hence no negotiation or compensation that fall under this criterion.</p>	<p style="text-align: center;">Complied</p>
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups’ proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>	<p>IOI as a group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. However, to date, there has been no dispute by any parties reported at the IOI Pukin group.</p>	<p style="text-align: center;">Complied</p>
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p>	<p>To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.</p>	<p style="text-align: center;">Complied</p>

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Major Compliance		
<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>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>In IOI Pukin group, most of the workers in the estates are piece rated workers. In Pukin POM however, the workers are paid with daily rate. These pay conditions and other benefits are sufficiently spelt out in the workers contract. Decision on workers' wages were based on a memorandum dated 20 June 2016 to all IOI groups in including Pukin group. According to this memorandum monthly minimum wages had to be RM1000/month or RM38.46/day, provided that all qualifying conditions are satisfactory fulfilled.</p> <p>It was also verified that non-compliance raised under this indicator in ASA-01 in 2017, i.e. NC JMD-01, were all satisfactorily closed.</p> <p>However, during the audit a non-compliances found as listed below. The issues for this non-compliance are not related at all with the issues for the non-compliance raised in ASA-01, even though they were raised against the same indicator;</p> <p>1. There is no evidence of public holiday payment made for workers who had been approved for long unpaid leave in 2017. This practice is not complying with Employment Act 1955, Section 60D(2) where it is stated that "Any employee who absents himself from work on the working day immediately preceding or immediately succeeding a public holiday or two or more consecutive public holidays or any day or days substituted therefore under this section without the prior consent of his employer shall not be entitled to any holiday pay for such holiday or consecutive holidays unless he has a reasonable excuse for such absence."</p> <p>2. Employment agreement between contractor at Pukin Estate stated that its workers are only entitled for eleven days of public holidays in one year. This is not complying with Schedule 1, Holidays Acts 1951 where it stated thirteen days of public holidays in one year.</p>	<p>Major NC# JMD-01</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>Pay conditions are clearly detailed in the workers contracts which include pay system used, working hours, overtime, holiday entitlements, etc. List of deductions made were verified as signed by the workers and clearly dated. These deductions are allowed by Jabatan Tenaga Kerja [JTK] with a valid permit verified in the units audited.</p> <p>Contracts for local workers are in Bahasa and for foreign workers the contracts are in English. The English version contract comes with addendum in relevant foreign languages stating specific minimum wages rate is as stated in Minimum Wages Order 2016. Full revision on the contract in relevant foreign languages is still in progress. In IOI Pukin group foreign workers are mainly from Indonesia, Myanmar, India, Bangladesh and Nepal.</p> <p>At the POM fully translated version of contract agreements into languages understood by the workers were found to be not available during the audit. This situation did not occur in the estates audited where fully translated version of contract was immediately produced when requested by</p>	<p>OBS# JMD-01</p>

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	<p>auditors. The practice of using complete translation of contract should consistently be implemented in both POM and the estates.</p> <p>However, from training records sighted and interviews with workers it was confirmed that the workers at the POM have very good understanding of the content of the contract that they had signed.</p> <p>Workers contract is in English could be understood with no difficulties by the foreign workers especially after induction training for all new comers. In all estates audited and Pukin POM, induction training for new workers were also attended by old workers as refresher course especially on IOI policies.</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Employment Act 1955, Minimum Wages Order 2016 and other relevant regulations are satisfactorily complied with. Issue raised when there are still a group of workers who received below minimum wages. Through available records verification was made that these workers getting paid below minimum wages mainly due to non-attendance without prior permission and/or failure to achieve daily target set by the management. JTK was consulted and confirmed that these group of workers are not covered under the Minimum Wages Order 2016. Thus it is not require by the law for the management to top up the wages of workers who are having these issues.</p> <p>IOI management have taken few steps to remedy the issues related to workers did not achieve the minimum wages. For example, the workers are now allowed to work at least three rest days in a month as stated in memorandum from IOI Human Resource Manager, Plantation Division dated 15 Mar 2017. Memorandum from Mr. Tan Kim Ha, Senior Manager dated 20 Jan 2017 with instruction to increase the rate for Mandore and checkers in all estates in IOI Pukin group also still remains. With these efforts, IOI management hope to ensure that workers will get at least RM1,200/month based on meeting among managers dated 10 Mar 2017.</p> <p>Currently wages in IOI Pukin group are either paid by direct transfer into workers back account or by cash. Thus no issue with sundry shops are charging fees for cheque cashing service.</p> <p>Working hours stated in the workers contract is eight hours daily with one hour rest in between. Records sighted during the audit showed that managements of each operating unit are able to trace the eight working hours for each individual worker. After completion of the first eight hours, workers on the daily rate will be paid overtime and workers on piece rate will continue be paid on piece rate.</p> <p>To date, JTK have never received any complaints from local nor foreign workers against IOI Pukin group with regards to unjust pay and working conditions. There was also no complaint raised during any meeting and stakeholder consultation nor recorded in any Grievance Book.</p>	
<p>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>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 [Workers’ Minimum Standards of Housing and Amenities – Act 446].</p> <p>Housing, electricity and water supply</p>	

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Minor Compliance	<p>Workers are provided with free adequate accommodation at workers linesites with free electricity and treated water 24 hours daily. The linesites are clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill.</p> <p>On 19 Mar 2018, Pukin POM was found to have supplied insufficient water to the linesite. This has resulted in some contract FFB harvesters unable to prepare their meals. For this reason the harvesters decided not to turn up for work to avoid working in weak condition.</p> <p>Schools</p> <p>Local school children are transported with no charge from the operating units in suitable vehicles.</p> <p>Medical clinics</p> <p>Clinic is located in Pukin Estate which covers workers from Pukin POM as well. Bukit Serampang Estate has its own clinic but sharing the HA with Sagil Estate. Together with the staff, the Health Attendance [HA] are also responsible on monitoring and maintaining acceptable living standard in the linesites, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc. Inspection by the HA conducted weekly, whilst inspection by the Visiting Medical Officer conducted monthly.</p>	Minor NC# JMD-02
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>IOI Pukin group has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound. All estates audited are also located not far from townships, e.g. Segamat and Pukin estates are near to Segamat town, whilst Bukit Serampang Estates is located near to Sagil township.</p>	Complied
<p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>A policy on “Equal Opportunity Employment & Freedom of Association Policy” is adopted by IOI Group including IOI Pukin. This policy is available in public notice boards in languages understood by the workers, i.e. Bahasa Malaysia and English.</p> <p>As an alternative to workers union, IOI Pukin group formed the ECC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of ECC are representatives elected by the workers including both local and foreigners. ECC meetings are scheduled quarterly and each meeting is minuted. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. However, from sampled ECC meeting minutes, there was no major issue raised by the workers.</p> <p>Workers contract in English was understood by all workers including the foreign workers. It was also verified that contents of the contract were explained to the workers in the induction training before signing.</p>	Complied
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p>	<p>JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is properly documented and filed complete with photographic</p>	

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Minor Compliance	<p>evidence. Participants in JCC meetings normally involved workers representatives from different categories of workers such as general workers, sprayers, manurers harvesters, drivers both locals and foreign citizens. JCC is one level higher than ECC meetings, where in ECC meetings all foreign workers are invited attend and give their inputs on relevant concerns.</p> <p>The meeting minutes are accessible to all members in the JCC and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised.</p> <p>Latest meeting of the JCCC in Segamat Estate for example was on 13 Feb 2018.</p> <p>Currently, the effective policy for JCC in IOI Pukin group is to conduct a meeting once in every two months. However, it was found that Pukin POM JCC did not have any meeting in Sep 2017. For the Jan 2018 meeting, it has been postponed to Feb 2018.</p>	Minor NC# JMD-03
<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.</p> <p>Major Compliance</p>	<p>The Child Labour Policy adopted by IOI group on 5 Nov 2009 clearly stated that the minimum age of workers is 16 years old corresponds with Children and Young Persons (Employment) Act 1966 (Act 350).</p> <p>Employees and workers profiles were sighted during the audit and no underage workers found. This fact was further verified through interviews with staff and workers in IOI Pukin group. Passport photos and birthdays of the foreign workers hired by the operating units were checked and none of them found to be underage.</p>	Complied
<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.</p> <p>Major Compliance</p>	<p>The “Equal Opportunity Employment & Freedom of Association Policy” was displayed in local language and English. This policy clearly state that IOI Group including IOI Pukin prohibits and will actively prevent any discrimination based on race, nationality, religion, or gender. Similar statements also mentioned in “IOI Sustainable Palm Oil Policy” [https://www.ioigroup.com/Content/S/PDF/Sustainability Palm Oil Policy.pdf]</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.</p> <p>Major Compliance</p>	<p>Through interviews with workers in the operating units audited as well as checking of relevant records it was found this criteria has been well complied with. Some examples of non-discriminatory practices in IOI Pukin group are;</p> <ol style="list-style-type: none"> 1. Piece rated workers are paid based on the tasks completed with main target to achieve the minimum wages per day. 2. Free transportation for children to schools located outside of the group notwithstanding the race, gender, marital status and level of the workers. 3. No restriction for workers to perform their religious obligations. 	Complied

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	<p>4. All workers have equal opportunity to be promoted to higher position within the estates disregard their nationalities, gender, race, etc.</p> <p>To date, JTK have never received any complaints from local nor foreign workers against IOI Pukin group with regards to discrimination. There was also no complaint raised during any meeting and stakeholder consultation nor recorded in any Grievance Book.</p>	
<p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p>Minor Compliance</p>	<p>All operating units audited in IOI Pukin group kept and maintained records of their workers, including credentials and medical history. Credentials for foreign workers are mostly referring to the travel documents, whilst credentials for local staff have more details. However, records of medical history for both local and foreign workers are considerably comprehensive kept in the medical clinics within the group.</p> <p>IOI Group “Equal Opportunity Employment & Freedom of Association Policy” and “IOI Sustainable Palm Oil Policy” are available widely to the public for reference. The gist of these policies were also well explained to all workers through regular meetings, briefing at muster ground and notices at the public boards. These policies are reviewed as and when necessary by IOI Group.</p> <p>Recruitment and promotion are verified based on skills, capabilities, qualities, and medical fitness necessary for the job. Before hiring, each new foreign workers are required to pass FOMEMA medical check-up as required by law and probation period to evaluate level of skills and the workers attitude towards the new surroundings.</p>	Complied
<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.</p> <p>Major Compliance</p>	<p>IOI Group adopted “Policy on Prevention & Eradication of Sexual Harassment in the Workplace” and it was displayed publicly in Bahasa Malaysia and English. Through formation of GCC and minutes of stakeholder consultation, it was evident that this policy is very well implemented and communicated to all level of workforce.</p> <p>From interviews with GCC members, it was verified that there is a clear and understandable protocol on receiving complaints or grievances related to sexual harassment. Apart from briefing on the policy mentioned above during induction training for all workers and during stakeholder consultations, GCC meetings were also conducted In each operating unit audited.</p> <p>Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence.</p>	Complied
<p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p>	<p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals. However, it was found no female workers involved in spraying or manuring work in IOI Pukin group. The store keepers are the closest women working with potentially hazardous chemicals in the group.</p>	Complied
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Pukin group. In order to respect and protects the anonymity of the complainants IOI</p>	Complied

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<p>communicated to all levels of the workforce.</p> <p>Minor Compliance</p>	<p>group adopted “Whistleblowing Policy” which was approved by Audit and Risk Management Committee in Feb 2013. The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the supervisors.</p> <p>Procedures on how to register complaints are available in public notice boards and in languages understood by the workers. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanation on how to utilised this system were given and verified by the auditor.</p> <p>To date, all operating units audited in IOI Pukin group have never received any complaints from local nor foreign workers related to harassment or abuse.</p>	
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>Minor Compliance</p>	<p>IOI Pukin group have no dealings with local smallholders and there was also no evidence to suggest of any unfair business practices with the local businesses.</p>	<p>Not applicable</p>
<p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p>Major Compliance</p>	<p>IOI Pukin group have no dealings with local smallholders.</p>	<p>Not applicable</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.</p> <p>Minor Compliance</p>	<p>For all type of work contracted out to external parties, contractual agreement is available, e.g. FFB transport, EFB leveling, CPO transport, housing construction, etc. From interviews with these contractors it is evident that they understood the agreement they have entered into. These contractors also give no negative comments on fairness, legality as well as transparency. Both parties were verified to have kept the contractual agreements.</p>	<p>Complied</p>
<p>6.10.4 Agreed payments shall be made in a timely manner.</p> <p>Minor Compliance</p>	<p>IOI Pukin group has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments most of the time are made on according to common practice of 60-day grace period. This was also verified by the supplier and contractors through stakeholders consultation with the auditor.</p>	<p>Complied</p>
<p>Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated.</p> <p>Minor Compliance</p>	<p>Main contribution of IOI Pukin group to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. For example, IOI group already implemented their policy of not charging recruitment related fees at any stage in the recruitment process. In Bukit Serampang Estate specifically, the management has very good relationship with the nearby school and villagers, for example the school was</p>	<p>Complied</p>

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	allowed to use the estate field road for cross country running competition, which will avoid the students from crossing the busy main road and will be running under the shades. In Segamat Estate, sports friendly matches was frequently organized between workers and staff of Segamat Estate with nearby estates which could provide the workers with some kind of entertainment.	
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	IOI Pukin group have no dealings with local smallholders.	Not applicable
Criterion 6.12 No forms of forced or trafficked labour are used.		
6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	<p>IOI Group on forced or trafficked labour are clearly stated in “IOI Sustainable Palm Oil Policy” where it stated “Eliminate all forms of illegal, forced, bonded, compulsory or child labour in particular, follow responsible recruitment practices”.</p> <p>However in defining forced labour and trafficked labour, definition used in “Anti-Trafickking In Person and Anti-Smuggling of Migrants 2007 [Act 670]” will be the authoritative definition.</p> <p>For foreign workers, hiring is based on recommendations from agents at the country of origins. Evidence of proper explanation on the contract and real situation in IOI estates and POM in the country of origin were sighted.</p> <p>No restrictions whatsoever on workers to move around within or even outside IOI Pukin group, provided their destination and duration of the journey are known to the responsible person. Proof of passports being returned to the workers commencing Jan 2018, letter titled “Penyerahan dan Penyimpanan Passport” for worker BJ0753944 in Pukin POM was sighted. The workers were however given options to retain or keep the passports with them. Renewal of work permits and passports are still the responsibility of the management.</p> <p>However, there is no evidence sighted that the passports of absconded foreign workers were returned to the relevant embassies and foreign workers abscondment report had been submitted to Immigration Department.</p>	Major NC# JMD-02
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	No evidence found related to contract substitution. Interviewed workers have never mentioned any negative comments related to this issue. It was made clear even before coming into the country that they will be working in plantation sector. However, foreign workers did sign workers contract upon arriving in IOI Pukin group, but the content of the contract verified as similar to the document they were explained by the recruitment agents, esp. Indonesia. Workers contract are kept at the office for safekeeping.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	IOI Group adopted “ Policy on Foreign Workers ” and it was displayed publicly in Bahasa Malaysia and English. Policy on foreign workers also mentioned in “ IOI Sustainable Palm Oil Policy ”. These policies clearly stated that IOI Group will “ Eliminate all forms of illegal, forced, bonded, compulsory or child labour in particular, follow responsible recruitment practices ”.	Complied

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	Also it was already mentioned above no evidence suggesting contract substitution found in IOI Pukin group. Probation period for minimum of six months serves as post-arrival orientation programme where all related aspects to the tasks offered in the group, e.g. safety, good agricultural practices, wages, benefits, etc. Decent living conditions for all workers was also ensured in IOI Pukin group where workers are provided with free adequate accommodation at workers linesites with free electricity and treated water 24 hours daily.	
Criterion 6.13 Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	IOI Group adopted the “ IOI Sustainable Palm Oil Policy ” where it clearly says “ Respect and uphold the rights of all workers in accordance with the Universal Declaration of Human Rights and the International Labor Organisation’s core conventions, including contract, temporary and migrant workers ”. This policy had evidently communicated to all level of workers as their rights are well respected in IOI Pukin group and person responsible for this task is the Social Liaison Officer of each operating unit. Examples, when foreign workers are not allowed to participate in any workers union by Immigration Dept. IOI Pukin group formed JCC as an alternative for workers to collectively bargain with the management. IOI Pukin group also never restrict the workers from collecting their travel documents/passports whenever needed. During the audit it was also verified that no cases of human rights violations against IOI Pukin group.	Complied

Principle 7: Responsible development of new plantings

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

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

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The record of submission made to the RSPO Secretariat for the current year was done on 10 Mar 2018.

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

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

SUMMARY OF NET GHG EMISSIONS

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

GHG Table 1: Summary of Net GHG Emissions (Jan-Dec 2017)

Emissions per Product	tCO2e/tProduct
CPO	1.44

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PK	1.44
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Production	t/yr
FFB processed	227,463.65
CPO Produced	46,726.01

Extraction	%
OER	20.54
KER	4.23

GHG Table 2: Summary of Net GHG Emissions

Land use	ha	Remarks
OP planted area	22,443	9546 Ha (Planted area in IOI Pukin Grouping) plus 12897 Ha (Total Planted area in other IOI estates that diverted FFB to IOI Pukin POM)
OP planted on peat	89	Peat area in IOI Bukit Leelau Grouping that diverted FFB to IOI Pukin POM)
Conservation (forested)	0	0
Conservation (non-forested)	94.25	36.82 Ha (Conservation area in IOI Pukin Grouping) plus 55.43 Ha (Conservation area in IOI Bukit Leelau Grouping)
Total	22,626.25	

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO2e	tCO2e/ha	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e
Emissions								
Land Conversion	109,751.24	12.34	7,684.16	32.39	0	0	117,435.4	44.73
*CO2 Emissions from Fertiliser	9,276.31	1.02	201.17	1.04	0	0	9,477.48	2.06
**N2O Emissions	12,256.28	1.34	165.87	0.99	0	0	12,422.15	2.33
Fuel Consumption	2,681.54	0.30	36.98	0.18	0	0	2,718.52	0.48
Peat Oxidation	0	0	120.85	0.38	0	0	120.85	0.38
Sinks								
Crop Sequestration	-81,271.92	-8.99	-1,916.2	-9.03	0	0	-83,188.12	-18.02
Conservation Sequestration	0	0	0	0	0	0	0	0
Total	52,693.45	6.01	6,292.83	25.95	0	0	58,986.28	31.96



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GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	21,018.87	0.09
Fuel Consumption	1,199.98	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Grid Electricity	0	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	22,218.85	0.1

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

Divert to compost	0 %
Divert to anaerobic digestion	100 %

GHG Table 4c: POME Diverted to Anaerobic Digestion

Divert to anaerobic pond	40 %
Divert to methane capture (flaring)	0 %
Divert to methane capture (electricity generation)	60 %



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

Criteria 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 have been specified and documented for the POM and Segamat, Bukit Serampang and Pukin Estates. However, some of the action plans did not have measurable objectives/targets in order to determine the effectiveness of the outcomes.</p> <p>Examples of improvement activities which had been carried out since last audit are as follows: POM: (1) To reduce carbon emission, (2) To implement waste reduction and recycling, (3) To utilize and monitor the renewable energy used, (4) To ensure the workers' welfare is well taken care of, (5) To ensure the safety of the workplace is well occurred.</p> <p>Estates: (1) To achieve beneficial plants ratio of 60:20:20 for <i>Cassia:Tunera:Antigonen</i>), (2) Reduce accidents by at least10% compared to previous year, (3) Additional emergency shower in premix area, (4) Implemented policy of not charging recruitment related fees at any stage in the recruitment process, (5) Good relationship with the nearby school and villagers by allowing the school to use the estate field road for cross country running competition. (6) Sports friendly matches was frequently organized between workers and staff of Segamat Estate with nearby estates.</p>	<p>Major NC# OCL-01</p>



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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain module applied at Pukin Grouping POM during this assessment is Module D – CPO Mills: Identity Preserved (IP).

Details of findings are as follows:

5. General chain of custody requirements for the supply chain		
	Findings and Objective Evidence	Compliance
5.1 Applicability of the general chain of custody requirements for the supply chain		
5.1.1 Legal ownership and physical handling of RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	Yes	Complied
5.1.2 Trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable	Complied
5.1.3 Member of the RSPO and shall register on the RSPO IT platform.	Yes	Complied
5.1.4 Processing aids do not need to be included within an organization's scope of certification.	No processing aids	Complied
5.2 Supply chain model		
5.2.1 Same supply chain model as its supplier	Identity Preserved (IP)	Complied
5.2.2 Combination of supply chain models	Only IP	Complied
5.3 Documented procedures		
5.3.1 Written procedures and/or work instructions	Yes	Complied
5.3.2 Internal audit procedure and internal audit conducted to determine compliance.	Yes	Complied
5.4 Purchasing and goods in		
5.4.1 Purchases of RSPO certified oil palm products with all the specified information.	Yes	Complied
5.4.2 Mechanism for handling non-conforming oil palm products and/or documents.	Yes	Complied
5.5 Outsourcing activities		
5.5.1 Outsourcing of activities	Not applicable	Complied
5.5.2 Outsourcing within the scope of its RSPO SC certificate	Not applicable	Complied
5.5.3 Names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.	Not applicable	Complied
5.5.4 Names and contact details of new contractor used for the processing or physical handling of RSPO certified oil palm products.	Not applicable	Complied
5.6 Sales and goods out		
5.6.1 Sales of RSPO certified oil palm products with all the specified information.	Yes	Complied
5.7 Registration of transactions		
5.7.1 Transaction registered in the RSPO IT platform and confirmed upon receipt.	Yes	Complied
5.7.2 RSPO IT Platform: Shipping Announcement, Traceability, Confirming Shipping Announcements.	Yes	Complied
5.8 Training		
5.8.1 Training plan on RSPO SC Standards requirements and records of the training.	Yes	Complied
5.8.2 Appropriate training shall be provided	Yes	Complied
5.9 Record keeping		
5.9.1 Accurate, complete, up-to-date and accessible records and reports maintained.	Yes	Complied
5.9.2 Retention times for all record and reports.	Yes	Complied
5.9.3 Volume purchased (input) and claimed (output) over a period of twelve (12) months.	Yes	Complied
5.10 Conversion factors		
5.10.1 Conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs.	Yes	Complied
5.10.2 Conversion rates shall be periodically updated.	Yes	Complied
5.11 Claims		
5.11.1 Claims shall be in compliance with the RSPO Rules on Market Communications and Claims.	Minor NC raised as RSPO/SOP/COC/3 Issue 05 dated 01 Jan 2019 is incomplete	Minor NC# OCL-01 under D.3.1
5.12 Complaints		
5.12.1. Documented procedures for collecting and resolving stakeholder complaints.	Yes	Complied

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5.13 Management review		
5.13.1 Appropriate frequency of management review.	Yes	Complied
5.13.2 All the specified inputs for the management review.	Yes	Complied
5.13.3 All the specified outputs from the management review.	Yes	Complied

Model D – CPO Mills: Identity Preserved (IP)		
D.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1</p> <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>The POM only processed certified FFB from its own supply base (see Section 1.3).</p> <p>It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) model.</p> <p>During the last assessment ASA-01, Segamat, Estate reported the certified area (titled area) as 1,896.27 ha. During this assessment Segamat Estate reported the titled area as 1,826.89 ha. There was also an agreement dated between IOI Plantations Sdn Bhd and Nice Skyline Sdn Bhd to provide management assistance in relation to a few lots of Segamat Estate land totaling 507.54 ha (planted area of 490 ha) acquired by Nice Skyline Sdn Bhd for property development. The management assistance is for Segamat Estate to continue maintenance of the oil palm trees in the said acquired area. Segamat Estate has to provide evidence to demonstrate and confirm that the FFB from this area still comply with the Identity Preserved model of the supply base.</p>	<p>Major NC# OCL-02</p>
D.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance
<p>D.2.1</p> <p>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 in this Assessment Report.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year.</p> <p>The actual tonnage produced has been recorded in each annual assessment report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	<p>Complied</p>
<p>D.2.2</p> <p>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).</p>	<p>Complied</p>
D.3 Documented procedures		
<p>D.3.1</p> <p>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 IP Module is: RSPO/SOP/CoC/3 issue 05 dated 01 Jan 2018 covered the implementation of all elements of IP Module.</p> <p>The documented RSPO Supply Chain procedure RSPO/SOP/COC/3 Issue 05 dated 01 Jan 2018 stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements.</p>	<p>Minor NC# OCL-01</p>

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	<p>This is not sufficient and IOI Pukin Grouping has to demonstrate how it meet the following Market Communications and Claims requirements:</p> <ol style="list-style-type: none"> (1) General corporate communications (2) Business to business communications (3) Business to consumer communication (4) Identity Preserved Specific Rules (5) Labelling and trademark (6) Messaging 	
a) Complete and up to date procedures covering the implementation of all the elements in these requirements	The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.	Complied
b) 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 site's procedures for the implementation of this standard.	<p>The Assistant Mill Manager, Mr. Mohd. Firdaus Bin Huzaide, has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff 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.</p> <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	Complied
D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>For the year 2017, the POM only received and processed certified FFB only from the PMU IOI - Pukin Grouping estates and FFB diverted from other certified IOI PMUs.</p> <p>The PMU did not receive any non-certified FFB from other sources or suppliers.</p> <p>All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.</p>	Complied
D.4 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.	<p>The Mill had maintained record of tonnages and supply source of certified FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Pukin POM office as well as the IOI Head Office at Putrajaya.</p> <p>There were no non-certified FFBs.</p>	Complied
D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.	<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.</p> <p>So far, there has been no projected overproduction.</p>	Complied
D.5 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
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>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. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.</p> <p>The weighbridge ticket for delivery of CPO and PK indicates the product as certified and IP Module. For ISCC transactions, the registration no. is also clearly indicated.</p>	Complied

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	Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A tonnage balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months.	
D.6 Processing		
Indicators	Findings and Objective Evidence	Compliance
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.	Confirmed from records that Pukin POM only received and processed certified FFB from its own estates for the last 12 months till audit time. 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.	Complied
D.6.2 The objective is for 100 % segregated material to be reached.	Documents and records provided documented evidence for the FFB receipt and processed, CPO and PK produced to be traceable to certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents was verified to be correctly stated.	Complied

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 Pukin 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 2017 and 2018.

3.1.3 Monitoring of Certified Products traded:

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

The volumes traded as verified during assessment for Jan – Dec 2017 are as follows:

Details as per RSPO Certification System Document (Note: Effective Jul 2017)		
	CPO (MT)	PK (MT)
Last year's (Projected) – Certified volume (RSPO Certified)	55,007	10,905
(1) Last year's Actual sold volume (RSPO Certified)	21,451.31	2,918.75
(2) Last year's Actual sold volume *(Other Schemes Certified)	17,306.96	-
(3) Last Year's Actual sold volume **Conventional	1,055.35	6,019.55
Total for Last Year's volume – Actual (1+2+3)	39,813.62	8,938.30
New (Projected) Certified Volume (RSPO Certified)	55,128	10,904

Notes:

* The non PalmTrace volumes under 'Other Schemes certified' is basically ISCC.

** Remaining volumes traded are not claimed under 'Certified' and traded as 'Conventional' volume.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Re-Certification Assessment	2016	1 (Major)	4	Actions taken on the NCRs and OBS verified to be effective during ASA-01
Verification cum Annual Surveillance Assessment - 01	2017	4 (3 Major, 1 Minor)	1	Actions taken on the NCRs and OBS verified to be effective during ASA-02
Surveillance Assessment - 02	2018	12 (6 Major, 6 Minor)	5	Next assessment

3.2.1 Year 2017, Verification cum ASA-01: 4 NCRs (3 Major and 1 Minor)

NCR	MYNI Indicator	Details of NCR	
AL-01 (Major)	4.7.2	Date issued: 23 Mar 2017	
		Noncompliance:	
		Risk Assessment on Health & Safety and implementation: The precautions and checking needed for the use of multi-purpose Trailers for the transport of Workers / FFB / Chemicals are not adequately defined and addressed in the HIRARC.	
		Root Cause and Corrective Action(s):	
		Root cause: The HIRARC, Safe Operating Procedures (SOP) and checklist for checking the transport of Workers / FFB / Chemicals were available but the details were inadequate for the new types of multi-purpose trailers	
		Corrective Action: The HIRARC is revised to address hazards and controls required for the use of multi-purpose Trailers for transporting Workers / FFB / Chemicals (Appendix 1) The Safe Operating Procedures (SOP) for transporting workers has also been revised with effect from 1 st April 2017 (Appendix 2) All operating centres have been instructed to use a revised vehicle inspection form before using the tractors / lorries or trailers (Appendix 3)	
		Verification (Corrective Action): On-site verification done on 11 & 12 May 2017. Noted that revised documentation is available for the SOP on Transportation of Workers IOI.OSH.3.2.2 Rev 3 dated 1 April 2017 and related items on Risk Assessment in the HIRARC is included and contents are sufficiently detailed. Checklist on items for maintenance and monitoring of Transport vehicles and trailers are available and appropriately recorded.	
NC status verified by auditor: Closed by AL		Date closed: 12 May 2017	
Verification of effectiveness: In ASA-02: Verified that the implementation of corrective action is effective.			
NC status verified by auditor: AL		Date verified: 19 Mar 2018	

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NCR	MYNI Indicator	Details of NCR	
SH-01 (Major)	5.2.1	Date issued: 23 Mar 2017	
		Noncompliance: The information provided in the existing maps at the Estates audited has not been collated in the HCV / EIA Assessment reports did not include both the planted area itself and relevant wider landscape-level considerations e.g. at Laukin A, there was insufficient details such as the GPS Latitudes & Longitudes, neighbouring surroundings (estates, Forest Reserve, conservation areas etc.). The markings and signages was not properly placed such as the extent of Buffer demarcation for the unplantable areas as observed at Laukin A estate.	
		Root Cause and Corrective Action(s): Root cause: - The estates have separate maps for fields, blocks, soil, boundaries, contours etc. but the information required was not collated into one "master" map. - Conservation Area sign boards were displayed in some areas at unplantable areas in Laukin estate but they were too small, too few and far from each other. Corrective Action: - A master map which includes the planted areas and relevant wider landscape-level considerations including GPS Latitudes & Longitudes, neighbouring surroundings (estates, Forest Reserve, unplantable areas, buffer zones and conservation areas etc.) was prepared by our GIS Team for all Estates. The demarcation of the buffer for the unplantable areas is also included in the new maps (Appendix 4) - More than 20 Conservation Area signages installed at various points at unplantable areas [Appendix 5 (a) & (b)]	
		Verification (Corrective Action): On-site verification done on 11 & 12 May 2017. The latest landscape surveyed maps were available at the respective estates and proper markings of areas that need monitoring including location of Buffer zones and signages are verified on site. Additional checklist on items for monitoring were included and appropriately recorded as submitted on 21 May 2017. Thus, the corrective actions taken has satisfactorily addressed the non-conformance.	
		NC status verified by auditor: Closed by AL	Date closed: 22 May 2017
		Verification of effectiveness: In ASA-02: Verified that the implementation of corrective action is effective.	
		NC status verified by auditor: SH	Date verified: 19 Mar 2018

NCR	MYNI Indicator	Details of NCR
	6.5.1	Date issued: 23 Mar 2017

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JMD-01 (Major)	<p>Noncompliance:</p> <p>Pay conditions for employees and for contract workers:</p> <p>1) It was found out that the implementation of procedures for the external contractors (FFB transporters, Building and infrastructure contractors, Harvesting contractors) are not consistent e.g. the details of contracts requirements are not consistent between the HQ and PMU (POM & Estates) including the checking needed on contractor employees and vehicles e.g. PPE, Work permits, Driving licenses etc.</p> <p>2) The in depth analysis to understand the causes that lead to inability of the identified workers being unable to achieve the minimum wages was not adequately done in all estate units audited.</p> <p>3) In Laukin and Shahzan 1 Estates, the offer letters for new workers and Legal Register were still indicating Minimum Wages Order 2012. Actual practices were verified to be based on Minimum Wages Order 2016.</p> <hr/> <p>Root Cause and Corrective Action(s):</p> <p>1) Root Cause: As our HQ and operating centres issue separate contracts for the various types of jobs/tasks, the details in the contracts were not the same or consistent. The checking of PPE and Work permits are mentioned in the “Contractor’s safety and health Instructions” but some estates fail to issue these instructions or carry out the checking properly.</p> <p>1) Corrective Action:</p> <ul style="list-style-type: none"> a) A document entitled “Additional Requirements for Contractor and Service Providers” has been sent to all operating centres (Appendix 8) b) Trainings were held to explain the contents of the additional requirements documents before the contractors sign to acknowledge the changes. This document is then attached to their existing contracts (Appendix 9) c) All future contracts issued by HQ and our operating centres will contain the additional requirements and checking will be carried out on contractor’s employees and vehicles e.g. PPE, Work permits, Driving licenses etc. <p>2) Root Cause: Though our HQ HR department conducts monitoring of workers unable to achieve the minimum wages every month, they were unaware that they were required to conduct an in-depth analysis</p> <p>2) Corrective Action: An in-depth analysis is being carried out by operating centres to understand the reasons that lead to the inability of workers to achieve the minimum wages and measures taken to overcome this issue (Appendix 10 a & b)</p> <p>3) Root Cause: The offer letters issued to local workers still indicated Minimum Wages Order 2012 because it was a typo that was not detected by the Management. The actual practices were however based on the Minimum Wages Order 2016.</p> <p>3) Corrective Action: A memo was issued to all local workers indicating that they will be covered under the Minimum Wages Order 2016. With immediate effect, all new local workers will be issued with the revised contract of employment which indicates Minimum Wages Order 2016 (Appendix 11)</p>
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		<p>Verification (Corrective Action): On-site verification done on 11 & 12 May 2017.</p> <p>1) Noted that the implementation of contracts with the various external Contractors are currently provided with addendum for consistency and acknowledged by the contractors at the Estate offices.</p> <p>2) The analysis done has improved has adequate details for longer term monitoring</p> <p>3) Amended offer letter are available and verified.</p> <p>The additional documentations as submitted on 21 May 2017 was verified by the auditor. Thus, the corrective actions taken has satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by JMD</td> <td style="width: 40%;">Date closed: 22 May 2017</td> </tr> </table>	NC status verified by auditor: Closed by JMD	Date closed: 22 May 2017
NC status verified by auditor: Closed by JMD	Date closed: 22 May 2017			
		<p>Verification of effectiveness: In ASA-02: Verified that the implementation of corrective action is effective.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: JMD</td> <td style="width: 40%;">Date verified: 19 Mar 2018</td> </tr> </table>	NC status verified by auditor: JMD	Date verified: 19 Mar 2018
NC status verified by auditor: JMD	Date verified: 19 Mar 2018			

NCR	MYNI Indicator	Details of NCR		
SH-02 (Minor)	5.2.4	Date issued: 23 Mar 2017		
		<p>Noncompliance: Monitoring of HCV and RTE species was not adequately done. The mechanism for reporting was not clearly defined and documented such as reporting to other relevant agencies. Outcomes of monitoring was also not reviewed for actions needed in a Management Plan or during Management Review.</p>		
		<p>Root Cause and Corrective Action(s):</p> <p>Root cause: Though the monitoring and recording of RTE was being carried out, the information was not relayed to the relevant agencies because the estates assumed that only species that were a threat to the workers were to be reported to the relevant agencies.</p> <p>Corrective Action: A new Rare, Threatened and Endangered (RTE) species assessment and monitoring form has been prepared and issued to all operating centres on 6th April 2017 with clear instructions to record sightings, report to the relevant agencies and comment on the action plan column with immediate effect. (Appendix 6) The instructions can be found on Page 35 of IOI's RTE assessment under "Mechanisms for Monitoring and Reviewing Outcomes of Monitoring" which mentions that only RTE to be recorded and not common animals sighted at fields such as Jungle fowls and monitor lizards. Outcomes of monitoring will be reviewed for actions to be taken in our Management Plan (Appendix 7)</p>		
		<p>Verification (Corrective Action): On-site verification done on 11 & 12 May 2017. The revised documentation and implementation of monitoring needed has commenced with checklist on items available and recorded for appropriate identification and monitoring. The corrective actions taken has satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL</td> <td style="width: 40%;">Date closed: 12 May 2017</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 12 May 2017
		NC status verified by auditor: Closed by AL	Date closed: 12 May 2017	
<p>Verification of effectiveness: Non-conformance raised on the same indicator during ASA-02 assessment. Therefore, graded as a Major NC.</p>				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: SH</td> <td style="width: 40%;">Date verified: 19 Mar 2018</td> </tr> </table>	NC status verified by auditor: SH	Date verified: 19 Mar 2018
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3.2.2 Year 2017, Verification cum ASA-01: 1 Observation

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS: AL-01	8.1	All Estates	The retrieval of information, data and past records is not well organised and taking too long a period to be presented.	23 Mar 2017	19 Mar 2018	Closed

3.2.3 Year 2018, ASA-02: 6 Major NCRs

NCR	MYNI Indicator	Details of NCR
Major OCL-01	8.1.1	Date issued: 22/03/2018
		Nonconformance: Action plans for continual improvement have been specified and documented for the POM and Segamat, Bukit Serampang and Pukin Estates. However, some of the action plans did not have measurable objectives/targets in order to determine the effectiveness of the outcomes.
		Root Cause and Corrective Action: Root Cause: The continuous improvement plans have been planned and presented individually by each estate management during the management review meeting. However, when those plans are documented in the management review meeting minutes, they have been summarized and documented in a simplified form which led to lack of certain information such as the main objective and monitoring of the progress.
		Corrective Action: The documentation of those continuous improvement plans have been revised and presented in detail in the Management Review Meeting Minutes (Please refer to Appendix 1).
		Verification (Corrective Action): On-site verification carried out. Continuous improvement plans documented in the revised Management Review Meeting Minutes. Evidence is acceptable, The corrective action satisfactorily addressed the non-conformance.
		NC status verified by auditor: Closed by OCL Date closed: 14&15/05/2018
		Verification (for effectiveness): Next assessment.

NCR	MYNI Indicator	Details of NCR
Major OCL-02	2.2.1 RSPO SCC D.1.1	Date issued: 22/03/2018
		Nonconformance: During the last assessment ASA-01, Segamat, Estate reported the certified area (titled area) as 1,896.27 ha. During this assessment Segamat Estate reported the titled area as 1,826.89 ha. There was also an agreement dated between IOI Plantations Sdn Bhd and Nice Skyline Sdn Bhd to provide management assistance in relation to a few lots of Segamat Estate land totaling 507.54 ha (planted area of 490 ha) acquired by Nice Skyline Sdn Bhd for property development. The management assistance is for Segamat Estate to continue maintenance of the oil palm trees in the said acquired area. Segamat Estate has to provide evidence to demonstrate and confirm that the FFB from this area still comply with the Identity Preserved model of the supply base.

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: Due to the complexity of the land ownership issue in Segamat estate which involves a few entities, we were unable to provide an appropriate explanation or evidence on the day of audit.</p> <p>Corrective Action(s): IOI Group Headquarters explained that the FFB from the area acquired by Nice Skyline Sdn Bhd for property development in Segamat Estate totaling 507.54 ha (planted area of 490 ha) still complies with the Identity Preserved model of the supply base due to the following factors:</p> <ol style="list-style-type: none"> 1. Though Nice Skyline is 60% owned by IOI Properties Group Berhad, IOI Properties Group Berhad is owned by IOI Corporation Berhad through Vertical Capacity Sdn Bhd which owns more than 50% of IOI Properties Group Berhad 2. Segamat estate is 100% under the management control of IOI Plantation Sdn Bhd, which is 100% owned by IOI Corporation Berhad and complies with RSPO P&C and Supply Chain Requirements. 3. The whole of Segamat Estate land (including the area in question) is managed by Segamat estate management and is audited every year and is found to be compliant to RSPO P&C and Supply Chain Requirements. 4. Segamat Estate has an agreement with Nice Skyline to provide management assistance at the above land parcels and harvest FFB. Please refer to the attached Agreement between IOI Plantation Sdn Bhd and Nice Skyline Sdn Bhd 5. It is stated on Page 1 of the Sales and Purchase Agreement (Segamat Estate) between IOI Corporation Berhad and Nice Skyline Sdn Bhd and IOI Properties Group Berhad that the transfer of land parcels to IOI Properties Group Berhad is only an <u>Internal Re Organisation</u> exercise. Please refer to the attached Sales and Purchase Agreement (Segamat Estate) <p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. Any certified oil palm product can be traded through one of four supply chain models that are approved by RSPO:</p> <ol style="list-style-type: none"> 1. Identity Preserved, 2. Segregated, 3. Mass Balance or 4. Book and Claim <p>With the above explanation and evidences, we hope that it demonstrates and confirms that the FFB from Segamat estate (a RSPO certified supply base) which sends its FFB to Pukin Mill complies with the Identity Preserved (IP) model of the supply base.</p>		
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out:</p> <ol style="list-style-type: none"> (1) Annual Reports (Year 2017) of IOI Corporation Berhad IOI Properties Group Berhad confirmed that they have the majority shareholding of Nice Skyline Sdn Bhd. (2) The shareholding structures of the various companies involved verified to meet the ownership requirement of multiple management units requirements. (3) The oil palm trees in the said property development area in Segamat Estate has not yet been cleared are still been maintained in accordance with RSPO P&C requirements. FFB from this area is in compliance with the Identity Preserved model of the supply base. <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14&15/05/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14&15/05/2018
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		<p>Verification (for effectiveness): Next assessment.</p>		

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NCR	MYNI Indicator	Details of NCR
Major AL-01	4.7.2	<p>Date issued: 22/03/2018</p> <p>Nonconformance: Location: Pukin POM (1) Summary of recommendations by the medical doctor on the Annual Medical Surveillance report such as to get eyesight checked and corrected, lose weight etc. on some of the workers, did not have clear evidence of follow up done.</p> <p>(2) Areas under construction were not cordoned off or placed with signages to indicate safety precautions needed at those areas e.g. near Settling tank area, and Biogas – Site lab area.</p> <p>Location: Bukit Serampang & Pukin estate (3) Along entrance roads into the estate areas, there were signages indicating 'Safety helmets' to be used when travelling on motorbikes. However, this was seen to be not adhered by some of the motorcyclist in the estate roads. Refer: SOP – "Procedure Kerja Selamat Penunggang Motosikal – IOI-OSH.3.2 (01 Aug 2012) Rev.0.'</p> <p>Location: Segamat estate (4) Bathroom flooring for field workers – drains to be covered and no protruding planks to ensure better safety.</p> <p>Root Cause and Corrective Action:</p> <p>(1) Pukin POM Root Cause: As the Hospital Assistant (HA) had already advised the workers regarding their medical conditions and precautions to be taken, the Management thought that that would be sufficient. Corrective Action: The affected workers were sent to;</p> <ul style="list-style-type: none"> a) Mill's panel clinic (Klinik Yeo Sdn Bhd) on 20th April 2018 for consultation regarding the eye problems (Fathul Hadi and R. Ramakrishnan). – App 1 (a). b) Hospital Assistant on 5th and 9th April 2018 for consultation regarding the weight problem – App 1 (b) c) Mill's panel clinic (Klinik Yeo Sdn Bhd) on 6th April 2018 for consultation regarding the diabetic control – App 1 (c) d) Klinik Kesihatan Segamat on 11th April 2018 for others health problem (Liver ultrasound and blood sugar level test) – App 1 (d) <p>Briefing on medical surveillances report was conducted to all tested workers – App 1 I</p> <p>(2) Pukin POM Root Cause: Though the contractor carrying out the construction work near the Settling tank area was given a briefing on safety precautions (<i>Safety & Health Instruction for Contractor</i>) to be taken including cordoning off the work area and placing appropriate safety sign boards, and he failed to do so. The biogas area workers failed to remove the bolts and nut after removing a tank near the Biogas – Site lab area. Corrective action: The following measures were taken by Pukin mill management:</p> <ul style="list-style-type: none"> a) The contractor was given another briefing on 2nd April 2018 and told to comply with all safety requirements; <ul style="list-style-type: none"> (i) Safety and Health Instruction for Contractor – App – 2 (a) i (ii) Safety and Health briefing photos – App 2 (a) ii

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		<p>b) The work area was cordoned off and safety sign boards were displayed – App 2 (b) c) The bolts and nuts on the floor of the tank area was removed immediately – App 2 ©</p> <p>(3) Bukit Serampang & Pukin estate Root cause: Despite signboards being displayed and training/reminders on the usage of safety helmets when travelling on motorbikes, the workers and public using our roads refuse to adhere. Corrective action: Pukin Estate Management have carried out the following corrective actions: (a) SaOP for Motorbike Training Attendance – App 3 (a) i (b) SaOP for Motorbike Training Evaluation – App 3 (a) ii (c) SaOP for Motorbike Training Material – App 3 (a) iii (d) SaOP for Motorbike Training Photos – App 3 (a) iv Bukit Serampang Estate Management have carried out the following corrective actions: (a) SaOP for Motorbike Training Attendance – App 3 (b) i (b) SaOP for Motorbike Training Evaluation – App 3 (b) ii (c) SaOP for Motorbike Training Material – App 3 (b) iii (d) SaOP for Motorbike Training Photos – App 3 (b) iv</p> <p>(4) Segamat estate Root cause: Due to frequent and prolonged use, the wooden planks in the workers' shower were damaged due to wear and tear. As the safety committee, staffs or workers did not report this damage, the management were unaware of it. Corrective action: The management took immediate measures to replace the wooden planks with concrete flooring – App 4 (a). The safety committee and staffs were also told to regularly inspect such areas and report to the management if there are any unsafe conditions, as soon as possible. Workplace inspection checklists was revised to include workers showers to ensure all are in good working order. – App 4 (b).</p> <p>Verification (Corrective Action): On-site verification carried out: (1) At Pukin POM, follow up action has been taken on the Annual Surveillance Report. Other supporting document relevant to the follow up action were made available during the verification. (2) At Pukin POM, visit to site confirmed that the work site has been cordoned and signage displayed. The bolts and nuts was also removed. (3) At Pukin estate and Bukit Serampang estate, an SaOP has been established to tackle the issue on the use of helmet for safety. Training was also conducted to workers. In addition, a memorandum has been produced to warn worker and also public regarding the use of the state roads. (4) At Segamat estate, visit made to site confirmed the wooden planks had been replaced with concrete flooring. The workplace inspection checklist has also been revised. The corrective actions satisfactorily addressed the non-conformance.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by SH</td> <td style="width: 30%;">Date closed: 14&15/05/2018</td> </tr> </table> <p>Verification (for effectiveness): Next assessment.</p>	NC status verified by auditor: Closed by SH	Date closed: 14&15/05/2018
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NCR	MYNI Indicator	Details of NCR
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Major SH-01	5.2.4	<p>Date issued: 22/03/2018</p> <p>Nonconformance: At Pukin Estate, a steep hill has been identified as conservation area within the estate. The action plan to conserve the area is on-going and monitored. This area was not included and not reported in the HCV assessment study. In addition, the composition of the HCV working group is not accurate concerning the identification of the team leader <i>(As there was a Minor NC raised against this indicator during the previous assessment ASA-01, this finding is graded as a Major NC).</i></p> <p>Root Cause and Corrective Action:</p> <p>Root Cause: HCV Assessment in all estates is prepared by reviewing the previously prepared HCV assessment and updating it with significant new changes. As we felt that all the significant HCVs example, steep hills, rivers, forests ponds, etc. in Pukin Estate was already identified by the previous highly competent assessors, we failed to identify and include the steep hill in Pukin Estate into the current HCV Assessment.</p> <p>The reason why Mr. Joshua Mathews was stated as the 'Team Leader' was because we wanted to give credit to him and his team as they were the initial HCV assessors for IOI Plantations.</p> <p>Corrective Action(s): Pukin Estate HCV Assessment has been revised by including the steep hill area and the particulars on HCV Management Action Plans for the steep hill area.</p> <p>The working group of HCV Assessment for Pukin Estate has been revised by separating the team that conducted the initial HCV Assessment in 2009 and the current HCV team members. Ms Magala Dharmabalan has been chosen as current HCV Team Leader, she will be assisted by the other Sustainability Team Members and Operating Centers Personnel. (Appendix 1: Revised HCV Assessment – Pukin Estate – 2018)</p> <p>Verification (Corrective Action): On-site verification carried out. The HCV assessment was reviewed again on the 3/4/2018. The assessment has included the existence of the steep slope and the management of the area. The working group has also been revised and proper designation given to the assessment team. The corrective actions satisfactorily addressed the non-conformance.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by SH</td> <td style="width: 30%;">Date closed: 14&15/05/2018</td> </tr> </table> <p>Verification (for effectiveness): Next assessment.</p>		NC status verified by auditor: Closed by SH	Date closed: 14&15/05/2018
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NCR	MYNI Indicator	Details of NCR	
Major JMD-01	6.5.1	<p>Date issued: 22/03/2018</p> <p>Nonconformance:</p> <p>1. There is no evidence of public holiday payment made for workers who had been approved for long unpaid leave in 2017. This practice is not complying with Employment Act 1955, Section 60D(2) where it is stated that "Any employee who absents himself from work on the working day immediately preceding or immediately succeeding a public holiday or two or more consecutive public holidays or any day or days substituted therefore under this section without the prior consent of his employer shall not be entitled to any holiday pay for such holiday or consecutive holidays unless he has a reasonable excuse for such absence."</p> <p>2. Employment agreement between contractor at Pukin Estate stated that its workers are only entitled for eleven days of public holidays in one year. This is not complying with Schedule 1, Holidays Acts 1951 where it stated thirteen days of public holidays in one year.</p>	

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <p>1. On the issue of “There is no evidence of public holiday payment made for workers who had been approved for long unpaid leave in 2017, we would like to explain that: “Unpaid leave”, “no pay leave” or “leave of absence without pay” in its ordinarily, plain and literal meaning means no payment at all or entitlement to any benefits during the period of the long leave.</p> <p>Section 60D(1B) of the Employment Act 1955 (EA 1955) states that if the public holiday falls within the period during which employee is on sick leave, or annual leave, temporary disablement under Workmen’s Compensation Act or SOSCO, the employer must give another day as a paid public holiday in substitution of such public holiday. Therefore, only these 3 categories of employee are entitled for the paid public holiday.</p> <p>Leaves such as sick leave, annual leave, temporary disablement, maternity leave, sabbatical leave, unpaid leave are of the same kind or class (<i>ejusdem generis</i>) i.e. absence from work with permission or lawfully. However, applying the maxim “<i>Expressio Unius Est Exclusio Alterius</i>” meaning when one or more things of a class expressly mentioned, others of the same class are excluded. Maternity leave and unpaid leave are not expressly mentioned in Section 60D (1B) of the EA 1955 and hence excluded i.e. not entitled for the paid public holiday.</p> <p>Section 60E(3B) of the EA 1955 also clearly and expressly excluded those employees on leave of absence without pay for more than 30 days i.e. their annual leave entitlement is pro-rated. Example, if the employee is entitled for 12 annual leave per annum, and he takes 3 months annual leave, he is only entitled for 9 days’ annual leave. As such, looking at both sections 60D(1B) and 60E(3B) of the EA 1955, it is the intention of the Parliament to exclude those employees on long unpaid leave to be entitled for the public holiday pay and annual leave pay.</p> <p>Section 60D(2) of the EA 1955 refers to “<u>existing employee who absents himself from work on the working day immediately preceding or immediately succeeding a public holiday... without the prior consent...</u>” It is also referring to employee who is absent and not on leave. There is a difference between absent and leave. Furthermore, there is only one sentence in Section 60D(2) and it is without any comma, colon, semicolon, hyphen or dash. As such, the whole sentence should be read conjunctively instead of disjunctively.</p> <p>In addition, the author, RP Baskaran in his book – “Handbook of Points To Remember on Employment Laws” (Refer to Attached App 1) opines that “when an employee is on unpaid leave for an extended period, his service period is <u>temporarily held in abeyance</u> until he reports for duty again”. Therefore, holiday pay, rest day pay and off-day pay are not payable to monthly-rated employees during their extended unpaid leave period. For daily-rated employees, rest days and off-day are not paid. <u>The public holidays falling during their extended unpaid leave would also not be paid.</u></p> <p>We sincerely hope that the above explanation clarifies that workers on long unpaid leave are not entitled to public holiday payments during the said period.</p> <p>Corrective Action:</p> <p>To avoid misinterpretation of law, all future applications for unpaid leave for an extended period will be replied with an acceptance letter stating that the service period will be temporarily held In abeyance until he/she reports for duty again. The acceptance of the unpaid leave application exclude any consent to payment of public holiday, sick pay, rest day pay and off-day pay.</p> <p>2. On the issue of “Employment agreement between contractor at Pukin Estate stated that its workers are only entitled for eleven days of public holidays in one year. This is not complying with Schedule 1, Holidays Acts 1951 where it stated thirteen days of public holidays in one year, we would like to explain that:</p>
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		<p>Under Section 60D of the Employment Act, it is stated that employees are only entitled to eleven (11) days public holidays in any one calendar year at his ordinary rate of pay and:</p> <p>a) Out of the eleven gazetted public holidays, five of which shall be:</p> <ul style="list-style-type: none"> i) National Day, ii) Birthday of the Yang Dipertuan Agong, iii) Birthday of Ruler/Yang Dipertua Negeri or Federal Territory Day, iv) Labour Day and v) Malaysia day) in one calendar year and on any day declared as a public holiday under section 8 of the Holiday Act 1951 <p>b) on any day appointed as a public holiday for that particular year under section 8 of the Holidays Act 1951 [Act 369]: Refer to Appendix 2</p> <p>The Minister may, by notification in the Gazette or in such other manner as he thinks fit, appoint, in respect of Peninsular Malaysia after consultation with the State Authority a day to be observed as a public holiday in addition to, or in substitution for, any of the days mentioned in the Schedules and thereupon this Act shall, in Peninsular Malaysia or in the State in respect of which a day is appointed to be observed as a holiday as aforesaid, be applicable to such day in the same manner as if the said day had been mentioned in the First Schedule or the Second Schedule, as the case may be.</p> <p style="text-align: center;">FIRST SCHEDULE [Section 3] PUBLIC HOLIDAYS</p> <ol style="list-style-type: none"> 1. Birthday of the Prophet Muhammad (s.a.w.). 2. Hari Kebangsaan or National Day. 3. Chinese New Year (one day in the States of Kelantan and Terengganu, two days in the other States). 4. Wesak Day. 5. Birthday of the Yang di-Pertuan Agong. 6. Hari Raya Puasa (2 days). 7. Hari Raya Haji (two days in the States of Kelantan and Terengganu, one day in the other States). 8. Deepavali. 9. Christmas day. 10. Labour day 11. Awal Muharram 12. Malaysia Day <p>As the contractors were unaware of the latest changes to the Holidays Act 1951 Amendment 2009 (13 days public holiday), they still offered 11 days public holiday as per Section 60D of the Employment Act. Though it's stated as 11 days, the contractors practice 13 days public holiday for their workers in tandem with our estates.</p> <p>The Contractors have all changed their contract agreement to 13 days public holiday entitlement for their workers (Refer to Appendix 3 – Revised employment agreement for contract workers).</p>
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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out:</p> <p>(1) The company has given a detailed explanation concerning the interpretation of Employment Act 1955, Section 60D (2) on the public holiday payment for workers who had been approved for long unpaid leave. Until there is a definitive interpretation by the legal authorities concerned, the explanation is accepted. The company has also taken corrective action to state that acceptance of unpaid leave application exclude any consent to payment of public holiday, sick pay, rest day pay and off-day pay.</p> <p>(2) Evidence of amended contracts for contractor's workers stating 13 days public holiday entitlement for their workers.</p> <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
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		Verification (for effectiveness): Next assessment.		

NCR	MYNI Indicator	Details of NCR		
Major JMD-02	6.12.1	Date issued: 22/03/2018		
		<p>Nonconformance:</p> <p>There is no evidence sighted that the passports of absconded foreign workers were returned to the relevant embassies and foreign workers abscondment report had been submitted to Immigration Department.</p>		
		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <p>The present practice is for the estates to make a police report whenever a worker absconds. The company only requires the estates to send the police report and the passport (if any) to the Head Office. Repatriation and abscondment matters are handled by the Head Office. As such, the estates and mills did not follow up with the Head Office.</p> <p>With regard to the workers' passport to be returned to the relevant embassies, our current IOI Sustainable policy only allows the workers to either keep their passport themselves or keep their passport in the passport lockers provided by the management. As such, most of the workers absconded together with their passport.</p> <p>Corrective Action(s):</p> <p>Effective immediately, estates and mill will request HR department for the evidence of abscondment report sent to Immigration department. With reference to this we attach a copy of the following:</p> <ol style="list-style-type: none"> a) Immigration department's acknowledgement that the absconded worker's report has been received from IOI b) Immigration department's official receipt for penalty payment of RM250 c) Letter of returning the passport to the relevant embassy <p>If there is any absconded workers' passport still with the estates or mill, it will be returned to the relevant embassies (if they are willing to accept) as this document is of no use to the company.</p>		
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out. Following evidences are acceptable:</p> <ol style="list-style-type: none"> (a) passports of absconded foreign workers were returned to the relevant embassies (b) foreign workers abscondment report had been submitted to Immigration Department. <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
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3.2.4 Year 2018, ASA-02: 6 Minor NCRs

NCR	MYNI Indicator	Details of NCR		
Minor OCL-01	RSPO SCC 5.11 and D.3.1	Date issued: 22/03/2018		
		<p>Nonconformance: The documented RSPO Supply Chain procedure RSPO/SOP/COC/3 Issue 05 dated 01 Jan 2018 stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements. This is not sufficient and IOI Pukin Grouping has to demonstrate how it meet the following Market Communications and Claims requirements:</p> <ol style="list-style-type: none"> (1) General corporate communications (2) Business to business communications (3) Business to consumer communication (4) Identity Preserved Specific Rules (5) Labelling and trademark (6) Messaging 		
		<p>Root Cause and Corrective Action:</p> <p>Root Cause: Information on using the RSPO trademark has been communicated through email dated on 2nd January 2018 to all IOI in-house Mills. Hence, it was considered sufficient as the RSPO trademark license application is completed and no further clarification on the uses of RSPO trademark and claim needed.</p> <p>Corrective Action(s): Revised Standard Operating Procedure for RSPO Supply Chain issued #6 dated 03rd April 2018, stated code of areas of communication in the rules. (Appendix 1: RSPO SOP Mill Management System (Issue #6) – Revised Apr 2018).</p>		
		<p>Verification (Corrective Action): On-site verification carried out. Revised Standard Operating Procedure for RSPO Supply Chain – RSPO/SOP/COC/3 issue No. 06 dated 03 April 2018 contained the requirements for market communications and claims. The corrective actions satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14&15/05/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14&15/05/2018
		NC status verified by auditor: Closed by OCL	Date closed: 14&15/05/2018	
Verification (for effectiveness): Next assessment.				

NCR	MYNI Indicator	Details of NCR
Minor AL-01	4.2.4	Date issued: 22/03/2018
		<p>Nonconformance: Location: At Segamat estate It was noted that several heaps of Empty Fruit Bunches delivered to Field blocks: 02A had not been levelled into a single layer and not done in a timely manner as required by the company's SOP. Some vegetation were seen growing out of these heaps of EFB.</p>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: Normally, the management ensures that empty fruit bunches (EFB) are levelled on the same day that the EFB is delivered to the fields. However due to high crop and shortage of manpower this time, there was a delay in levelling the EFB in this particular field.</p> <p>Corrective Action(s):</p> <p>a) The management took immediate measures to level the EFB at Field PM02A and other fields – App 1</p> <p>b) The staff and tractor drivers concerned were reminded to ensure that EFB's are levelled on the same day they are delivered to field for mulching purposes.</p>	
		<p>Verification (Corrective Action): On-site verification carried out. Visit to site confirmed that the EFB has been leveled for mulching purpose at the field concerned. In addition, the SOP has also been revised where the EFB leveling should be done and not to exceed more than 5 days upon delivery to the field. The corrective actions satisfactorily addressed the non-conformance.</p>	
		NC status verified by auditor: Closed by SH	Date closed: 14&15/05/2018
		Verification (for effectiveness): Next assessment.	

NCR	MYNI Indicator	Details of NCR
Minor SH-01	5.1.3	Date issued: 22/03/2018
		<p>Nonconformance:</p> <p>(1) The mitigation plan for the prevention of erosion at a stream in Pukin estate has not been addressed and implemented.</p> <p>(2) At Segamat Estate, it was found that certain streams are without the buffer demarcation marker. The extent of the buffer zone was not clearly identified. One of the streams is at Bukit Siput Division and the other at Genuang Division.</p> <p>(3) At Bukit Serampang Estate, the buffer markers were faded and not clearly visible.</p>

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		<p>Root Cause and Corrective Action:</p> <p>(1) Pukin estate Root Cause: High rainfall since January 2018 (374.18mm/18days) and strong water flow downstream caused heavy soil erosion especially at this particular area/stream (Field PM 06D). The absence or small amount of vegetation and ground cover also contributed to the erosion. As there was still heavy intermittent rainfall, the estate planned to implement measures to address the areas where erosion had occurred and also commence road maintenance work once the weather improved.</p> <p>Corrective Action: The following actions were taken to correct and prevent further erosion:</p> <ul style="list-style-type: none"> a) The area damaged by erosion was filled with sand and vetiver grass was planted at the side of the stream – App 1 (a) b) Maintenance of side drains, silt pit and road was carried out to reduce the speed of water during heavy rain – App 1(b) c) Road maintenance program was carried out to repair damaged roads – App 1 (c) <p>(2) Segamat estate Root Cause: As the streams in Genuang and Bukit Siput divisions were well maintained with minimum activities carried out in the buffer zones, Segamat estate management felt that it was not required to demarcate the area or display buffer zone signs.</p> <p>Corrective action: Segamat estate Management have carried out the following corrective actions:</p> <ul style="list-style-type: none"> a) The palms beside the streams were marked with red colour and signboards were erected to indicate the areas as buffer zones – App 2 (a) & (b) b) Buffer zone checklist was updated – App 2 (c) c) Buffer zone training attendance form – App 2 (d) d) Buffer zone training photos – App 2 (e) <p>(3) Bukit Serampang estate Root cause: Buffer zones are checked every month using a checklist and maintenance work is carried out based on the findings. Though the particular faded palms were identified and repainting was planned, it was not carried out due to lack of manpower</p> <p>Corrective action: The following corrective actions were taken to ensure that buffer zones are monitored regularly and maintained:</p> <ul style="list-style-type: none"> a) Assistants were reminded to use the checklist to check & ensure that buffer zones are maintained monthly – App 3 (a) b) The palms around the estate that were faded were repainted with red paint - App 3 (b) c) Buffer zone maintenance training was conducted for employees – App 3 (c) 		
		<p>Verification (Corrective Action): On-site verification carried out:</p> <p>(1) At Pukin estate, visit to site confirmed the actions taken. In addition, a road maintenance programme has also been planned and implemented to minimize the effect of erosion.</p> <p>(2) At Segamat estate the buffer zones has been identified and marked on the ground. This new buffer zone areas has also been marked on the estate map.</p> <p>3. At Bukit Serampang estate, faded buffer markers has been repainted and the monitoring to be done is according to the checklist prepared.</p> <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by SH</td> <td style="width: 30%;">Date closed: 14&15/05/2018</td> </tr> </table>	NC status verified by auditor: Closed by SH	Date closed: 14&15/05/2018
NC status verified by auditor: Closed by SH	Date closed: 14&15/05/2018			
		<p>Verification (for effectiveness): Next assessment.</p>		

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NCR	MYNI Indicator	Details of NCR	
Minor JMD-01	6.2.3	Date issued: 22/03/2018	
		Nonconformance: Latest stakeholders list sighted at Pukin POM was found to be incomplete. Four directly hired contractors are found not included in the list, e.g. CPO transportation and schedule waste contractors.	
		Root Cause and Corrective Action: Root Cause: Incomplete stakeholder list due to documentation error. The management thought the stakeholder list was sufficient with all the relevant stakeholders. The transporter contractors were verified to attend the latest stakeholder meeting, however not included in the updated stakeholder list. Corrective Action(s): Stakeholder list has been updated with addition of crude palm oil (CPO) transporters and schedule waste contractor Eg: Sasaran Perentas, Pengangkutan Wawasan Kota, Teo Tuan Kwee Sdn. Bhd. and OLST Petro Chemical Sdn Bhd. Refer to Appendix 1 – Revised Stakeholder List for Pukin Palm Oil Mill	
		Verification (Corrective Action): On-site verification carried out: Updated Stakeholder list verified to be complete. The corrective actions satisfactorily addressed the non-conformance.	
		NC status verified by auditor: Closed by OCL	Date closed: 14&15/05/2018
		Verification (for effectiveness): Next assessment.	

NCR	MYNI Indicator	Details of NCR
Minor JMD-02	6.5.3	Date issued: 22/03/2018
		Nonconformance: On 19 Mar 2018, Pukin POM was found to have supplied insufficient water to the linesite. This has resulted in some contract FFB harvesters unable to prepare their meals. For this reason the harvesters decided not to turn up for work to avoid working in weak condition.
		Root Cause and Corrective Action: Root Cause: Due to insufficient water supply to line site, the management were in the process of replacing 2 inches poly pipe with 3 inches pipes to cater for increased demands of water from workers and staff. Due to this, the water supply was disrupted as the pipe replacement work was being carried out during the time of audit. It took about 1 day for the supply to become normal. Corrective Action(s): Replacement of piping for line site has been completed. Water supply is back to normal. Management have been told to arrange for alternate water supply whenever pipe maintenance work or water disruptions occur at the line site or staff quarters (Appendix 1: Photos of new piping installation work at Pukin Mill) (Appendix 2: Email to Pukin Palm Oil Mill regarding water supply to Line site)

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		Verification (Corrective Action): On-site verification carried out: (1) Piping replacement at line site verified to be completed. (2) Instruction for alternative water supply during maintenance works or water disruption. The corrective actions satisfactorily addressed the non-conformance.		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/05/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/05/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/05/2018			
		Verification (for effectiveness): Next assessment.		

NCR	MYNI Indicator	Details of NCR		
Minor JMD-01	6.6.2	Date issued: 22/03/2018		
		Nonconformance: Currently, the effective policy for JCC in IOI Pukin group is to conduct a meeting once in every two months. However, it was found that Pukin POM JCC did not have any meeting in Sep 2017. For the Jan 2018 meeting, it has been postponed to Feb 2018.		
		Root Cause and Corrective Action: Root Cause: Meeting was not conducted in September 2017 and January 2018 meeting due to overload of work, peak crop and change in person-in-charge of JCC meetings.		
		Corrective Action(s): JCC meeting was held on 04/04/2018 at 4.30 pm. Mill Manager reminded the Social Liaison Officer and Sustainability Staff to ensure that JCC meetings are held without fail once every two months. Attachment 1(a): JCC Meeting Notice Attachment 1(b): JCC Meeting minutes Attachment 1(c): JCC Meeting photos Attachment 1(d): Email to Pukin Mill regarding JCC Meeting		
		Verification (Corrective Action): On-site verification carried out. JCC meeting verified to be conducted with minutes of meeting. Email sent out regarding the conduct of JCC meeting a 2 months' interval. The corrective actions satisfactorily addressed the non-conformance.		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/05/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/05/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/05/2018			
		Verification (for effectiveness): Next assessment.		

3.2.5 Year 2018, ASA-02: 5 Observations

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS# SH-01	5.3.3	Pukin Estate	The condition of the road leading to the landfill was not properly maintained to facilitate easy access to the site.	22 Mar 2018		Follow up at next assessment
OBS# SH-02	5.6.3	POM	There was no lay out plan placed at the effluent site.	22 Mar 2018		Follow up at next assessment

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OBS# AL-01	4.7.5	POM	First Aid Kit at Laboratory noted without the Checklist of Items.	22 Mar 2018		Follow up at next assessment
OBS# AL-02	4.7.7	Pukin Estate	Insurance case of contract harvester who was injured and has taken long leave is not closed yet and results of claims will need proper followed up until closure.	22 Mar 2018		Follow up at next assessment
OBS# JMD-01	6.5.2	POM	At the POM fully translated version of contract agreements into languages understood by the workers were found to be not available during the audit. This situation did not occur in the estates audited where fully translated version of contract was immediately produced when requested by auditors. The practice of using complete translation of contract should consistently be implemented in both POM and the estates. However, from training records sighted and interviews with workers it was confirmed that the workers at the POM have very good understanding of the content of the contract that they had signed.	22 Mar 2018		Follow up at next assessment

3.2.6 Identified Positive Elements

- 1) The PMU has continued to maintain and carried out CSR activities such as financial funding for education, social and religious activities.
- 2) The PMU has continued to maintain and implement the safety measures and pollution prevention programs and activities.

3.3 Summary of 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 the 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 (Surveillance Assessment ASA-01 – Year 2017)

Communication done via email on 13 Feb 2017 to various categories of stakeholders:

Stakeholders' Feedback	PMU Response	Intertek verification / comments	Follow up comments (if any)
Government Agencies			
Communication done via email on 13 Feb 2017. See list under para 2.5 No feedback received.	Annual stakeholder consultations have been maintained and no issues received.	Verified that no issues raised from Stakeholder consultations.	Nil

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Non-Governmental Organizations			
Communication done via email on 13 Feb 2017. See list under para 2.5 No feedback received.	Annual stakeholder consultations have been maintained and no issues received.	Verified that no issues raised from Stakeholder consultations.	Nil
Local Communities			
Concerns and suggestions received during interviews and stakeholder consultations include representatives from government agencies, suppliers, transporters, contractors at the PMU. Total: 11 nos - Local community 16 nos - Workers at POM, Estates (local and foreign, male and female) No significant issues were raised as generally the PMU has periodically met up with the related parties and satisfactory actions were taken to address concerns and suggestions made.	Stakeholder consultations has been maintained to address stakeholders' feedback.	Verified that no significant outstanding issues from Stakeholder consultations.	Nil
Other Interested parties			
Nil	Nil	Nil	Nil

3.3.2 Feedback Raised by Stakeholders (Surveillance Assessment ASA-02 – Year 2018)

Communication done via email on 14 Feb 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 feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: Feedback received from National Union of Plantation Workers (NUPW) via letter dated 08 Mar 2018 (see attached):  Stakeholder feedback-NUPW-IOI F	The PMU noted that the comments raised by NUPW are relevant issues concerning workers' welfare that the PMU has implemented and comply in accordance with legal and other requirements as specified in the P&C standard.	Verified during on-site assessment that the PMU is generally in compliance with these issues.	To continue monitoring in next assessment.
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 22 Mar 2018. A total of 6 stakeholders (including FFB transporters, supplier and road maintenance contractors)			

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<p>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"> 1. Request from the Veterinar Department for the estate management to prepare basic medicines for buffaloes treatment due to limited at supply at the department. 2. Request for Pukin Estate management to respond to a letter from Felcra asking for permission to use the estate field road to access their new plantation. 	<ol style="list-style-type: none"> 1. The PMU will consider the request from the Veterinar Department. 2. Pukin Estate will respond to the request from Felcra. 	<p>To be followed up during the next Assessment.</p> <p>To be followed up during the next Assessment.</p>	<p style="text-align: center;">-</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 16 to 22 Mar 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 18 males, 8 females Estate = 50 males, 20 females SPO Team = 3 males, 2 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 Corporation Pukin Grouping had been able to demonstrate its compliance with the RSPO Principles and Criteria (April 2013), Malaysian National Interpretation (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill

Therefore, it is recommended that the certification of IOI Corporation Pukin Grouping be approved and continued

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Dr. Ooi Cheng Lee
Lead Assessor

Date: 11 Jun 2018

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 Corporation Berhad

IOI PLANTATION SERVICES SDN BHD

Company No: 1050782-T

SAFETY, HEALTH & SUSTAINABILITY DEPT

Sustainability, Safety and Health (Peninsular)

.....Date: 12 Jun 2018.....

RAVI TONY

MANAGER

JKKP IS 127/438/2/1598

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

Certificate No:	RSPO 927888
New issue date	13 Jun 2018
Expiry date	12 Jun 2021
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Pukin Grouping
Address of POM:	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (2014); RSPO Supply Chain Certification Standard (Jun 2017) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernels
Supply Chain module 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		Certified Area (ha)
		Latitude	Longitude	
Pukin Palm Oil Mill Capacity (60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	10,023.19
Pukin Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	
Shahzan 1 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E	
Shahzan 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E	
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E	
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E	

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

Pukin POM	Annual Tonnages (MT)
Certified FFB	242,320
Certified CPO	55,128
Certified PK	10,904
Supply chain module	Identity Preserved (IP)



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Appendix A:

Qualifications of Lead Assessor and Assessment Team

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

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

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

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

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

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

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

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

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

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

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Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare
– BSc (Social Science)

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

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity			
		Assessment Team			
19 Mar 2018 Monday (Day 1)	8.00 am – 9.00 am	Travel to Pukin POM			
	9.00 am – 9.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)			
	9.30 pm – 1.00 pm	Document Review & Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM			
		OCL	AL	SH	JMD
		Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement • SCC for POM 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
		<ul style="list-style-type: none"> • Verification of effectiveness of corrective actions for non-conformances • Review of Time Bound Plan • Verification for compliance with rules on multiple management units 			
	1.00 pm - 2.00 pm	Lunch Break			
	2.00 pm - 5.00 pm	Continue site assessment at Palm Oil Mill			
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion				

Date	Time	Assessors and Assessment Activity			
20 Mar 2018 Tuesday (Day 2)	8.30 am – 12.30pm	OCL	AL	SH	JMD
		Site assessment at Segamat Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Segamat Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Segamat Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Segamat Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	Continue site assessment at Segamat Estate			
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion				

Date	Time	Assessors and Assessment Activity
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21 Mar 2018 Wednesday (Day 3)	8.30 am – 12.30pm	OCL	AL	SH	JMD
		Site assessment at Bukit Serampang Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Bukit Serampang Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Bukit Serampang Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Bukit Serampang Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	Site assessment at Pukin Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Site assessment at Pukin Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Pukin Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Pukin Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion				

Date	Time	Assessors and Assessment Activity			
		OCL	AL	SH	JMD
22 Mar 2018 Thursday (Day 4)	8.30 am – 10.30 am	Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community 		
	10.30 am – 11.00 am		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 pm – 12.00 pm		Preparation for Closing Meeting		
	12.00 pm – 1.00 pm		Team Meeting and Discussions with POM Management Representative		
	1.00 pm – 2.00 pm		Closing Meeting & Briefing at Palm Oil Mill Office		
	2.00 pm onwards		Travel back to Kuala Lumpur		

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Appendix C-1:

Location Map of IOI Pukin Grouping, Johor, Malaysia



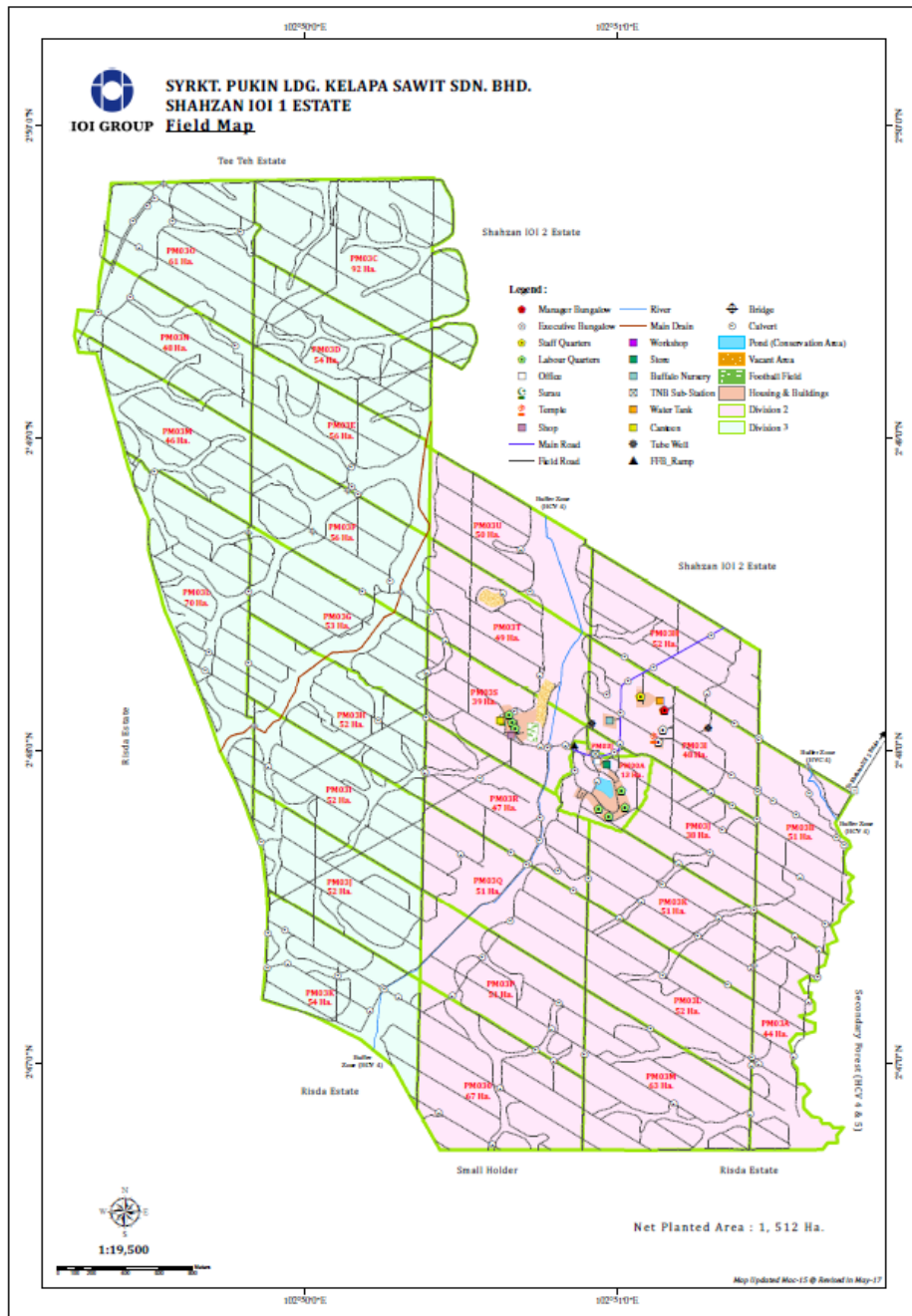
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Appendix C-2-2: Map of Shahzan 1 Estate

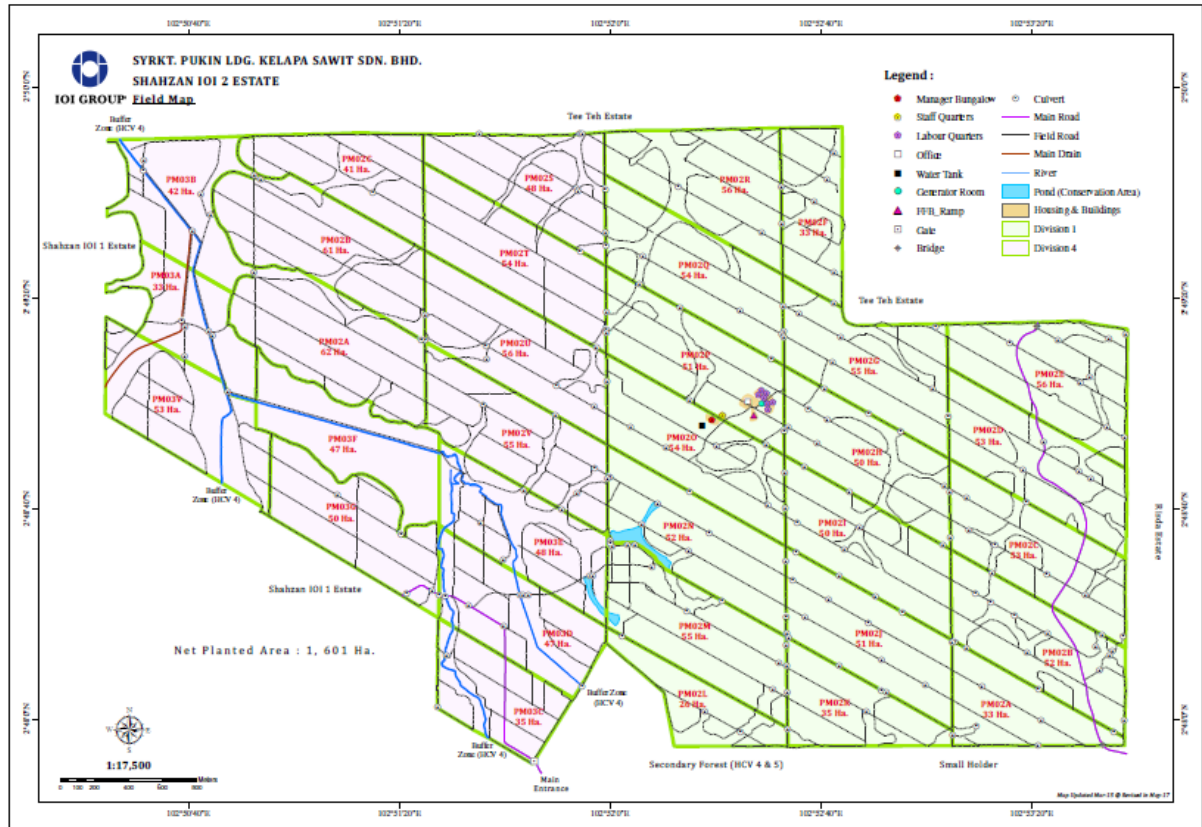


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Appendix C-2-3: Map of Shahzan 2 Estate

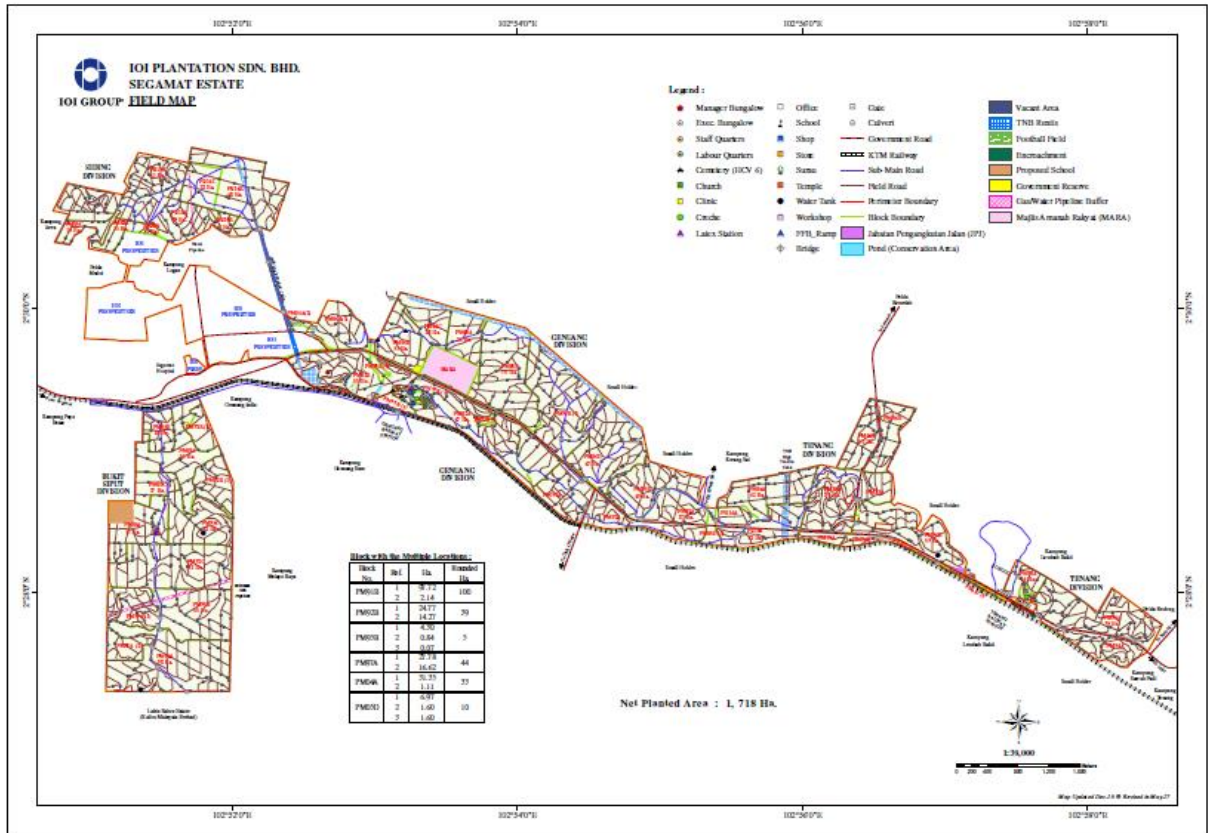


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Appendix C-2-4: Map of Segamat Estate



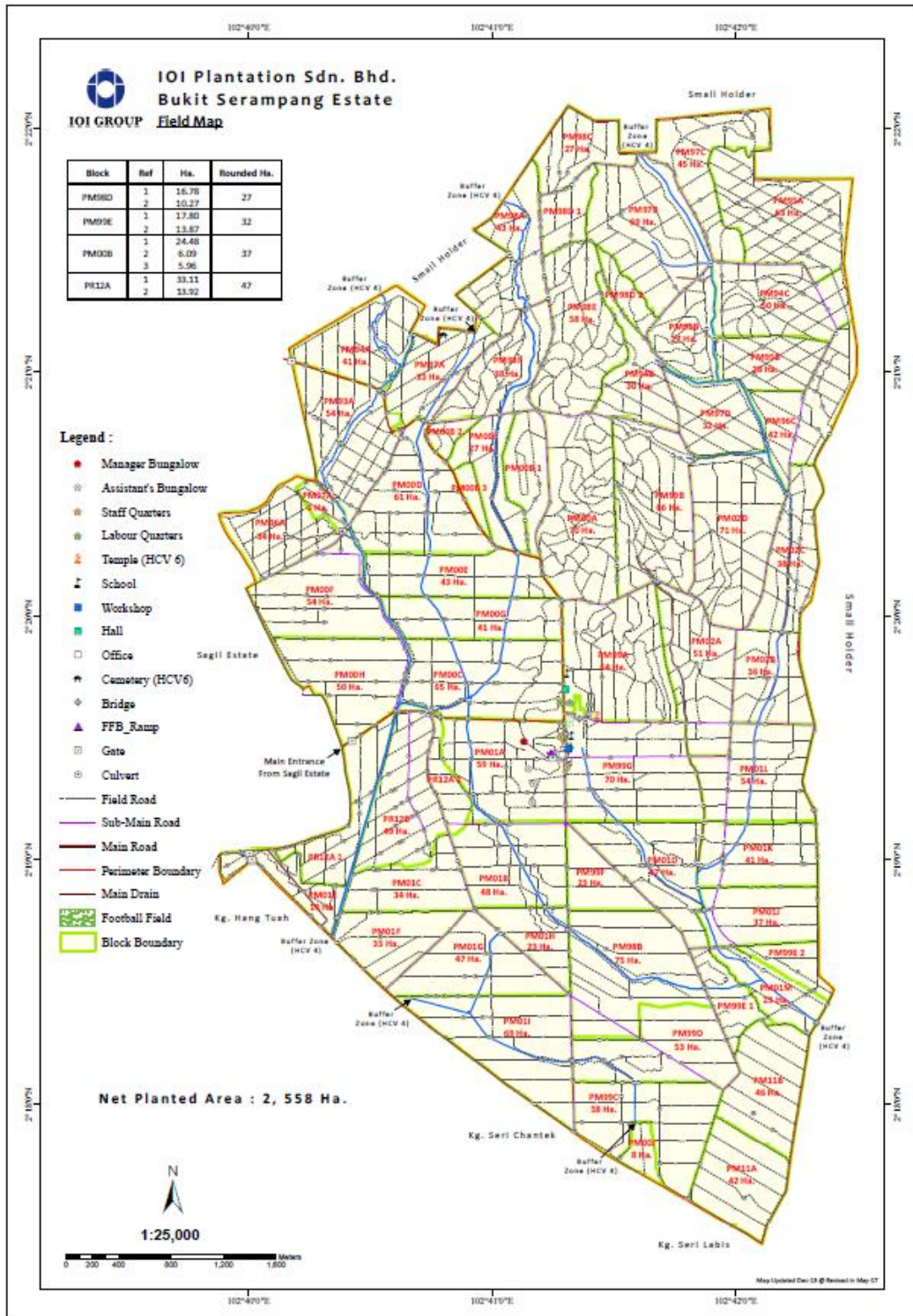
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Appendix C-2-5: Map of Bukit Serampang Estate



Appendix D:

Photographs of findings at IOI Pukin Grouping



Segamat Estate: Buffer zone at stream



Segamat Estate: Unattended pond



Bukit Serampang Estate: Waste segregation



Pukin Estate: Boundary marked by trenches

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Appendix E:

Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (March 2018)

No	PMU	Main Assessment	Certification Status	Status	Updated Information for Partial Certification, Clause 4.2.4 RSPO Certification Systems for Certified and Uncertified Units
1.	Pamol (Sabah) POM, Sabah	May 2008	Re-Certified in November 2016	Included Sugut Estate as an additional supply base through the scope of certification extension in September 2017 RSPO ASA-01.	No outstanding issues
2.	Sakilan POM	Nov 2008	Re-Certified in Mar 2015	ASA-03 completed in December 2017.	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Re-Certified in Mar 2015	ASA-03 completed in Dec 2017	No outstanding issues
4.	Gomali POM	Aug 2009	Re-Certified in Aug 2015	ASA-02 completed in June 2017	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-02 completed in July 2017.	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Re-Certified in Nov 2015	ASA-02 completed in September 2017	No outstanding issues
7.	Mayvin POM	Aug 2010	Re-Certified in Dec 2015	ASA-02 completed in October 2017	No outstanding issues
8.	Pukin POM, Pahang	Dec 2010	Re-certified in June 2016	ASA-01 completed in March 2017	No outstanding issues
9.	Leepang (Sabah) POM	Aug 2012	Certified in Dec 2013	ASA-04 completed in October 2017.	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	ASA-04 completed in January 2017. Recertification audit completed in January 2018. Currently awaiting for certification issuance.	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	ASA-04 completed in February 2017. Recertification audit completed in January 2018. Currently awaiting for certification issuance.	No outstanding issues
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-04 completed in September 2017.	No outstanding issues
13.	IOI – Pelita, Sarawak	Planned - 2019	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is pending resolution of land dispute and RSPO decision. No POM yet.	Statement in regards of divestment of its 70% equity & IOI commitments on the resolution for the Pelita case can be accessed at www.ioigroup.com Dispute settlement in IOI-Pelita is intensively done together with the

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No	PMU	Main Assessment	Certification Status	Status	Updated Information for Partial Certification, Clause 4.2.4 RSPO Certification Systems for Certified and Uncertified Units
					ground team. Participatory mapping within IOI-Pelita landscape among the respective communities are planned to be conducted. A mediation process together with Grassroots and other social NGO will be conducted in March 2018 involving Land District Office and Pelita. In addition, Corporate Social Responsibility (CSR) activities is actively being conducted on the ground such as road repairs and providing construction materials to the main local communities in Long Teran Kanan and Long Jegan.
14.	Unico POM-1, Sabah	Planned - 2018	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base do consist of external / independent smallholders.	Certification preparations in progress and planned to be conducted in April 2018.
15.	Unico Desa POM-2, Sabah	Planned - Dec 2017	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base comprised of own estates. Currently awaiting for certification issuance.	Undergo its first RSPO Audit in (11 th – 15 th December 2017)
16.	PT SKS, Indonesia	Planned - 2017	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) application in progress	Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018. Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018 Certification preparations in progress. Pending issuance of HGU.
17.	PT BNS, Indonesia	Planned - 2017	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental HGU application in the process.	Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018. Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018 Certification preparations in progress. Pending issuance of HGU.

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No	PMU	Main Assessment	Certification Status	Status	Updated Information for Partial Certification, Clause 4.2.4 RSPO Certification Systems for Certified and Uncertified Units
18.	PT BSS, Indonesia	Planned - 2019	Uncertified Unit	Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.	<p>Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018.</p> <p>Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018</p> <p>Certification preparations in progress.</p> <p>Pending issuance of HGU.</p>
19.	PT KPAM, Indonesia	Planned - 2020	Uncertified Unit	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	<p>HCV Assessment report has been sent to HCVRN on 20th November 2017. Received Letter of Satisfactory from HCVRN on 25th November 2017</p> <p>Currently at the stage of final verification by Certification Body before the final submission to RSPO.</p>
20.	Sugut Estate, Sabah	Planned – Sept 2017	Certified in November 2017	<p>Sugut estate was included as part of the Pamol Sabah POM supply base and has been audited by Certification Body, Intertek on 12th Sept 2017.</p> <p>RSPO certification has been successfully granted beginning November 2017.</p>	No outstanding issue.

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Appendix F:

Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group

1) Monitoring by RSPO Complaints Panel (CP)

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

Latest updates (according to RSPO complaint case tracker) as follows:

i) 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>

24 January 2018 (CP Meeting):

The verification exercise is taking place on 25–29 Jan 2018. Secretariat to follow up with the verification team. The Secretariat will also be having a post verification meeting with the team on 31 Jan 2018.

ii) RSPO Case Tracker on: IOI Pelita Sdn Bhd, Sarawak

Weblink: <https://www.rspo.org/members/complaints/status-of-complaints/view/4>

24 January 2018 (CP Meeting):

Secretariat to proceed with a meeting with the Company and Grassroots to discuss the revision to the Action Plan.

2) Updated IOI Group Newsletters and Corporate Communications

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

8 Aug 2016: IOI Launches Revised Palm Oil Sustainability Policy and Sustainability Implementation Plan

Weblink: <http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=813>

IOI Corporation further updates its Sustainability Palm Oil Policy

12/06/2017, Corporate Communications

<http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845>

IOI Corporation Berhad (IOI) has further revised its Sustainability Palm Oil Policy (SPOP) to reflect their serious intent towards sustainability and sustainability practices.

Revised SPOP: <http://www.ioigroup.com/Content/S/PDF/IOISPOPwithTPSAnnex.pdf>

Sept 2017: IOI submitted its Sustainability Report

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

IOI uploaded the Social Responsibility report by BSR

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

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

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

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

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

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

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