

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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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

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Re-Certification Assessment

Verification cum Annual Surveillance

Assessment-01

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

Assessment Dates

28 Mar – 1 Apr 2016

20–23 Mar 2017

19–22 Mar 2018

04–08 Mar 2019

Intertek Certification International Sdn Bhd

D-28-3, Level 28, Menara Suezcap 1, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia.

Tel: +00 (603) 7931 0032 Fax: +00 (603) 7931 0419 Email: ia.mysbaenquiry@intertek.com

Website: www.intertek.com

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This **Surveillance Assessment (ASA-03)** was conducted on the Plantation Management Unit (PMU) Pukin Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **04–08 Mar 2019**, 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 IOI 1 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E
Shahzan IOI 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E

1.3 Description of 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 2017)		Area Summary (ha) (Jan to Dec 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
Pukin Estate	2,428.12	2,173.00	2,428.12	2,173.00
Shahzan IOI 1 Estate	1,562.98	1,512.00	1,562.98	1,512.00

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Shahzan IOI 2 Estate	1,640.74	1,601.00	1,640.74	1,601.00
Segamat Estate	1826.89 (Note 3)	1,702.00 (Note 3)	1,823.89	1,699.00
Bukit Serampang Estate	2,564.46	2,558.00	2,564.46	2,558.00
Total:	10,023.19	9,546.00	10,020.19	9,543.00

Notes:

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

1.4 Summary of plantings and cycle

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

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

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Pukin Estate	1994	2 nd	185	0	185
		1999	2 nd	142	0	142
		2001	2 nd	5	0	5
		2004	2 nd	235	0	235
		2005	2 nd	402	0	402
		2006	2 nd	310	0	310
		2007	2 nd	288	0	288
		2008	2 nd	210	0	210
		2009	2 nd	159	0	159
		2010	2 nd	237	0	237
S-total				2,173	0	2,173
2	Shahzan IOI 1 Estate	2000	1 st	13	0	13
		2003	1 st	1,499	0	1,499
		S-total				1,512
3	Shahzan IOI 2 Estate	2002	1 st	1,246	0	1,246
		2003	1 st	355	0	355
		S-total				1,601
4	Segamat Estate	1991	1 st	14	0	14
		1993	1 st	42	0	42
		1994	1 st	152	0	152

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

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)	Hectarage – Ha (Current year: 2019)
1	Oil Palm - Planted Area (ha)	9,543
	OP Mature (Production)	8,812
	OP Immature (Non-Production)	731

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	OP Planted on Peat (see note1)	0
	Other crop such as Rubber etc.	0
2	Conservation Area (ha)	
	Conservation (forested)	0
	Conservation (non-forested)	6.86
	Note: Conservation areas such as unplanted steep / hilly and swampy areas, buffer zones, riparian areas etc.	
3	HCV Area (ha)	
	Areas as defined under HCVF Toolkit for HCV 1- 6	29.96

1.6 Other certifications held and Use of 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:

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

At Pukin Grouping - PMU:

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

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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 2018)

#	Estate /Supplier	FFB Processed (MT)	Main Processing Palm Oil Mill	Certification CB
A	PMU (own estates) (under certification):			
1	Pukin Estate	46,415.61	Pukin Palm Oil Mill	Intertek
2	Shahzan IOI 1 Estate	36,452.97	Pukin Palm Oil Mill	Intertek
3	Shahzan IOI 2 Estate	36,479.54	Pukin Palm Oil Mill	Intertek
4	Segamat Estate	23,252.98	Pukin Palm Oil Mill	Intertek
5	Bukit Serampang Estate	49,778.53	Pukin Palm Oil Mill	Intertek
	(a) Sub-total by PMU estates FFB:	192,379.63		Intertek
B	External estates under Parent group (certified): if any			
1	Leepang A Estate	8253.77	*Bukit Leelau Palm Oil Mill	SIRIM
2	Laukin A Estate	2703.70	*Bukit Leelau Palm Oil Mill	SIRIM
3	Mekassar Estate	596.37	*Bukit Leelau Palm Oil Mill	SIRIM
4	Merchong Estate	1049.30	*Bukit Leelau Palm Oil Mill	SIRIM
5	Bukit Leelau Estate	329.07	*Bukit Leelau Palm Oil Mill	SIRIM
6	Detas Estate	493.34	*Bukit Leelau Palm Oil Mill	SIRIM
	(b) Sub-Total other certified estates FFB:	13,425.55		
C	External / Other supplies – outgrowers (non-certified): if any			
1	-	0		
	(c) Sub-total non-certified estates:	0		
D	External / Other supplies – smallholders (non-certified): if any			
1	-	0		
	(d) Sub-total non-certified estates:	0		
E	External / Other supplies – traders / dealers (non-certified): if any			
1	-	0		
	(e) Sub-total non-certified estates:	0		
	Grand total (a) + (b) + (c) + (d) + (e):	205,805.18		

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

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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 (3 years monitoring)

Estate / Supplier	FFB Processed in Year 2017 - Actual		FFB Processed in Year 2018 - Actual		FFB for processing in Year 2019 - Projected	
	MT	%	MT	%	MT	%
A. Grouping estates: (under certification)	222,584.51	97.85	192,379.63	93.48	210,000	100
B. External Suppliers: under Parent group (certified)	4,879.14	2.15	13,425.55	6.52	0	0
C. External Suppliers: (non-certified)	0	0	0	0	0	0
Total	227,463.65	100	205,805.18	100	210,000	100
SCCS Model for POM	IP		IP		IP	

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 – FFB, CPO & PK

POM	Year 2017 - Actual		Year 2018 - Actual		Year 2019 - Projected	
Total Certified FFB Processed (MT)	227,463.65		205,805.18		210,000	
Total Certified CPO Production (MT)	46,726.01	OER: 20.54 %	43,221.38	OER: 21.00 %	47,250	OER: 22.50 %
Total Certified PK Production (MT)	9,624.04	KER: 4.23 %	9,086.79	KER: 4.42 %	9,450	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 on 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, 14 of its PMUs have been certified with another 5 managed units still 'un-certified'.

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

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

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

Verification of requirements for Uncertified Management Units:

RSPO CS (2017) Clause 4.5.4		
(a) No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 01 Jan 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;		
Requirements	Findings and Objective Evidence	Compliance
(a) <ul style="list-style-type: none"> • Is there any replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidences of HCV clearance that were reported at the IOI's 3 uncertified units at Kalimantan, Indonesia namely PT BSS, PT SKS and PT BNS since year 2010 is being resolved as per the RSPO NPP and RSPO CP Complaints processes.</p> <p>Another 1 unit namely PT KPAM at Kalimantan, had undergone the NPP public consultation and HCSA was approved in April 2018. Currently, the plantation is under development and pending issuance of Local Government HGU.</p> <p>Reports on the NPP progress made to resolve the issues at the said units were checked and monitored till latest update made available on: Refer to Weblink: https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail</p> <p>Monitoring details and updates are verified. Refer to: Appendix D and E.</p> <p>As at this current assessment, there has been no other incidences of any replacement of primary forest at any other area under the IOI group.</p>	Complied
<ul style="list-style-type: none"> • Is there any new plantings since January 1st 2010 and did the new plantings comply with the RSPO New Planting Procedure (NPP) 	<p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Dec 2018). Refer to: Appendix D and E.</p> <p>Based on sources of publicly available at RSPO and IOI websites, and feedback from stakeholder consultations, it is verified that the 4 uncertified units identified (where new plantings occurred) have been making progress to comply with the RSPO NPP (2015).</p> <p>Verified that progress on actions taken include the following:</p>	Complied



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	<p>In July 2018, IOI had introduced new Peatland Protection and Management Policy which detailed their effort towards protection, conservation and management of peatlands.</p> <p>In August 2018 IOI and NGO-Aidenvironment, had finalised the design of the South Ketapang Landscape Initiative. The initiative addresses the most common and critical challenges facing the South Ketapang landscape such as peatland management and rehabilitation, biodiversity conservation, flood and fire prevention, and community livelihood development.</p> <p>Sustainability Progress Update (Oct - Dec 2018) https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p> <p><i>Summary – extract from above:</i> Phase 1 (Document Review and Consultation) of the external verification of IOI's implementation of its commitments by Proforest was completed in October 2018. Phase 2 (Field Verification) commenced in November 2018 with field visits to Gomali, Johor and Pontianak, Indonesia, followed by Lahad Datu, Sabah in December 2018.</p> <p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>As at this current assessment, there has been no recent new or additional new plantings by the IOI group.</p>	
<ul style="list-style-type: none"> Was the new planting development verified by an RSPO accredited CB; 	<p>At the 4 uncertified units at Kalimantan undergoing the NPP process, the status of appointment are as follows: At PT SKS, PT BNS and PT BSS the accredited CB-BSI, Indonesia was appointed by IOI group.</p> <p>The progress of the NPP process for said units were closely monitored by the RSPO Complaints Panel (CP). It is noted that IOI had engaged HCV experts and NGOs such as from Proforest, Aidenvironment and Global Environmental Centre for the field verifications of action plans made.</p> <p>Recommendations by the RSPO CP via letter of 12 July 2018 supports the IOI's Group commitment and efforts to move towards full certification of the said units.</p> <p>As at 26 Sept 2018, further progress on above is transferred from RSPO CP to the RSPO Investigation and Monitoring unit (IMU).</p> <p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>Refer to: Appendix E</p>	<p>Complied</p>
<p>(b) Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;</p>		

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<p>(b)</p> <ul style="list-style-type: none"> Are there any existing Land conflicts and is it being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6; 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidence the Land conflict reported at the IOI's uncertified unit i.e. IOI Pelita Plantations Sdn Bhd at Miri, Sarawak, East Malaysia (complainant: Long Teran Kanan community) since year 2010 has been progressively undergoing the RSPO Dispute Settlement process.</p> <p>Verified that progress made todate includes: On 12 September 2018, IOI published an update on facilitation and capacity building for the benefit of community leaders which was attended by local NGOs and the Lead Facilitator, Dr. Ramy Bulan.</p> <p>As of 31 Dec 2018, 8 of 9 communities have given their consent for the Resolution process to move forward. The remaining 1 community had requested for more time to seek advice from their leaders prior to their endorsement on the draft Resolution Plan.</p> <p>Verified that the Stakeholder engagements done with the said communities and NGOs involved are showing positive progress towards resolution.</p>	<p style="text-align: center;">Complied</p>
<p>(c) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;</p>		
<p>(c)</p> <ul style="list-style-type: none"> Are there any existing Labour disputes and is it being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3; 	<p>As at this current assessment, under the IOI group, there has been no further known or existing Labour disputes at the uncertified units which are not being resolved in a mutually agreed process in accordance with RSPO P&C criterion 6.3. Refer to: Appendix D & E.</p>	<p style="text-align: center;">Complied</p>
<p>(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;</p>		
<p>(d)</p> <ul style="list-style-type: none"> Are there any Legal non-compliance and is it being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1; 	<p>It is noted that IOI group is aware of the Legal compliances needed at the uncertified units and actions has been active taken in stages to address and fully comply with requirements of the related laws and regulations at the uncertified units at Kalimantan, Indonesia.</p> <p>The progress made on above will be further evaluated in the next audit.</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> Has the organisation conducted an Internal Audit on the above (a) to (d)? Has the evidence been submitted for verification? 	<p>Internal audit progress report of Jan 2019, had covered the requirements, conducted by the HQ-Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification.</p> <p>Eg Issues and monthly updated states:</p> <ul style="list-style-type: none"> SOPs: Alignment of SOPs with RSPO P&C Training & Resources – Capacity Continuous effort to pursue legal permits - HGU Peat Management & Mapping 	<p style="text-align: center;">Complied</p>

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	<ul style="list-style-type: none"> • Fire Management using subscription to Fire Information for Resource Management System (FIRMS) • https://earthdata.nasa.gov/earth-observation-data/near-real-time/firms • Rehabilitation at Buffer zones <p>Monthly progress reports on areas that require Verified that IOI Sustainability reports were available as further evidence for verification. This was verified via: 1) IOI Sustainability Implementation Plan (Quarter 4) and 2) Sustainability Progress report as at 31 Dec 2018 made available at weblink: https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p>	
<ul style="list-style-type: none"> • Has a positive assurance statement been produced based on the internal audit and other supporting assessments results? 	<p>Overall positive assurance statement is made at the conclusion of the Internal audit and Management reviews held at IOI HQ, Putrajaya (Feb 2019) and verified during Auditor site visit at the IOI HQ, on 1 Mar 2019. This was also verified via: 1) IOI Sustainability Implementation Plan (Quarter 4) and 2) Sustainability Progress report as at 31 Dec 2018 made available at weblink: https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf 3) Projects introduced with NGO – AE & GEC https://www.ioigroup.com/Content/S/pdf/South%20Ketapang%20Landscape%20Initiative%20Map.pdf</p>	Complied
(e) Are the evidences provided in 4.5.4 (a)-(d) adequate?	Verified that supporting evidences were adequately provided. Refer to findings on (a) to (d) above.	Complied
(f) Are the evidences provided in support of the Positive Assurance statement adequate?	Verified that evidences were adequately provided in support of the positive assurance statement made by the IOI Group were available at the HQ and as per IOI website – Public announcements.	Complied
(g) Has the targeted stakeholder consultation, including consultation with the relevant NGO's carried out revealed any negative feedback?	Targeted stakeholder consultations done via emails conducted has not revealed any new negative feedback.	Complied
(h) Has desktop study e.g. web check done revealed complaints which were not addressed?	Desktop study conducted did not reveal any new negative feedback. Progress on past complaints validated by RSPO CP is being progressively resolved. Refer to Appendix E & F.	Complied
(i) Is further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements at the uncertified units, needed to done?	Further stakeholder consultation was done on the uncertified units with IOI HQ and responses to NGOs/Complainants were available and evaluated. The progress of monitoring done and information publicly available on the existing issues on the said units are verified to be adequate.	Complied

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	Based on above evaluations made under part (a) to (h), no further stakeholder consultation or field inspection is considered necessary at the said uncertified units at present.	
(j) <ul style="list-style-type: none"> • Is there any non-compliance against a major indicator in the non-certified management unit identified? • Is the identified major NC being actively addressed? • Can the current assessment proceed to a successful conclusion? 	Based on above findings made under part (a) to (j), at the said uncertified units, the existing issues were noted to be actively addressed with progress reports available. Thus, it is verified that the current assessment at this PMU can be proceeded and certification can be successfully concluded after effective closure of findings at the PMU.	Complied
(k) Is there failure to address any outstanding non-compliances within uncertified unit(s) regarding 4.5.4 (a) – (d) which may lead to certificate suspension(s) to the certified unit(s)?	As at the time of the current assessment at this PMU, there is no evidence to suggest such failure at the uncertified units which may affect the certification of this PMU unit. Justification as received and evaluated were as follows: <ol style="list-style-type: none"> 1) RSPO - Dispute Settlement Facility (DSF) consultation and process for handling dispute has been adhered. 2) Active engagement with Stakeholders has been carried out Progress is monitored and reported 3) NPP and concession land legality issues are being actively resolved as per RSPO NPP process. 4) Under the RSPO RACP Case tracker, updated on Jan 2019, there are no units under IOI Group with RACP issues. 5) IMU case monitoring closed on Apr 2019 (for 3 units at Ketapang, Kalimantan) 	Complied

Conclusion: On overall, the IOI Group has submitted a positive assurance statement which has assured its commitment to continued compliance with the RSPO P&C Certifications Systems (Jun 2017) Clause 4.5 (Minimum requirements for multiple management units) for all its certified and non-certified units.

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

The publicly available updates of announcements on the progress of formal complaints as documented by RSPO and responses made by IOI Group are continually reviewed by Intertek to ensure that all issues as formally lodged and recorded against the IOI Group units 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 **01 Feb 2019**, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From **04-08 Mar 2019**, the Assessment team conducted the current assessment in which 4 out of the 5 estates of Pukin Grouping, namely Shahzan IOI 1, Shahzan IOI 2, Segamat and Pukin Estates, as well as the palm oil mill were assessed for compliance against the 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
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. Minor Compliance	The PMU has established and implemented documented procedures (Stakeholder Request – Corporate Level, Stakeholder Request – POM Level, Stakeholder Request – Estate Level) for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. 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/) . Date of public notification of this assessment of the PMU was made on 01 Feb 2019. As at the time of assessment, there were no additional requests for information from stakeholders for this PMU.	Complied
1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc. The POM and estates conducted a joint external stakeholders’ consultation on 13/02/2019. The POM and estates had conducted their respective internal stakeholders’ consultations in Feb and Mar 2019. Records of participants and feedback given were maintained and appropriate follow up actions were taken.	Complied
Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: Major Compliance	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. 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 .	Complied

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	<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?intNewslD=856</p> <p>12 Jan 2018: IOI Group on Pelita Sdn Bhd, Sarawak http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewslD=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>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>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates.</p> <p>Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention.</p>	
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Occupational Safety and Health (OSH) Plan had been documented and implemented for the POM and estates.</p> <p>The Plan had been reviewed (annually), up-dated and approved by the respective managers for the POM and estates.</p> <p>OSH Policy and risk assessment (HIRARC) documented and implemented for the POM and estates.</p> <p>The OSH Programme 2019 include the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings 4x/year, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, 	<p>Complied</p>

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	<ul style="list-style-type: none"> • MSDS/CSDS, • JKPP 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, • Quarterly Return as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 – POM submitted monthly reports on <ul style="list-style-type: none"> (a) Daily production data and effluent, (b) Stack emission, (c) Scheduled Waste inventory, (d) EFB disposal • CHRA reports are still valid: <ul style="list-style-type: none"> - Reports dated Apr 2014 for POM, Shahzan IOI 1 Estate, Shahzan IOI 2 Estate. - Reports dated Mar 2014 for Segamat and Pukin Estates. <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</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 Feb 2019. Management Action Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment was conducted for the POM and estates in Feb and Mar 2019. Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied
<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' for the POM and estates were reviewed in Feb 2019. The Management Action Plans were implemented and monitored.</p>	Complied
<ul style="list-style-type: none"> • Pollution prevention and reduction plans (Criterion 5.6); 	<p>Pollution Prevention Management Plans were reviewed in Feb 2019. 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>	Complied
<ul style="list-style-type: none"> • Details of complaints and grievances (Criterion 6.3); 	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p> <p>(1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: http://www.rsपो.org/members/complaints/status-of-complaints/view/80</p> <p>(2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: http://www.rsपो.org/members/complaints/status-of-complaints/view/4</p>	Complied

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<ul style="list-style-type: none"> • Negotiation procedures (Criterion 6.4); 	<p>Presently, there is no conflict/dispute requiring negotiation or compensation pertaining to this criterion at this PMU.</p> <p>Negotiation procedure and flowchart was maintained</p> <p>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>	Complied
<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>	Complied
<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>	Complied
<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?intNewSID=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>	Complied
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance</p>	<p>IOI Group has a documented policy “Code of Business Conduct and Ethics” signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015.</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 Environment - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Copies of the policy were found to be displayed at prominent locations in the POM and estates.</p> <p>Refer also to: 29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report</p>	Complied

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	http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf 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.	
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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.</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>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>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</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>Licenses and permits (License for Foreign Workers Employment, Workers Wages Deduction Permit, License for Controlled Items – Diesel Permit, MPOB license, DOSH Certificate, DOE license, BOMBA Fire Certificate, Compressor Permit, Mill Inspection Certificate, Energy Commission License, etc.) were monitored for their expiry dates and found to be renewed and valid.</p> <p>Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester, authorized entrant and standby by person for confined space activities in POM.</p>	<p>Complied</p>

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	<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 checking at the POM and estate, there were evidences of compliance with the relevant laws, regulations, local and international laws.</p> <p>There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance. Form JKKP8 for the reporting of incidences and accidents to DOSH and the Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 to DOE verified to be submitted.</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 maintained.</p>	<p style="text-align: center;">Complied</p>
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register.</p> <p>The PMU had also conducted internal audits in Jan 2019 for determining compliance of its operations with legal requirements and records were maintained.</p>	<p style="text-align: center;">Complied</p>
<p>2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p>	<p>The following system used for the tracking of changes in the law:</p> <ul style="list-style-type: none"> - Subscription to a service provider, Lexis Malaysia for notification of any changes to the laws and regulations. - News release through on line and printed media. - Book publishers (MDC Book Publications and Government Gazette). - Circulars from relevant associations, e.g; MPOA, MPOB, MAPA, SOCSO, EPF. <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>Location: Pukin POM and Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate, Pukin Estate</p> <p>There was no documented evidence (e.g. a dated sign-off) that the Legal Register was reviewed by the POM Manager and respective Estate Managers and the changes to laws were noted for implementation at the local level.</p>	<p style="text-align: center;">Minor NC# OCL-01</p>
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. 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>	<p style="text-align: center;">Complied</p>

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<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. Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the estates. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	<p>Complied</p>
<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:</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>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p>		
<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 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 2018/2019 to FY 2022/2023) for the PMU have been prepared by the Palm Oil Mill and estates.</p> <p>Details of the Business Plans include the following:</p> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); (7) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.). <p>The Mill and Estate Managers monitor the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.)</p>	<p>Complied</p>

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	<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>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 2022/2023 for the audited estates as follows:</p> <p>The replanting areas (ha) are as follows:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> </tr> </thead> <tbody> <tr> <td>Shahzan IOI 1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Shahzan IOI 2</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Segamat</td> <td>161</td> <td>166</td> <td>60</td> <td>44</td> <td>0</td> </tr> <tr> <td>Pukin</td> <td>0</td> <td>185</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>A replanting cycle of 25 years has been adopted by the group.</p>	Estate	2018/19	2019/20	2020/21	2021/22	2022/23	Shahzan IOI 1	0	0	0	0	0	Shahzan IOI 2	0	0	0	0	0	Segamat	161	166	60	44	0	Pukin	0	185	0	0	0	Complied
Estate	2018/19	2019/20	2020/21	2021/22	2022/23																											
Shahzan IOI 1	0	0	0	0	0																											
Shahzan IOI 2	0	0	0	0	0																											
Segamat	161	166	60	44	0																											
Pukin	0	185	0	0	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, 	Complied

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	<p>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.</p> <p>2. SOP for riparian zone management with specified buffer zones.</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at Estates.</p>	
<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>Internal audits on the POM and estates conducted by the Sustainability Team in Jan 2019.</p>	Complied
<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.</p>	Complied
<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>	Complied
<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>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p>	<p>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>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>	Complied

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	<p>Pesticides spraying records were available and maintained.</p> <p>Samples checked for usage and inventory records for the period Jan- Dec 2018 were maintained satisfactorily.</p> <p>Evidences provided and field inspection done during audit verified that good agricultural practices were adhered.</p>	
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>The monthly summary of fertilizer applied per hectare had been verified to be satisfactorily maintained and updated.</p>	Complied
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p>	<p>Leaf sampling and analysis had been carried out annually and soil sampling and analysis on a 5 year cycle to determine the nutrient levels.</p> <p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency were satisfactorily adhered at the estates.</p>	Complied
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>Geotubes are 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.</p> <p>Circle EFB mulching had been carried out at immature palms and for mature areas along the inter-row.</p> <p>Records of the quantities of EFB mulching including locations applied were maintained at the 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.</p> <p>Corrective action for the previous assessment (2018) Minor NC# AL-01 found to be effectively implemented.</p>	Complied
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Based on the soil maps and field visit verification done on-site, there was no fragile soil or marginal soils on the estates.</p> <p>Soil series were noted as follows:</p> <p>Shahzan 1 Estate: Harimau (coarse sandy clay), Sogoman (clayey), Durian (fine sandy clay), Segamat (clayey)</p> <p>Shahzan 2 Estate: Sogoman (clayey), Melaka (gravelly clay), Harimau (coarse sandy clay), Durian (fine sandy clay)</p> <p>Segamat Estate: Alluvium (fine sandy clay), Batu Anam (fine silty clay), Melaka (gravelly clay),</p> <p>Pukin Estate: Batu Anam (fine silty clay), Melaka (gravelly clay), Bungor (fine sandy clay), Durian (fine sandy clay)</p> <p>Maps are of appropriate scale were maintained.</p>	Complied
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>The terrain in all the estates are flat and undulating (< 6°).</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 the estates as leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	Complied
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Road maintenance programme and budget allocated for year 2018/2019 are available at the estates.</p> <p>The programme covers road grading, compacting and patching which were progressively implemented.</p>	Complied

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	Estate roads verified to be in satisfactory condition at the fields visited.	
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p>	It was confirmed during on-site assessment that there is no presence of any peat soil on the estates.	Not Applicable
<p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p>	There was no peat soil on the estates as confirmed by auditor's on-site assessment	Not Applicable
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p>	Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.	Complied
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p>	<p>Documented water management plan verified to be in place for the palm oil mill and estates.</p> <p>Rainfall data found to be monitored as part of the water management plan.</p> <p>Location: Pukin POM, Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate</p> <ol style="list-style-type: none"> 1. The water management plan produced is not site specific. For example, the water management plan for Shahzan IOI 1 Estate has not taken into considerations the existence of the beneficial plant nursery and its water source. 2. There was no water sampling point location being marked at the site where water sample was taken. 3. Water analysis for the stream is to be conducted once a year. However, for year 2019, this has not been conducted. 4. Water was also sourced from tube well. However, there was no buffer zone demarcation surrounding the tube well area being identified. 5. Some of the buffer markers are already faded. <p>Water samples were taken once a year at upstream, midstream and downstream of streams and tested for BOD, COD, Ammoniacal N, Suspended Solids, Total Solids, pH, Total Coliform Colonies/100 ml (parameters in the Interim National River Water Quality Standard, DOE 2006) and the Water Quality index (WQI) of the streams determined as WQI Class II (clean) and WQI Class III (slightly polluted).</p> <p>The water for domestic use at Shahzan IOI 1 and Shahzan IOI 2 Estates is water obtained from tube wells and treated. Water samples taken twice a year at the office and workers' quarters and tests carried out on 30 parameters (color, conductivity, nitrate nitrogen, mineral oil, anionic detergent, alkalinity, hardness, As, Cd, Total Suspended Solids, Total Dissolved Solids, Cu, Cr, CN, NO₂, SiO₂, Pb, Mg, Mn, Zn, Ca, SO₄, phenol, turbidity, Al, Fe, E. Coli, Total Coliform, residual chlorine, pH) of the WHO/Ministry of Health Specification for Drinking Water and the 7 parameters</p>	<p>Minor NC# SH-02</p>

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	<p>(turbidity, aluminium, iron, E. Coli, total Coliform, residual chlorine, pH) of the Suruhanjaya Perkhidmatan Air Negeri (SPAN) Specification for Domestic Water Quality.</p> <p>The water supply for domestic use to staff and workers' housing at the Segamat Estate is piped water from the water treatment plant operated by the government utility company, Suruhanjaya Perkhidmatan Air Negeri (SPAN) that comply with the Specification for Domestic 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. The treated water supply complies with the requirement of 0 in 100 ml for E. Coliform.</p> <p>Water samples taken twice a year and tests carried out on parameters complied with the Ministry of Health Specification for Drinking Water and SPAN Specification.</p>	
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p>	<p>Buffer zones had been maintained on both sides of streams in the estates as verified during on-site field inspection. Appropriate signages were placed with demarcation of buffer zone area.</p> <p>No evidence of spraying around palms marked as boundary for the buffer zones. Workers are aware of the non-usage of chemicals within the buffer zone,</p> <p>There was no construction of bunds/ weirs/dams across the rivers or waterways passing through the estates.</p>	<p style="text-align: center;">Complied</p>
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p>	<p>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.</p> <p>BOD levels had been in the range of 9 to 42 ppm for the period Jan - Dec 2018. The current allowable upper limit specified by D.O.E (Pahang State) is < 100 ppm.</p> <p>Stack emission monitoring by CEMS – Refer to 5.6.3</p>	<p style="text-align: center;">Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the mill from Jan – Dec 2018 ranged from 1.03 to 1.70 m³/tonne FFB.</p> <p>The average usage of 1.22 m³/tonne FFB was noted to be within the industrial norm of 1.2 m³ to 1.5 m³/tonne FFB.</p>	<p style="text-align: center;">Complied</p>
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by pest and plant diseases.</p> <p>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>.</p> <p>Noted that the planting ratio on of 60-20-20 basis is adhered.</p> <p>Programme for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, <i>Antigonon leptopus</i> and records on areas planted had been verified together with the respective maps to be satisfactory.</p> <p>Barn owl also used for the control of rodents. Barn owl census carried out and location maps were available. Rat baiting is appropriately applied according to census results obtained.</p> <p>Verified that presently, there were no cases of infestation by other pests such as bagworms and rhinoceros beetles.</p>	<p style="text-align: center;">Complied</p>

<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p>	<p>IPM training conducted by for all those involved in IPM implementation and training records for staff and workers on IPM implementation were available for the estates.</p>	<p align="center">Complied</p>
<p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Register of agrochemicals use with written justification had been reviewed. The types of chemicals used are as follows:</p> <ul style="list-style-type: none"> • Glyphosate isopropyl amine - Supremo • 2, 4 - Dimethyl amine – Ken Amine 600 • Triclopyr Butoxyethyl Esther – Kenlon / Garlon • Fluorooxymethyl – Floox, Strane, Crane • 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 align="center">Complied</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. 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. Verified that records of monitoring were satisfactorily maintained.</p>	<p align="center">Complied</p>
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>The IOI group policy for the estates to minimize the use of pesticides in accordance with IPM plan is maintained. 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. No prophylactic use of pesticides carried out at the estates.</p>	<p align="center">Complied</p>
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>Paraquat usage had ceased since 2016 at IOI Group Estates, including the Pukin PMU. Alternatives such as Glyphosate Isopropylamine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of paraquat. Portable warning signboards noted to be displayed at areas of spraying activity (5th Schedule). 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>	<p align="center">Complied</p>
<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).</p>	<p>All pesticide operators (there are no contractor's workers working as sprayers) have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Training programme and training records verified to be satisfactory. The training includes spraying technique, precautions and symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p>	<p align="center">Complied</p>

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<p>Major Compliance</p>	<p>Workers performing spraying and manuring activities were interviewed and found to understand the chemical hazards relating to pesticides.</p> <p>All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers.</p> <p>Portable warning signboards noted to be displayed at areas of spraying activity (5th Schedule).</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>The estates have adequate facilities for mixing of pesticides and suitable storage area for spraying equipment and PPE.</p> <p>The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area.</p>	
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974.</p> <p>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).</p> <p>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 style="text-align: center;">Complied</p>
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts.</p> <p>The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Training programme and training records verified to be satisfactory.</p>	<p style="text-align: center;">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>It is the policy of the company not to carry out aerial application of pesticides. This policy is verified to be adhered at the PMU.</p>	<p style="text-align: center;">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 attended continual training to enhance their knowledge and skills on pesticides handling.</p> <p>Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	<p style="text-align: center;">Complied</p>
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor.</p> <p>Records of scheduled waste collection at 180 days interval verified to be satisfactorily maintained.</p>	<p style="text-align: center;">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>It was verified that the CHRA reports for the estates are within the 5 years' validity period with expiry in Mar and Apr 2019 and recommendations made have been satisfactorily followed.</p> <p>Annual medical surveillance in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 for all pesticide operators in the estates were implemented. The estates used its own workers</p>	<p style="text-align: center;">Complied</p>

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	<p>for pesticides spraying and there are no contractor's workers for pesticides spraying.</p> <p>A total of 4 sprayers (Shahzan IOI 1 Estate), 6 sprayers (Shahzan IOI 2 Estate), 12 sprayers (Pukin Estate), 7 sprayers (Segamat Estate) were sent for the medical surveillance in Jan and Feb 2019. All the sprayers are males.</p> <p>Medical surveillance reports by the Medical Doctor stated that there were no abnormalities and the sprayers are fit for work with pesticides. The medical reports also stated that there was no case of low blood cholinesterase level.</p> <p>Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>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>Pesticide operators in the estates are all males. 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 style="text-align: center;">Complied</p>
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>The occupational health and safety plan shall cover the following:</p> <p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p>	<p>Occupational Safety and Health (OSH) Plan in compliance with OSH Act and Factory & Machinery Act 1967 was documented and implemented. The Plan had been reviewed (annually), up-dated and approved by the respective managers for the POM and estates.</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>The OSH Plan include the establishment and implementation of CHRA, medical surveillance, Fire Drill training, First Aid training, Audiometric test, PPE training. POM has conducted the Emergency Preparedness (ERP). Safety Committee meetings held quarterly.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p> <p>Records on training had been verified at the POM and estates. Analysis on the understanding of training by the workers had been verified.</p> <p>JKKP8 submitted to DOSH for the reporting of incidences and accidents.</p> <p>The POM submitted monthly reports for the Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 concerning the following:</p> <ul style="list-style-type: none"> (a) Daily production data and effluent, (b) Stack emission, (c) SW inventory, 	<p style="text-align: center;">Complied</p>



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<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.</p> <p>Major Compliance</p>	<p>(d) EFB disposal.</p> <p>Risk assessment (HIRARC) carried out for the POM and estate operations. There were risks identified as significant and control measures determined to mitigate the risks.</p> <p>Significant hazards determined and documented include noise exposure, pesticides/ chemicals exposure, accident, fire.</p> <p>Procedures and actions implemented to mitigate the hazards. Latest assessment of noise levels in the POM was done on 14&15/02/2019 and Consultant Report is available. Work areas identified with high noise levels are the boiler station, engine room, sterilization unit and kernel press where noise level exceeded 85 db.</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 83 POM employees on 12/10/2018. There were 16 employees whose audiometric reports indicated Standard Threshold Shift and audiometric re-test to be carried out within 3 months. The audiometric re-test was conducted on 10-13/12/2018. The OSHA Doctor submitted the audiometric report and JKPP 7 to JKPP Putrajaya and Pahang. The audiometric re-test report stated that there is no noise induced hearing loss (NIHL) and recommendation to reduce noise exposure for these workers. The Doctor will only refer worker with Induced Hearing Loss to SOCSO for benefits in accordance with the regulations.</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>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. 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</p>	<p>Complied</p>
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	<p>accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps. Verified that additional HIRARC reviews also made by the Safety & Health team upon occurrence of incidences or accidents.</p> <p>Corrective action for the previous assessment (2018) Major NC# AL-01 found to be effectively implemented.</p>	
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance</p>	<p>Training programme planned for year 2019 has included all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>Records of the trainings conducted in year 2018 are available and trainings held included firefighting, fire drill, first aid training, exposure to high noise levels and control measures for protection of hearing, Emergency Response Team training, understanding MSDS/CSDS and SOP training for sprayers, manurers, harvesters, loaders, tractor drivers, contractors and contractors' workers (for FFB transportation).</p> <p>Evaluations were carried out on each of the trainings to determine its effectiveness.</p>	<p style="text-align: center;">Complied</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. Major Compliance</p>	<p>The responsible person (usually the Mandore or Headperson) had been identified.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p> <p>Understanding of the safety and health requirements was also verified during interviews at field visit with the respective mandores available on duty.</p>	<p style="text-align: center;">Complied</p>
<p>4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance</p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors.</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 style="text-align: center;">Complied</p>
<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	<p>Medical care had been provided to all the workers.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with insurance company.</p>	<p style="text-align: center;">Complied</p>
<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	<p>Records on Lost Time Accident (LTA) metrics for 2018 was verified to be satisfactorily maintained. Cases of incidences and accidents were satisfactorily reported:</p> <p>No fatality case. Most accidents were cuts and slight injury.</p> <p>POM – 5 accidents/incidents Shahzan IOI 1 Estate - 15 accidents/incidents Shahzan IOI 2 Estate - 26 accidents/incidents</p>	<p style="text-align: center;">Complied</p>

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		Pukin Estate – 42 accidents/incidents	
Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.			
Indicators	Findings and Objective Evidence		Compliance
4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	The training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System established was implemented. Refresher training for mill staff was conducted in Dec 2018 and interviews confirmed the satisfactory levels of understanding on requirements. 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. However, an observation raised during the current audit on lack of understanding as below: Location: Shahzan IOI 1 Estate and Shahzan IOI 2 Estate Training/Briefing on RSPO requirements had been conducted for staff and workers and records of training/briefing are available. However, during interviews with the internal workers (harvesters, FFB collectors and rat baiting workers), it was found that they lack understanding of the RSPO requirements.		OBS# OCL-01
4.8.2 Records of training for each employee shall be maintained. Minor Compliance	Records of training provided for each employee, including new employees were available and found to be satisfactorily maintained.		Complied

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

Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
Indicators	Findings and Objective Evidence		Compliance
5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance	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.		Complied
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	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. The environmental management plan is being implemented satisfactorily and effectively.		Complied

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<p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>Minor Compliance</p>	<p>The monitoring of the documented environmental improvement plans is ongoing.</p> <p>Implementation and monitoring of the documented environmental improvement plans was reviewed on February 2019. The review has taken into consideration the mitigation of negative impacts and promotion of positive ones.</p> <p>At the POM, biogas plant has been commissioned beginning January 2018 to capture the methane. The POME and EFB is being delivered/recycle to the plantation for fertiliser and moisture retention purposes. Record on the delivery and usage of POME and EFB was made available during the audit.</p> <p>At estates visited (Shahzan 01 estate, Shahzan 02 estate, Segamat estate and Pukin Estate), it was found that the disposal of plantation waste materials was properly monitored and recorded. The waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. Stacking of fronts was also done effectively. Monitoring and implementation of the environmental improvement plan were adhered to and found to be effectively implemented.</p> <p>Maintenance, desilting and clearing of overgrown natural vegetation and debris along the streams in estates was also carried out.</p> <p>Corrective action for the previous assessment (2018) Minor NC# SH-01 found to be effectively implemented.</p>	<p>Complied</p>
<p>Criteria 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
Indicators	Findings and Objective Evidence	Compliance
<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 Feb 2019.</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, Shahzan 01, Shahzan 02 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 passes through the estates 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 serve as perimeter boundary.</p>	<p>Complied</p>

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<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, i.e Segamat estate, Shahzan 01 estate, Shahzan 02 estate and Pukin estate, and found to have been satisfactorily maintained.</p>	<p style="text-align: center;">Complied</p>
<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 on the monitoring of wildlife/RTE was conducted on 7 January 2019 at Segamat estate.</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>From monitoring record, the wildlife species that frequent their areas are not in the RTE list. Highest number of species sighted are the Jungle fowl and monitor lizard.</p>	<p style="text-align: center;">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>Corrective action for the previous assessment (2018) Major NC# SH-01 found to be effectively implemented.</p>	<p style="text-align: center;">Complied</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, Shahzan 1 estate, Shahzan 2 estate and Pukin estate. Negotiated agreement of such nature is not applicable.</p>	<p style="text-align: center;">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 style="text-align: center;">Complied</p>

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	<p>Scheduled Waste identified included spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102). Records on the usage and disposal were well recorded and documented.</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>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>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 style="text-align: center;">Complied</p>
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>Minor Compliance</p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in all the estates visited. 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. Landfill is no longer in use for the disposal of domestic waste at the estate. It has been contracted out to external contractor, MIDO, and the waste is disposed to designated disposal area of the municipality.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME is 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>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</p> <ol style="list-style-type: none"> 1. It was observed that plantation wastes such as empty fertilizer bags, plastic food containers and plastic water bottles were seen strewn all over the plantation areas' 2. The estate uses the services of a contractor, MS MIDO Enterprise, to collect domestic waste from the designated site at the workers' quarters and then disposed at an approved landfill/disposal site. However, there was no record kept by estate as documented evidence that the domestic waste has been disposed as required at an approved landfill/disposal site. 	<p style="text-align: center;">Minor NC# 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>

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<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 is 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>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the <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 the audited estates 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 PMU 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>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p> <p>Major Compliance</p>	<p>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 Ringelmann Smoke Chart. Report showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on-site visit to the mill.</p> <p>POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations.</p> <p>Effluent BOD monitoring report done monthly and is in compliance with DOE regulation. In addition, monthly reporting to DOE was also done on the disposal of ERB and effluent discharge.</p>	<p>Complied</p>

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	<p>Also, the stack monitoring report conducted once every six months and the latest being done on 22 January 2019. The mill was awarded "Anugerah Pematuhan Udara Terbaik" by the Pahang DOE on 2 July 2018.</p> <p>Records were made available at both the POM and estates during the audit.</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>	Complied
<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 22 January 2019). Reports were submitted to the Department of Environmental once every six months. The schedule waste disposal, by Kualiti Alam Sdn Bhd (latest dated 19 February 2019) were adhering to DOE requirements.</p> <p>Water samples were regularly taken and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge points. The water samples were sent for analysis. This was conducted by 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 months and complied to the requirements.</p> <p>Palm GHG summary report has also been submitted to RSPO using RSPO formula version 3.0. The data used for the calculation was verified true.</p>	Complied

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

<p>Criterion 6.1</p> <p>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 combination of consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment [SIA] for the year 2019 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 13 Feb 2019. External consultation for</p>	Complied

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	<p>Segamat Estate was conducted on 28 Feb 2019. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc.</p> <p>Internal stakeholders' consultations however conducted separately in each operating unit, e.g. in Shahzan 1 Estate it was conducted on 15/2/2019 and in Pukin POM it was conducted on 18/2/2019. Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels. These consultations were also very well documented.</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>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. Representation through work categories was verified did not prohibit the workers from raising issues related to the workers welfare. 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 style="text-align: center;">Complied</p>
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>For each comments received during meetings or interviews conducted by the POM and the estates, a time table of activities were developed with time frame on implementation plans and persons responsible. Comments received through the meetings, stakeholder logbook, etc., were recorded and also indicated with status either continuous, completed or pending.</p>	<p style="text-align: center;">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>The latest Social Impact Assessment And Plans were available for the year 2019. The plans are reviewed annually together with affected parties, especially the workers, who were always consulted during the annual internal stakeholder consultations, the JCC meetings, safety meetings, daily morning muster and individual reports made in the Grievance Books.</p>	<p style="text-align: center;">Complied</p>

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Minor Compliance		
6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).	No smallholders in IOI Pukin group, thus this criteria is not applicable.	Not applicable
Minor Compliance		
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.		
Indicators	Findings and Objective Evidence	Compliance
6.2.1 Consultation and communication procedures shall be documented. Major Compliance	The group has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. their workers, government agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation. Grievance Procedure dated 5/6/2018, related to communication and consultation with interested parties is available at IOI group website ¹ . It was verified during that audit that at IOI Pukin Grouping level, the procedure mentioned made public to all workers. Furthermore the procedure were also explained carefully to all level of workers and this was verified through individual interviews with sampled workers during the audit. This procedure was also socialised with external stakeholders during the external consultation session and personal interviews conducted by the management. ¹ https://www.ioigroup.com/Content/S/PDF/Grievance_mechanism.pdf	Complied
6.2.2 A management official responsible for these issues shall be nominated. Minor Compliance	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. 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 and Mr. Najmuddin Abu Ani, Segamat Estate. 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.	Complied
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. Minor Compliance	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 Latest stakeholders list were verified to be sufficiently complete with the all directly hired contractors sighted in the list. Minor NC# JMD-01 raised in ASA-02 (2018) is effectively closed.	Complied
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.		

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Indicators	Findings and Objective Evidence	Compliance
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Pukin Grouping. Among others, the affected parties have several options to register their complaints and grievances including Grievance Book, annual stakeholder consultation, morning muster, during ECC, GCC and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and 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 JCC 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 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 is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature, but since Nov. 2017 IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website². It was also evident that if no mutual resolution found between the complainants, esp. external stakeholder, the issue will be brought to RSPO and the local authorities.</p> <p>¹ https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p>	<p>Complied</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 JCC, 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 evidences. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public.</p>	<p>Complied</p>
<p>Criterion 6.4</p> <p>Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenou peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		

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Indicators	Findings and Objective Evidence	Compliance
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>There 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>	Complied
<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>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p>	<p>To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.</p>	Complied
<p>Criterion 6.5</p> <p>Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
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 Grouping, most of the workers in the estates, as stated in the workers contract, are considered as "general workers" with piece rated pay. In Pukin POM, however, the workers are paid with daily rate. These pay conditions and other benefits are sufficiently stated in the workers contract. Decision on workers' wages were based on a memorandum dated 7/1/2019 to all IOI groups including Pukin grouping. According to this memorandum monthly minimum wages had to be RM1,100/month or RM42.31/day, provided that all qualifying conditions are satisfactory fulfilled. These conditions are clearly stated in the memorandum and in the revised "IOI Plantation Minimum Wages & Leave Pay Policies in Malaysia"¹ which took effect on 1/1/2019 signed by Mr. N.B. Sudhakaran, Plantation Director. The contents of this policy was evaluated and verified to have fulfilled the industry standard and is in accordance with the MAPA-NUPW agreement 2015 and Minimum Wages Order 2018. Confirmed to be satisfactorily understood during interviews with various categories of workers.</p> <p>It is noted that the Segamat Labour Department Officers had made a visit to Segamat Estate on 14/2/2019 which was recorded in the Visitors Register. A list of documents were collected to assess the estate compliance to the law which included copies of payslips, passports of foreign workers, identification cards of local workers and employment contracts, which was acknowledged by the Labour Dept. Officers.</p>	

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	<p>Verified that:</p> <p>(a) Monitoring records of all workers who took long unpaid leave were recorded in the application forms completed and signed.</p> <p>(b) Revised contracts between the contractor and their workers had reflected the correct number of public holidays they are eligible in a year.</p> <p>Thus non-compliance items (a) & (b) raised in ASA-02 (2018), i.e. Major NC# JMD-01, was verified to be sufficiently addressed and closed.</p> <p>Documentation of pay and conditions were available in the mill and estates audited.</p> <p>A nonconformance was issued on the items below:</p> <ol style="list-style-type: none"> 1. Discrepancy on Public Holiday payment for some workers, who are eligible. 2. Incorrect calculation of public holiday overtime work. 3. Proportionate annual leave calculation were not consistently applied to all workers who went for long leave. <p>Auditors note: The above items are deemed to be unrelated to the items raised in previous assessment ASA-02 (which are verified to be addressed and closed).</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. no deductions sighted in the pay slip for foreign workers. Contracts for local workers are in Bahasa and for foreign workers the contracts are both in English and their respective national language. Verified that translated employment contracts in Hindi, Vietnamese and Nepalese languages were available. Thus Observation #JMD-01 raised in ASA-02 is effectively closed.</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, Minimum Wages Order 2018 and other relevant regulations are satisfactorily complied with. Monthly analysis on minimum wage achievement was monitored and available. It is noted that over 90% of workers received the new minimum wages level and analysis on the reasons given on the workers who did not achieve the minimum wage level was reported. The analysis showed that they were due a combination of the of the following:</p> <ul style="list-style-type: none"> - Absent or abscond during working hours. - Being absent days - without taking prior paid leave; - Taking approved unpaid leave; - Taking unpaid sick leave; <p>The above was verified to be adequately recorded as evidence and noted to be implemented in accordance with the MAPA-NUPW terms & conditions. Also briefing and counselling was done by the Management for the said workers on issues related to worker's non-performance or non-completion of work. Consultation done with local JTK confirmed that there has been no complaints from local nor foreign workers against IOI Pukin Grouping with regards to any unjust pay or working conditions.</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</p>	

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	<p>signed by the workers and clearly dated. The said deductions were applied as per the Jabatan Tenaga Kerja [JTK] valid permits and verified in the units audited.</p> <p>Interviews done and feedback received had indicated that some field workers lacked a clear understanding on the calculation of wages on the payslips.</p> <p>A non-compliance raised for insufficient training on calculation of wages and information contained in the payslip.</p>	<p style="text-align: center;">Major NC# JMD-02</p>
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 [Workers’ Minimum Standards of Housing and Amenities – Act 446].</p> <p><u>Housing, electricity and water supply</u></p> <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>Verified during the audit that water supply is adequate with no interruption. Thus, Minor NC# JMD-02 raised in ASA-02 (2018),</p> <p>However, an observation is raised during the current audit with regards to the employment contract with foreign workers stated that pillow, mattresses, basic PPE, etc. will be provided to new workers upon arrival at the estates. However, no distribution records available for verification. Distribution of these items was confirmed only through interview with the workers and receipts of purchase.</p> <p><u>Schools</u></p> <p>Local school children are transported with no charge from the operating units in suitable vehicles.</p> <p><u>Medical clinics</u></p> <p>Clinic is located in Pukin Estate which covers workers from Pukin POM as well. Shahzan 1 Estate has its own clinic which covers Shahzan 2 Estate as well. 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. Valid Foreign Workers Compensation Scheme (FWCS) issued by MSIG in all units audited were also verified. Starting 2019, IOI will replace FWCS with Social Security Organisation (SOCSO) contribution for the foreign workers based on Employer’s Circular No. 3 Year 2018 issued by The Human Resource Ministry.</p>	<p style="text-align: center;">OBS # JMD-01</p>
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>IOI 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 workers in Shahzan 1 Estate and Shahzan 2 Estate upon request are provided with transport to bring them out the main road before taking bus to the nearest town, i.e. Segamat or Muadzam Shah.</p>	<p style="text-align: center;">Complied</p>

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<p>Criterion 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>Published statement recognising freedom of association is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading.</p> <p>This policy is available online at IOI website. ¹ ¹ https://www.ioigroup.com/Content/S/S_Policy</p>	Complied
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>As an alternative to workers union, IOI Pukin Grouping formed the JCC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of JCC are management representatives and workers representatives elected by the workers including both local and foreign.</p> <p>JCC meetings are scheduled quarterly and each meeting is recorded. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. From sampled JCC meeting minutes, there was no major issue raised by the workers. The meeting minutes are accessible to all members in the JCC and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised. Meeting minutes selected for verification was for Shahzan 1 Estate conducted on 12/2/2018 and for Shahzan 2 Estate conducted on 31/1/2019. This practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the grouping.</p> <p>Minor NC# JMD-03 raised during ASA-02 (2018) was verified to be effectively closed as the JCC has been conducted according to its proper schedule in all operating units audited.</p>	Complied
<p>Criterion 6.7 Children are not employed or exploited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p>	<p>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy corresponds with Children and Young Persons (Employment) Act 1966 (Act 350).</p> <p>Employees and workers profiles were sighted during the audit and no underage workers found. This fact was further verified through interviews with staff and workers in IOI Pukin group. Passport photos and birthdays of the foreign workers hired by the operating units were checked and none of them found to be underage.</p>	Complied
<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

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<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>Published statement on equal opportunities is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on “Equal Opportunity Employment & Freedom Of Association Policies” had also been established in Oct. 2017 and also available online at IOI website.¹</p> <p>This policy clearly state that IOI Group including IOI Pukin grouping prohibits and will actively prevent any discrimination based on race, nationality, religion or gender.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Freedom%20of%20Association.pdf</p>	<p style="text-align: center;">Complied</p>
<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>Based on interviews and feedback from the employees, foreign workers, review of JCC meeting minutes and grievance records, it is verified that there has been no issue of discrimination at the grouping. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented.</p>	<p style="text-align: center;">Complied</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 Grouping 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. Records of medical history for both local and foreign workers are considerably comprehensive kept in the medical clinics within the 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 required by law and probation period to evaluate level of skills and the workers attitude towards the new surroundings.</p>	<p style="text-align: center;">Complied</p>
<p>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p>	<p>Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. A specific policy on harassment, i.e. “Policy on Harassment at Workplace” adopted in June 2018 has also been established and available online at IOI website.¹</p> <p>GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to harassment and violence. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted in each operating unit audited. Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence. Meeting minutes selected for verification was for Shahzan 1 Estate conducted on 12/1/2019 and for Pukin POM conducted on 9/11/2018. To show the management commitment on issues related to with harassments and violence, briefing sessions were conducted between 12-14/9/2018 with speakers invited from Labour Department. These sessions involved participants from IOI</p>	<p style="text-align: center;">Complied</p>

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	<p>Pukin Group, Gomali Group and Leepang Group. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf</p>	
<p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p>	<p>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 and the lab staff are the only 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 communicated to all levels of the workforce.</p> <p>Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the grouping has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are inaccessible to the public.</p> <p>In addition, since Nov. 2017 IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website.²</p> <p>¹ https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p>	Complied
<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>	Not applicable
<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>	Not applicable
<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>	Complied
<p>6.10.4 Agreed payments shall be made in a timely manner.</p>	<p>IOI Pukin group has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement</p>	Complied

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Minor Compliance	made. Payments most of the time are made on according to common practice of 60-day grace period. This was also verified by the suppliers and contractors through stakeholders consultation with the auditors.	
Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.		
Indicators	Findings and Objective Evidence	Compliance
6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	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 Segamat Estate specifically, the management has very good relationship with the nearby school and villagers, for example the school was 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. 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.	Complied
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	Estate workers are sourced by the IOI appointed agents and handled via IOI Headoffice. All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates. IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the expiry dates of their passports and work permits, FOMEMA tests until collection of work permits from the Immigration Office. Contractor workers were also verified to keep their own passports. A letter titled " Passport Acknowledgement ", was sighted stating returning of passport to a worker (B4993793) dated 12/1/2019 at Shahzan 1 Estate. Major NC# JMD-02 raised in ASA-02 (2018) was verified to be effectively closed as all passports of absconded workers were still in their custody.	Complied
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,	Complied

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	esp. Indonesia. Workers contract are kept at the office for safekeeping.	
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	<p>Published statement and procedures on migrant workers is covered in IOI Plantation Foreign Workers Recruitment Guideline & Procedure In Malaysia adopted by the IOI group was revised in July 2018. This guideline is also available at IOI website. ¹</p> <p>Implementation of this policy is evident as explained above, for example, all decisions related to hiring of new workers shall be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender. Also mentioned above that the equal opportunity policy was adopted and implemented by the grouping and verified to have covered all necessary aspects of including migrant workers related issues. Freedom of association as earlier mentioned permitted not only to the local workers but also to the foreign workers.</p> <p>This policy is communicated to all workers during annual refresher training and to all new intakes.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Foreign%20Workers%20Recruitment%20Guideline%20Procedure.pdf</p>	Complied
Criterion 6.13 Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Published statement on human rights is covered in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy is verified to be communicated to all workers during annual refresher training and to all new intakes.	Complied
6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	Not applicable	Not applicable

Principle 7: Responsible development of new plantings

Todate 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 PMU had submitted the GHG data to the RSPO Secretariat.

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.

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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 2018)

Emissions per Product	tCO ₂ e/tProduct
CPO	1.69
PK	1.69

Production	t/yr
FFB processed	205,805.18
CPO Produced	43,221.38

Extraction	%
OER	21.00
KER	4.42

GHG Table 2: Summary of Net GHG Emissions

Land use	ha	Remarks
OP planted area	19,421	9543 Ha (Planted area in IOI Pukin Grouping) plus 9,878 Ha (Total Planted area in other IOI estates that diverted FFB to IOI Pukin POM)
OP planted on peat	0	-
Conservation (forested)	9.48	6.86 Ha (Conservation area in IOI Pukin Grouping) plus 2.62 Ha (Conservation area in IOI Bukit Leelau Grouping)
Conservation (non-forested)	50.00	29.96 Ha (Conservation area in IOI Pukin Grouping) plus 20.04 Ha (Conservation area in IOI Bukit Leelau Grouping)
Total	19,480.48	

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Emissions								
Land Conversion	137474.68	14.41	5424.25	9.83	-	-	142898.93	24.24
CO ₂ Emissions from Fertiliser	13777.32	1.44	705.06	1.36	-	-	14482.38	2.8
N ₂ O Emissions	10036.16	1.05	384.91	0.8	-	-	10421.07	1.85

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Fuel Consumption	2473	0.26	81.28	0.13	-	-	2554.28	0.39
Peat Oxidation	0	0	0	0	-	-	0	0
Sinks								
Crop Sequestration	-85659.86	-8.98	-5141.47	-9.32	-	-	-90801.33	-18.3
Conservation Sequestration	0	0	0	0	-	-	0	0
Total	78101.3	8.18	1454.03	2.8	-	-	79555.33	10.98

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	7609.98	0.04
Fuel Consumption	1253.97	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	8863.95	0.04

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

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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>The POM has identified and implemented the following Continual Improvement Action Plans:</p> <ol style="list-style-type: none"> (1) To reduce carbon emission, (2) To implement waste reduction and recycling, (3) To increase the renewable energy used, (4) To enhance safety of the workplace. <p>The estates have identified and implemented the following Continual Improvement Action Plans:</p> <ol style="list-style-type: none"> (1) To increase the planted areas of beneficial plants, (2) Increase the no. of barn owl boxes to reduce usage of rat baiting, (3) Increase usage of fertilizer bags as a medium for planting beneficial plants, (4) Increase EFB and POME mulching at low yield areas, (5) To add extra tube wells to ensure enough water supply to estates. (6) To use mud ball treatment to reduce the population of algae at pond. (7) To ensure every trip of FFB loading up to 7 MT/trip for reduction of diesel for loading operation. (8) Improve workers' house repairs for conducive living, (9) Build a futsal court, (10) Build a community hall. <p>Evidence of results was available for the above continuous improvement action plans.</p> <p>Corrective action for the previous assessment (2018) Major NC# OCL-01 found to be effectively implemented.</p>	<p>Complied</p>

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:

General Chain of Custody Requirements for the supply chain:

5.1 Applicability of the general chain of custody requirements for the supply chain		
Indicators	Findings and Objective Evidence	Compliance
5.1.1. The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification.	The CPO Mill i.e. “Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd” (Pukin POM) (under IOI Group) takes legal ownership and physically handles the certified FFB, CPO and PK. Verified as at todate, no outsourced facility is used in the processing and production of the CPO and PK.	Complied
5.1.2. Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.	The CPO Mill does not perform direct trading of the certified CPO & PK. All the quantities produced are sold solely to refinery - IOI Edible Oils Sdn Bhd (another IOI subsidiary).	Complied
5.1.3. Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.	RSPO membership is registered under the parent company: IOI Corporation Berhad (RSPO membership No. 2-0002-04-000-00) and Pukin POM is registered in the RSPO PalmTrace.	Complied
5.1.4. Processing aids do not need to be included within an organization’s scope of certification.	No processing aid used as this facility is a CPO Mill.	Complied
5.2 Supply chain model		
5.2.1 The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.	Verified that this facility is a CPO Mill which applies Module D: Identity Preserved (IP)	Complied
5.2.2. The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	Verified that this facility is a CPO Mill which applies Module D: Identity Preserved (IP)	Complied
5.3 Documented procedures		
5.3.1.		

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<p>The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified.</p> <p>This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard. 	<p>Documented SOP for SCC: RSPO/SC/OP/IP/3 updated on 1 Aug 2018 is verified on site.</p> <p>The 'IP module' implementation is verified to be in compliance with the RSPO SCCS requirement. Production records are maintained and updated on a daily basis and monthly, 3-monthly and annually reports are compiled and for reporting to the IOI Group, HQ.</p> <p>The responsible person identified is the Mill Manager as per the SOP and Organizational chart. Interview done with the Mill Manager (Mr. Kesavan Manohar), confirmed that he and his assistants are aware and able to demonstrate the implementation of the RSPO supply chain requirements.</p>	<p style="text-align: center;">Complied</p>
<p>5.3.2.</p> <p>The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <ol style="list-style-type: none"> i. conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. ii. effectively implements and maintains the standard requirements within its organization. <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization must be able to maintain the internal audit records and reports.</p>	<p>Documented SOP for SCC: RSPO/SC/OP/IP/3 updated on 1 Aug 2018 covered the implementation of all elements of Supply chain modules, is verified on-site.</p> <p>Stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements. The SOP had covered the Market Communications and Claims requirements including:</p> <ol style="list-style-type: none"> (1) General corporate communications (2) Business to business communications (3) Business to consumer communication (4) Stamp CSPO/IP or CSPK/IP (5) IP general & Module D: IP for CPO Mill (6) Labelling and trademark (7) Messaging <p>Last Internal audit was done in Jan 2019 using the checklist as per the RSPO SCC Standard 2017 which included the RSPO Market communication and claims requirements.</p> <p>The NCs raised during the last internal audit were closed out after corrective actions taken.</p> <p>The Internal audit findings were reviewed during the management review conducted in Feb 2019. The management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU.</p> <p>Records of Internal audits and minutes of Management review of past 2 years were maintained and available.</p>	<p style="text-align: center;">Complied</p>
<p>5.4 Purchasing and goods in</p>		
<p>5.4.1.</p> <p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum</p>	<p>The Daily Production Report showed traceable figures of certified products from certified raw material sources. All incoming certified raw material is recorded by daily, monthly and annual basis.</p>	<p style="text-align: center;">Complied</p>

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<p>information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping announcements/ Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. • A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the list of RSPO Supply Chain Certified sites on the RSPO website (www.rspo.org) at least annually or through the RSPO IT Platform by confirmation of (shipping) announcements. • The validity of license for traders and distributors shall also be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements/announcements. 	<p>Incoming raw material indicating: name and address of the product origin, name and address of the receiver; ticket number, delivery order no.; contract no.; date; quantity; transporter; type of product; Supply Chain model used - IP and RSPO certificate number.</p> <p>Incoming FFB from supply base are entirely from owned estates only as verified from samples of deliveries and weighbridge tickets taken the period Jan – Dec 2018.</p>	
<p>5.4.2. The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p>	<p>As per the SOP available at the POM for the IP based incoming FFB and documentations such as Estates Delivery Notes and Weighbridge tickets at POM, the control mechanism noted to be in order.</p> <p>So far, there was no evidence of any occurrence of non-conforming products or related documents.</p>	<p>Complied</p>
<p>5.5 Outsourcing activities</p>		

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<p>5.5.1. In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing. This requirement is not applicable to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the certified organization (not the tank farm manager).</p>	<p>Verified that there are no outsourced processing activities to Independent third parties. Transport of FFB, CPO and PK as arranged by the Estates and POM Management are controlled via contracts with transporters and inspection of the transportation vehicles used prior to and upon completion of loading and off-loading. This are evidenced in the Delivery chits and weighbridge tickets which indicate the Transport vehicle no, weight and driver involved.</p>	<p>Complied</p>
<p>5.5.2. Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ol style="list-style-type: none"> a) The site has legal ownership of all input material to be included in outsourced processes; b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary. c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance. 	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>
<p>5.5.3. The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>Transport contractor for the transportation of the CSPO & CSPK are monitored and valid contracts are available and verified at the POM.</p>	<p>Complied</p>
<p>5.5.4. The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>

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5.6 Sales and goods out		
<p>5.6.1.</p> <p>The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer;</p> <ul style="list-style-type: none"> • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number of the seller; • A unique identification number. • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements / Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. 	<p>CPO Mill: Pukin POM – “Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd”, sales and delivery documents information include the following details:</p> <ul style="list-style-type: none"> - Name and address of production unit. - Name and address of buyer - WB Ticket number - Date of delivery - Transporter ID - Type of product / Supply chain model - Quantity: - RSPO certificate no. 	Complied
5.7 Registration of transactions		
<p>5.7.1.</p> <p>Supply chain actors who:</p> <ul style="list-style-type: none"> • are mills, traders, crushers and refineries; and • take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable. 	<p>Legal ownership and physically handling of the RSPO CSPO & CSPK is confirmed for the past 12 months. Records for the transactions made from the POM as sold to the next owner (IOI Edible Oils Sdn Bhd) are confirmed to be appropriately maintained.</p> <p>The PalmTrace ID is identified during certified products trading.</p>	Complied
<p>5.7.2.</p> <p>The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:</p> <ul style="list-style-type: none"> • Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer 	<p>The company has registered their transactions as per the Palm trace.</p> <p>Checked information: Transaction ID: stated Seller: “Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd” (Pukin POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPO</p>	Complied

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<p>Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures.</p> <ul style="list-style-type: none"> • Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually. • Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. • Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements. 	<p>Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: Jan-Dec 2018</p> <p>Transaction ID: stated Seller: "Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd" (Pukin POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPK Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: Jan-Dec 2018</p>	
<p>5.8.1. The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff.</p>	<p>The POM has an annual Training 2018 /2019, which includes refresher training on the RSPO SCCS. Training records are updated for personnel which includes attendance list and photograph as evidence are verified and available.</p>	Complied
<p>5.8.2. Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed.</p>	<p>The last training was done on 19 Feb 2019 and attended by 6 participants which included the Mill Manager, Executives, Assistants, Weighbridge clerks who are involved in implementation of the RSPO SCCS. Understanding by personnel was confirmed during audit at the POM.</p>	Complied
<p>5.9 Record keeping</p>		
<p>5.9.1. The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements.</p>	<p>The company has procedure to maintain and update all documents and records of RSPO supply chain system as required by the RSPO supply chain. The company has maintained, updated report & record which covering all aspects of RSPO SCCS requirements, such as: daily report, monthly report, 3-months mass balance report, delivery note, balancing stock report, complaint record, non-conforming product report, etc.</p>	Complied
<p>5.9.2. Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.</p>	<p>As per the RSPO SCC SOP, the minimum retention time of record for 2 years was stated. The retention of accounting related records including contracts, invoices etc. had complied with the minimum 7 years as per the Annual Accounting report and Stock Inventory done by the Accounting Dept. Based on sampling done for RSPO transactions, the related records were noted to be retained and available at site.</p>	Complied
<p>5.9.3. The organization must be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO</p>	<p>The PMU has updated the record keeping of the volumes of FFB purchased, processed and claimed as RSPO certified oil palm products.</p>	Complied

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certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	The Monthly, 3- Monthly, and Annual data over past 12 months was available.	
5.10 Conversion factors		
5.10.1 Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries.	Not applicable, as the scope of certification for this unit covers until the CPO Mill only.	Not applicable
5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	Not applicable, as the scope of certification for this unit covers until the CPO Mill only.	Not applicable
5.11 Claim		
5.11.1. The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.	As at to-date, there has been no evidence of any no incorrect or inappropriate claims made at this unit.	Complied
RSPO Rules on Market Communications and Claims:		
General Corporate communications		
4.1 Highlights RSPO membership and/or commitment to RSPO Principles	The RSPO membership number is stated under the parent company of IOI Corporation Berhad as indicated in the RSPO website and CH certificate.	Complied
4.2 a) displays RSPO membership number b) displays RSPO web address (www.rspo.org) c) states support for RSPO work	Noted done via the ACOP submitted on annual basis eg for year 2017 and 2018.	Complied
4.3 No misleading claim on RSPO membership on sale of certified RSPO products	There has been no evidence of any misleading claim as at the time of audit on the sale of the CSPO & CSPK for past 12 months (Jan-Dec 2018)	Complied
4.4 No misleading claim to consumers and stakeholders.	As above.	Complied
4.5 Use of RSPO logo	No evidence of inappropriate use of the RSPO logo.	Complied
Business to Business communications		
5.1 Appropriate communications for B to B	Transactions and communications is presently internal i.e. between the IOI POM (seller) and IOI Edible Oils Sdn Bhd – Refinery (buyer)	Complied

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5.2 Communication of claims of SCC Model and Certificates	Verified that claims using the IP model / status as issued in the CH certificate was correctly stated.	Complied
5.3 Distributor or wholesaler License use	Not applicable as the POM is not a distributor / wholesaler.	Not applicable
5.4 Declarations of certified palm oil are as per RSPO rules.	Verified that claims made on CSPO & CSPK are as per RSPO Rules.	Complied
Business to Consumer communications		
6.1 Any business to consumer claims made?	Not applicable as the POM does not make any communications with consumers.	Not applicable
6.2 Are the RSPO Marks and logos appropriately used and communicated.	Not applicable.	Complied
6.3 On-pack label and claim use	Not applicable.	Not applicable
6.4 Any disclosure of supplier membership status	Not applicable.	Not applicable
6.5 Appropriate and accurate claims made on certified products	Verified that transaction and claims on certified CSPO & CSPK are appropriate and accurate over past 12 months.	Complied
6.6 Use of RSPO Marks and logos	Verified that there were no inappropriate use of RSPO Marks & Logos.	Complied
6.7 Retailer or Food Services company use of RSPO Marks and logos	Not applicable.	Not applicable
6.8 Appropriate and accurate claims made on certified products under 6.7	As above	Not applicable
5.12 Complaints		
5.12.1. The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Documented procedure for CPO Mill for Palm Products. SOP updated on '1/08/2018 (RSPOSC/SOP/IP/4 is verified on site, included the collecting and resolving of stakeholder complaints and any quality issues. There has been no complaint received since previous audit.	Complied
5.13 Management review		
5.13.1. The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	Management review is planned on an annual basis. The last management review was done in Feb 2019, minutes meeting of management review had covered the review of internal audit findings.	Complied
5.13.2. The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. 	Minutes meeting of management review has included all the required inputs. Review of inputs had covered the both the internal audit findings and the NC findings from external audits (from CB and other parties). Review of corrective and preventive actions and the follow up actions from customer feedbacks, previous management review and changes that could affect the management system were minuted.	Complied

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<p>5.13.3. The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs. 	<p>Outputs of management review has included recommendations for improvement such as the progressive planning for changeover to a SAP system and training needed for the personnel over the next 12 months.</p>	Complied
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RSPO Supply chain requirements – Module D (IP) for CPO Mill

D.1 Definition

Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1 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). 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. Corrective action for the previous assessment (2018) Major NC# OCL-02 found to be effectively implemented.</p>	Complied

D.2 Explanation

Indicators	Findings and Objective Evidence	Compliance
<p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment 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 has been recorded in each annual assessment report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	Complied
<p>D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform). The PalmTrace ID is identified during certified products trading</p>	Complied

D.3 Documented procedures

<p>D.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for IP Module is: RSPO/SOP/CoC/3 issue 06 dated 03 Apr 2018 covered the implementation of all elements of IP Module. The procedure includes the following RSPO Rules on Market Communications and Claims requirements:</p> <ul style="list-style-type: none"> (8) General corporate communications (9) Business to business communications 	Complied
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	<p>(10) Business to consumer communication (11) Identity Preserved Specific Rules (12) Labelling and trademark (13) Messaging Corrective action for the previous assessment (2018) Minor NC# OCL-01 found to be effectively implemented.</p>	
a) Complete and up to date procedures covering the implementation of all the elements in these requirements	The documented procedure and its implementation confirmed to have complied with all the specified requirements of 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 Mill Manager, Mr. Kesavan Manohar, 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.</p> <p>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 2018, 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> <p>Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office.</p>	Complied

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	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 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 2018 and 2019.

3.1.3 Summary of Certified Product Volumes (Produced and Traded):

The Production data and traded volumes of certified products which was verified for 2018 / 2019 are detailed as per Table 8A & 8B below:

Table 8A: Summary of Production Data (Year: 2019)

	Estate	Smallholders	Outgrowers
Number of Production Unit	5	-	-
Number of Individual Smallholders	0	-	-
Certified Area (ha)	10,020.19	-	-
Production Area (ha) / i.e. Mature area	8,812	-	-
HCV Area (ha)	29.96	-	-
Projected Certified FFB Processed (RSPO Certified) (mt)	210,000	-	-
Projected Certified - CPO Processed (RSPO Certified) (mt)	47,250	-	-
Projected Certified - PK Processed (RSPO Certified) (mt)	9,450	-	-

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 are as follows:

Table 8B: Summary of Trading volumes (for PalmTrace)

Details as per RSPO Certification System Document		
	CPO (mt)	PK (mt)
Last year's (Projected) – Certified volume (RSPO Certified) (Jun 2017 – May 2018)	55,128	10,904

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a) Last year's Actual sold volume (RSPO Certified) (Jan – Dec 2018)	35,939.74	7,616.00
b) Last year's Actual sold volume * (Other Schemes Certified)	2,373.43	0
c) Last Year's Actual sold volume ** Conventional (Jan – Dec 2018)	4,490.26	1,508.93
Total of (a) + (b) + (c)	42,803.43	9,124.93
New (Projected) Certified Volume (RSPO Certified) (Jun 2018 – May 2019)	47,250	9,450

Notes:

- Verified that the total Actual sold (for last year) has not exceeded the Projected (for last year)
- * The non PalmTrace volumes under 'Other Schemes certified' is basically under ISCC scheme.
- ** 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	Actions taken on the NCRs and OBS verified to be effective during ASA-03
Surveillance Assessment - 03	2019	5 (2 Major, 3 Minor)	3	Next assessment

3.2.1 Year 2018 Annual Surveillance Assessment 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): Verified during the subsequent assessment that the implementation of the corrective action is effective.	

NCR	MYNI Indicator	Details of NCR
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<p>Major OCL-02</p>	<p>2.2.1 RSPO SCC D.1.1</p>	<p>Date issued: 22/03/2018</p> <p>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.</p> <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>
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		<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: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">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): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>		

NCR	MYNI Indicator	Details of NCR
Major AL-01	4.7.2	<p>Date issued: 22/03/2018</p> <p>Nonconformance: 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</p> <p>(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</p> <p>(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</p> <p>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.</p> <p>Corrective Action: The affected workers were sent to;</p> <ol 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 © 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>

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		<p>(2) Pukin POM</p> <p>Root Cause:</p> <p>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.</p> <p>The biogas area workers failed to remove the bolts and nut after removing a tank near the Biogas – Site lab area.</p> <p>Corrective action:</p> <p>The following measures were taken by Pukin mill management:</p> <ul style="list-style-type: none"> a) The contractor was given another briefing on 2nd April 2018 and told to comply with all safety requirements; <ul style="list-style-type: none"> (i) Safety and Health Instruction for Contractor – App – 2 (a) i (ii) Safety and Health briefing photos – App 2 (a) ii b) The work area was cordoned off and safety sign boards were displayed – App 2 (b) c) The bolts and nuts on the floor of the tank area was removed immediately – App 2 © <p>(3) Bukit Serampang & Pukin estate</p> <p>Root cause:</p> <p>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.</p> <p>Corrective action:</p> <p>Pukin Estate Management have carried out the following corrective actions:</p> <ul style="list-style-type: none"> (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 <p>Bukit Serampang Estate Management have carried out the following corrective actions:</p> <ul style="list-style-type: none"> (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>(4) Segamat estate</p> <p>Root cause:</p> <p>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.</p> <p>Corrective action:</p> <p>The management took immediate measures to replace the wooden planks with concrete flooring – App 4 (a).</p> <p>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.</p> <p>Workplace inspection checklists was revised to include workers showers to ensure all are in good working order. – App 4 (b).</p>
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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
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		<p>Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>		

NCR	MYNI Indicator	Details of NCR
Major SH-01	5.2.4	Date issued: 22/03/2018
		<p>Nonconformance:</p> <p>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:</p> <p>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):</p> <p>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):</p> <p>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.</p> <p>The corrective actions satisfactorily addressed the non-conformance.</p>

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		Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.	

NCR	MYNI Indicator	Details of NCR
Major JMD-01	6.5.1	Date issued: 22/03/2018
		<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 <u>sick leave, or annual leave, temporary disablement</u> 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> <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
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		<p>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> <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>		
		<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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		<p>Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>		

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>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: 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): 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> <ul 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): On-site verification carried out. Following evidences are acceptable:</p> <ul 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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3.2.2 Year 2018 Annual Surveillance Assessment ASA-02: 6 Minor NCRs

NCR	MYNI Indicator	Details of NCR
Minor OCL-01	RSPO SCC 5.11 and D.3.1	<p>Date issued: 22/03/2018</p> <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> <ul 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

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		<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 Issue #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> <p>Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>		NC status verified by auditor: Closed by OCL	Date closed: 14&15/05/2018
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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>			
		<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> <ol style="list-style-type: none"> a) The management took immediate measures to level the EFB at Field PM02A and other fields – App 1 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>Verification (Corrective Action): On-site verification carried out. Visit to site confirmed that the EFB has been levelled for mulching purpose at the field concerned. In addition, the SOP has also been revised where the EFB levelling 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>			
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NCR	MYNI Indicator	Details of NCR	

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<p>Minor SH-01</p>	<p>5.1.3</p>	<p>Date issued: 22/03/2018</p> <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> <hr/> <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)
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		<p>Verification (Corrective Action): On-site verification carried out: (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. (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. 3. At Bukit Serampang estate, faded buffer markers has been repainted and the monitoring to be done is according to the checklist prepared. 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 SH</td> <td style="width: 40%;">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): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>		

NCR	MYNI Indicator	Details of NCR		
Minor JMD-01	6.2.3	Date issued: 22/03/2018		
		<p>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.</p>		
		<p>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.</p> <p>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</p>		
		<p>Verification (Corrective Action): On-site verification carried out: Updated Stakeholder list verified to be complete. 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	
<p>Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>				

NCR	MYNI Indicator	Details of NCR
Minor JMD-02	6.5.3	Date issued: 22/03/2018
		<p>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.</p>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: Due to insufficient water supply to line site, the management were in the process of replacing 2 inches poly pipe with 3 inches pipes to cater for increased demands of water from workers and staff. Due to this, the water supply was disrupted as the pipe replacement work was being carried out during the time of audit. It took about 1 day for the supply to become normal.</p> <p>Corrective Action(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)</p>		
		<p>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.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">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			
		<p>Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>		

NCR	MYNI Indicator	Details of NCR
Minor JMD-01	6.6.2	Date issued: 22/03/2018
		<p>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.</p>
		<p>Root Cause and Corrective Action:</p> <p>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.</p> <p>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</p>
		<p>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.</p>
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 14/05/2018</td> </tr> </table>
NC status verified by auditor: Closed by OCL	Date closed: 14/05/2018	
		<p>Verification (for effectiveness): Verified during the subsequent assessment that the implementation of the corrective action is effective.</p>

3.2.3 Year 2018 Annual Surveillance Assessment ASA-02: 5 Observations

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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.	22/03/2018	03/03/2019	Addressed and closed
OBS# SH-02	5.6.3	POM	There was no lay out plan placed at the effluent site.	22/03/2018	03/03/2019	Addressed and closed
OBS# AL-01	4.7.5	POM	First Aid Kit at Laboratory noted without the Checklist of Items.	22/03/2018	03/03/2019	Addressed and closed
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.	22/03/2018	03/03/2019	Addressed and closed
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.	22/03/2018	03/03/2019	Addressed and closed

3.2.4 Year 2019 Annual Surveillance Assessment ASA-03: 2 Major NCRs

NCR	MYNI Indicator	Details of NCR
Major JMD-01	6.5.1	Date issued: 08/03/2019
		Indicator requirement: Documentation of pay and conditions shall be available.

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		<p>Statement of Nonconformance: Documentation of pay and conditions are available in the mill and estates audited. A non-conformance was issued for the items below:</p> <ol style="list-style-type: none"> 1) Discrepancy on Public Holiday payment for some workers, who are eligible. 2) Incorrect calculation of public holiday overtime work. 3) Proportionate annual leave calculation were not consistently applied to workers who went for long leave. <p>Auditors note: The above items are deemed to be unrelated to the items raised in previous assessment ASA-02 (which are verified to be addressed and closed).</p>
		<p>Evidence of Nonconformance: Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</p> <ol style="list-style-type: none"> 1(a) In Shahzan IOI 1 Estate, occasional holiday declared by the ruling party after 14th General Election in 2018 was not paid for two (2) eligible workers. 1(b) In Shahzan IOI 2 Estate, occasional holiday declared by the ruling party after 14th General Election in 2018 was not paid for four (4) eligible workers. (2) In Shahzan IOI 2 Estate, overtime work conducted on occasional holiday declared by the ruling party after 14th General Election in 2018 was incorrectly calculated for one (1) worker. 3(a) In Shahzan IOI 1 Estate, two (2) general workers went for long unpaid leave in 2018 and their annual leave eligibility were calculated proportionately based on completed months of the year. However, three (3) harvesters also went for long unpaid leave in the same year but proportionate annual leave calculation was not consistently applied on them. 3(b) In Shahzan IOI 2 Estate, two (2) general workers went for long unpaid leave in 2018 and their annual leave eligibility were calculated proportionately based on completed months of the year. However, two (2) general workers and one (1) harvesters also went for long unpaid leave in the same year but proportionate annual leave calculation was not consistently applied on them.
		<p>Root Cause and Corrective Action:</p> <ol style="list-style-type: none"> 1. <u>Overlooked public holiday pay for some eligible workers.</u> <p>1(a) (i) <u>Shahzan IOI 1 Estate</u> Root Cause: One of the said workers in Shahzan IOI 1 Estate, named Abdurrahim-B was not employed when the public holiday was declared on 10th May 2018. He therefore is not entitled to the public holiday as he only started his work in Shahzan IOI 1 Estate on 25th May 2018. The occasional holiday was declared by the ruling party after winning the 14th General Election for 10th May 2018 and 11th May 2018. Please refer to attachments:</p> <ul style="list-style-type: none"> - Employment Identification Document for Abdurrahim-B with date joined. - Attendance record (Pocket Check roll) for Abdurrahim-B. <p>Corrective action: As the worker is not entitled to the replacement public holiday pay, the assistants and chief clerk were reminded to clearly explain such issues to auditors to prevent non-compliances being issued in future.</p> <p>1(a) (ii) Root Cause: Shahzan IOI 1 Estate replaced the 11th May 2018 public holiday on 16th June 2018. The second worker in Shahzan IOI 1 Estate, named Deddy Luan was not paid replacement public holiday pay as he was absent one day (on 14th June 2018) before the declared public</p>

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		<p>holiday for Hari Raya Puasa (15th June 2018) and occasional holiday for 14th General Election (16th June 2018).</p> <p>As per <u>Section 60 D (2) of the Employment Act 1955 (Act 265)</u>, it is stated that if any employee 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>We hope that with the above explanation clarifies that the said worker was not eligible for the both public holiday for Hari Raya Puasa and occasional holiday for 14th General Election which were on 15th June 2018 and 16th June 2018 due his absenteeism from work.</p> <p>Please refer to attachments:</p> <ul style="list-style-type: none"> - Comparison of attendance and public holiday between Deddy Luan and other workers. - Copy of “Surat Pengakuan” for Deddy Luan. - Memo from Shahzan IOI 1 Estate Management issued to all workers on 12th May 2018 to inform regarding revised public holidays. <p>Corrective Action: Workers were reminded again during muster 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><u>1(b) Shahzan IOI 2 Estate</u></p> <p>Root Cause: Investigation of the missing payment of public holiday for four (4) eligible workers in Shahzan IOI 2 Estate revealed the following findings:</p> <ol style="list-style-type: none"> 1) The replacement public holiday data was not inserted by the newly hired payroll data entry clerk of Shahzan IOI 2 Estate. 2) Lack of awareness and training on inserting correct data in Pinfosys system. 3) Failure by management to counter check payroll report. <p>Therefore, it is concluded that the major root cause is due to the human errors by management and data entry payroll clerk.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> 1) Shahzan IOI 2 Estate management reimbursed the unpaid public holiday to the four (4) eligible workers in the March 2019 pay. 2) Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs. Managers had reminded all assistants and staffs to be more careful during checking the payroll report and payslips. The training was conducted on 17th April 2019 by Information Technology (IT) Department and Sustainability Department. 3) Managers had reminded all assistants and staffs to be more careful during checking the payroll report and payslips. In addition, managers will counter-check all the payslips one more time prior to finalise salary payment for the workers. <p>Please refer to attachments:</p> <ul style="list-style-type: none"> - Payslips for four (4) workers - Training Report and Photos - Training Attendance List <p><u>2. Incorrect calculation of public holiday overtime work.</u></p> <p>Root Cause: Investigation of the rate of overtime work conducted on replacement public holiday for one worker, named Mohd Shahrizal bin Hamzah in Shahzan IOI 2 Estate revealed the following findings:</p>
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		<p>1) The rate of overtime work conducted on replacement public holiday data was wrongly inserted by the newly hired payroll data entry clerk of Shahzan IOI 2 Estate.</p> <p>2) Lack of awareness and training on inserting correct data in Pinfosys system.</p> <p>3) Failure by management to counter check payroll report.</p> <p>Therefore, it is concluded that the major root cause is due to the human errors by management and data entry payroll clerk.</p> <p>Corrective action:</p> <ol style="list-style-type: none"> 1) Shahzan IOI 2 Estate management reimbursed the underpaid amount of overtime work rate for occasional holiday to the worker in the March 2019 pay. 2) Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs. Managers had reminded all assistants and staffs to be more careful during checking the payroll report and payslips. The training was conducted on 17th April 2019 by Information Technology (IT) Department and Sustainability Department <p>Please refer to attachments:</p> <ul style="list-style-type: none"> – Payslips for Mohd Shahrizal Bin Hamzah for March 2019 – Training Report and Photos – Training Attendance List <p>3. <u>Proportionated annual leave calculation were not consistently applied to all workers who went for long leave.</u></p> <p>Root Cause:</p> <p>In every estate, a “data entry payroll clerk” is responsible to insert the details of pay for all the workers in the Pinfosys system. The details that are inserted in the system are such as the types of work done and also the types of leave taken by the workers. There are designated codes for every types of work and leave.</p> <p>Basically, there are two types of approved leave offered to the workers:</p> <ol style="list-style-type: none"> i) Long leave (coded as “LL”) – taken when workers go back to home country for a few months (more than 30 days). ii) Casual leave (coded as “LC”) – occasionally leave taken by workers <p>The payroll system works in such a way that, the annual leave will proportionate based on the long leave (LL) taken by the workers. The error by the data entry payroll clerk in inserting the wrong leave code, (LC) instead of (LL) code for workers who went on long leave lead to miscalculation on proportioning the eligible annual leave.</p> <p>The attendance for all workers except harvesters are inserted manually by the payroll clerks into the Pinfosys system. As we are using Portable Data Record (PDR) system for the harvesters, their attendance record is captured when the field staffs update the PDR every morning. Therefore, the Pinfosys system did not capture the records of harvesters who went on long leave.</p> <p>Corrective action:</p> <p>Management conduct a retraining on payroll calculation and laws on wages, remuneration and benefits to chief clerks, payroll clerks and sustainability staffs on 17th April 2019. The objective of the training was to improve their understanding on the workers’ wages calculation and wages summary report. The participants were also reminded to not repeat the error with regards to VLP payment. As it was already more than three months since the VLP payment was made, the management decided not to recover the overpaid VLP payment from the workers.</p> <p>Please refer to attachments:</p> <ul style="list-style-type: none"> – Training Report and Photos – Training Attendance List <p>For those workers who got overpaid due to miscalculation in proportioning the annual leave, the amount was recovered from them via the salary they received in the month of March 2019.</p>
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		Please refer to attached Sample of Workers' Payslips	
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <ul style="list-style-type: none"> - Employment Identification Document for Abdurrahim-B with date joined. - Attendance record (Pocket Check roll) for Abdurrahim-B. - Comparison of attendance and public holiday between Deddy Luan and other workers. - Copy of "Surat Pengakuan" for Deddy Luan. - Memo from Shahzan IOI 1 Estate Management issued to all workers on 12 May 2018 to inform regarding revised public holidays. - Payslips for the workers concerned. - Training Report and Photos. - Training Attendance List. <p>The corrective action satisfactorily addressed the non-conformance.</p>	
		NC status verified by auditor: Closed by JMD and OCL	Date closed: 16/05/2019
		Verification (for effectiveness): Next assessment.	

NCR	MYNI Indicator	Details of NCR
Major JMD-02	6.5.2	Date issued: 08/03/2019
		<p>Indicator requirement:</p> <p>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>Statement of Nonconformance:</p> <p>Insufficient training on calculation of wages and information contained in the payslip.</p>
		<p>Evidence of Nonconformance:</p> <p>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate. Segamat Estate</p> <p>(1) During interview of rat baiting workers at Shahzan IOI 1 Estate, feedback obtained that the piece rate had been reduced and do not understand the reason for the reduction.</p> <p>(2) During interview of harvester at Shahzan IOI 2 Estate, feedback obtained that they do not fully understand their employment contracts and that insufficient workers had affected their work output and consequently their wages. Furthermore, the employment contracts for Sahmin A and Muhammad Zainuddin were not signed by the workers.</p> <p>(3) In Segamat Estate, issues related to inability to understand wages calculation, information contained within the payslips, VLP and incentives eligibility were brought up during several JCC meetings by workers representatives, e.g. in February, April and June 2018. However, briefing only given to the workers representatives and not extended to all workers on these issues.</p>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <ol style="list-style-type: none"> 1. Rat baiting rates are decided by doing a motion study after taking into consideration many factors amongst which is the minimum wages, hardship, terrain etc. An Approved Rate list is distributed to all estates by the Plantation Controller. Please refer to attachment: Approved rate for piece rate work by Plantation Controller 2019. <p>Managers are not allowed to increase rates except with the prior approval of the respective Plantation Controllers. However they are allowed the discretion to reduce rates to below "Approved rates" with proper justification. It may be necessary to reduce rates in a particular work area based on factors like terrain and hardship of work carried out. However, it is compulsory to inform the workers regarding all rates and especially rate reductions before they commence work.</p> <p>The justification for the rate reduction is because the Manager proposed for a rate of RM3.50/ha in January 2019 for the particular area as it is flat to slight undulating terrain and easily accessible. The workers can easily achieve the minimum wages by completing around 12.10 ha.</p> <p>Please refer to attachments:</p> <ul style="list-style-type: none"> (a) Request rat baiting rate reduction from Plantation Controller. (b) Bipul Mia's and Md Irfan Ali's detailed payslip in January 2019 (They were paid RM3.50/ha on certain days although the actual approved rate is RM3.60/ha) <p>As some workers may not be able to complete the minimum number of hectares in a day to achieve the minimum wages, the management may compensate the shortage by paying a higher rate after considering the reason why the worker was unable to do complete his task.</p> <p>This is evident from the rates paid by the management in November and December which is way above the "Approved rate" of RM2.60 on a number of days. The rates even went up to as high as RM3.70 on one particular day. Please refer to attachment: Rat baiting wages summary for the month of November 2018, December 2018 and January 2019.</p> <p>Actually the rates paid in November and December 2018 which are below RM3.50/ha are not reduced rates. The approved rate for rat baiting until December 2018 was only 2.60/ha. In order for the workers to achieve minimum wages, the management increased the rate accordingly whenever the workers failed to complete the minimum hectares. Please refer to attachment: Approved rate for piece rate work (2017).</p> <p>Due to the above consideration and compensation by the Management in November and December 2018, some of the workers were of the opinion that they were entitled to the higher rates and their rates were reduced in January when they were paid RM3.50 per hectare.</p> <ol style="list-style-type: none"> 2. As a part of the sustainability practice, all the workers are given training on all aspects upon arrival, refresher training annually (Please refer to attachment: Annual sustainability program) and constant briefing during muster calls. The purpose of giving trainings at such frequency is due to poor cognitive ability of the workers. Despite giving adequate trainings, it is common to come across with few workers with poor understanding among the entire workforce. <p>All workers are given training before they sign the employment contracts during orientation. Training is repeated whenever there is a revision of the contracts. The latest contract agreement was signed by workers on 25/02/2019.</p> <p>As two of the workers (Sahmin A and Muhammad Zainuddin) were not present when the employment contracts were being explained and signed, they failed to sign the contracts. Due to the high number of workers, Shahzan 2 estate failed to follow up on this issue.</p> <ol style="list-style-type: none"> 3. As a part of the sustainability practice, all the workers are given training on all aspects upon arrival, refresher training annually and constant briefing during muster calls. Usually when issues related to lack of understanding raised in JCC meetings, detailed
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		<p>explanation will be given to the representatives so that they can share it with other workers that they are representing. However the explanation of the representatives to other workers were not comprehensive enough to improve the workers understanding.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. The management has paid the difference of RM0.10 for all the days that the workers were paid below the Approved Rate of RM3.60 per hectare. Please refer to attachment: Workers' Payslip. The Management has also conducted a training to explain the mechanisms of why the workers are paid above or below the approved rates. Please refer to attachment: Rat baiting wages training. The Management will also take immediate measures to inform workers before they commence work whenever there's a rate adjustment. Please refer to Attachment: Procedure on determining rate of piece rated work. 2. All the workers in Shahzan IOI 2 Estate were re-trained again on employment contract on 21.03.2019. Please refer to attachment: Training record on employment contract. Sahmin A and Muhammad Zainuddin were asked to sign the revised contract on 22.03.2019. Please refer to attachments: Photos of workers signing contract agreement and signed contract agreements. In order to prevent recurrences of such issues, estate management has opened a "Pending Issues" folder to keep unresolved documents, example unsigned contract agreements, uncollected payslips etc. The chief clerk is to check this folder every morning and delegate the responsible person to follow up if there are any pending issues. Please refer to attachment: Photo of Pending issue file 3. A retraining on wages calculation, information contained within the payslips, VLP and incentives eligibility was done for all workers on 9th March 2019 during their muster call. Please refer to attachment: Training record on wages calculation, payslips, VLP and incentives as per employment contract for all workers. Besides that, trainings were also conducted at a smaller groups, for the workers who complained that they did not understand on wages calculation, information contained within the payslips, VLP and incentives eligibility. Please refer to attachment: Training record for Indonesian workers and Training record for small group. 		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. Piece rate for rat baiting workers <ul style="list-style-type: none"> - Approved rate for piece rate work by Plantation Controller. - Rat baiting wages summary for the month of Nov 2018, Dec 2018 and Jan 2019. - Workers' Payslips - Rat baiting wages training, attendance list and training questionnaire. - Procedure on determining rate of piece rated work. 2. Understanding of employment contracts <ul style="list-style-type: none"> - Annual sustainability program - Training record on employment contract. - Photos of workers signing contract agreement and signed contract agreements. - Pending issues file. 3. Understanding wages calculation, payslips, VLP and incentives eligibility <ul style="list-style-type: none"> - Training record on wages calculation, payslips, VLP and incentives as per employment contract for all workers. - Training record for Indonesian workers and Training record for small group. <p>The corrective action 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 JMD and OCL</td> <td style="width: 30%;">Date closed: 16/05/2019</td> </tr> </table>	NC status verified by auditor: Closed by JMD and OCL	Date closed: 16/05/2019
NC status verified by auditor: Closed by JMD and OCL	Date closed: 16/05/2019			
		<p>Verification (for effectiveness): Next assessment.</p>		

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3.2.5 Year 2019 Annual Surveillance Assessment ASA-03: 3 Minor NCRs

NCR	MYNI Indicator	Details of NCR
Minor OCL-01	2.1.4	Date issued: 08/03/2019
		Indicator requirement: A system for tracking any changes in the law shall be implemented.
		Statement of Nonconformance: Review of Legal Register and changes to laws were not evidenced at the local level.
		Evidence of Nonconformance: Location: Pukin POM and Shahzan IOI 1 Estate, Shahzan IOI 2 Estate. Segamat Estate, Pukin Estate There was no documented evidence (e.g. a dated sign-off) that the Legal Register was reviewed by the POM Manager and respective Estate Managers and the changes to laws were noted for implementation at the local level.
		Root Cause and Corrective Action: Root Cause: Any changes of legal requirement register were sent to Estate/Mill through email. By practice, sustainability staff would directly print and file the amendment of law since there is no column or space provided for manager to sign on the document. Corrective Action: Verification column for manger's signature and verification date has been provided in the List of Revision to the Legal Requirement Register for each of the estates.
		Verification (Corrective Action): Off-site verification carried out. Following supporting evidences submitted: (a) Verified Legal Requirement Register of Pukin Estate (b) Verified Legal Requirement Register of Pukin Mill (c) Verified Legal Requirement Register of Shahzan IOI 1 Estate (d) Verified Legal Requirement Register of Shahzan IOI 2 Estate (e) Verified Legal Requirement Register of Segamat Estate The corrective action satisfactorily addressed the non-conformance.
		NC status verified by auditor: Closed by OCL
		Verification (for effectiveness): Next assessment.

NCR	MYNI Indicator	Details of NCR
Minor SH-01	5.3.3	Date issued: 08/03/2019
		Indicator requirement: A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.
		Statement of Nonconformance: The waste management plan was not effectively implemented.

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		<p>Evidence of Nonconformance:</p> <p>Location: Shahzan IOI 1 Estate, Shahzan IOI 2 Estate</p> <p>(1) It was observed that plantation wastes such as empty fertilizer bags, plastic food containers and plastic water bottles were seen strewn all over the plantation areas.</p> <p>(2) The estate uses the services of a contractor, MS MIDO Enterprise, to collect domestic waste from the designated site at the workers' quarters and then disposed at an approved landfill/disposal site. However, there was no record kept by estate as documented evidence that the domestic waste has been disposed as required at an approved landfill/disposal site.</p>		
		<p>Root Cause and Corrective Action:</p> <p>1. Root Cause Shahzan IOI 1 Estate and Shahzan IOI 2 Estate (Field cleanliness): Empty fertilizer bags are used as platforms to place collected loose fruits. After emptying the loose fruits onto tractors, the empty bags are supposed to be hung on the palm trees and to be used next day. During heavy rains and windy conditions, these bags sometimes fall down on the ground. The workers are supposed to collect these bags to be reused as platform again. However, some workers fail to do so and so the bags are left in the field as rubbish. Plastic food containers and bottles which are brought to the field by workers are supposed to be properly disposed by them at the rubbish recycle and collection centre. However, they sometimes fail to do so. Management personnel also did not take appropriate measures to ensure that all types of inorganic wastes are either recycled or disposed at proper waste disposal site.</p> <p>Corrective action for Shahzan IOI 1 Estate and Shahzan IOI 2 Estate (Field cleanliness): Estate management have cleaned up the fields/plantation areas and conducted waste management training for all workers and staffs to remind them on the importance of field cleanliness.</p> <p>2. Root Cause Shahzan IOI 1 Estate and Shahzan IOI 2 Estate (Waste disposal): By practice, estate management keeps weighbridge ticket for MIDO payment purpose only. Since MIDO has a license from National Solid Waste Management Department and disposes rubbish in the Segamat-Kuantan licensed landfill, estate management believed that the above documents were sufficient.</p> <p>Corrective action for Shahzan IOI 1 Estate and Shahzan IOI 2 Estate: Estate management have started to collect a copy of the vehicle entry pass to Segamat-Kuantan licensed landfill every time MIDO dump their waste in the dumping site.</p>		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <p>1(a) Waste management training for Shahzan IOI 1 on 09/04/2019 with attendance list. 1(b) Picture of field cleaning programme of Shahzan IOI 1. 1(c) Waste management training for Shahzan IOI 2 on 01/04/2019 with attendance list. 1(d) Picture of field cleaning programme of Shahzan IOI 2.</p> <p>2(a) Vehicle entry pass to landfill for Shahzan IOI 1 Estate. 2(b) Vehicle entry pass to landfill for Shahzan IOI 2 Estate.</p> <p>The corrective action 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 and OCL</td> <td style="width: 30%;">Date closed: 11/05/2019</td> </tr> </table>	NC status verified by auditor: Closed by SH and OCL	Date closed: 11/05/2019
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		<p>Verification (for effectiveness): Next assessment.</p>		

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NCR	MYNI Indicator	Details of NCR
<p>Minor SH-02</p>	<p>4.4.1</p>	<p>Date issued: 08/03/2019</p>
		<p>Indicator requirement: An implemented water management plan shall be in place.</p>
		<p>Statement of Nonconformance: There was no site specific water management plan available.</p>
		<p>Evidence of Nonconformance: Location: Pukin POM, Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate</p> <ol style="list-style-type: none"> 1. The water management plan produced is not site specific. For example, the water management plan for Shahzan IOI 1 Estate has not taken into considerations the existence of the beneficial plant nursery and its water source. 2. There was no water sampling point location being marked at the site where water sample was taken. 3. Water analysis for the stream is to be conducted once a year. However, for year 2019, this has not been conducted. 4. Water was also sourced from tube well. However, there was no buffer zone demarcation surrounding the tube well area being identified. 5. Some of the buffer markers are already faded.
		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <ol style="list-style-type: none"> 1. Water Management Plan was drafted by Sustainability Department in a general format which was accepted during previous audits. The contents are mostly site specific, but we realize that we failed to include some items. For example, the beneficial plant nursery in Shahzan 1, water needs assessment, water quality analysis, water contingency plan, etc. As for the example given on Shahzan 1's finding that the pond near the beneficial plant nursery was not considered as a water source to water the beneficial plants, we wish to inform that the pond water is not suitable to water the beneficial plants and that estate has other water sources too. 2. There were new (Water Quality Index) WQI points proposed to the Research Centre – Stream Water Sampling Team and due to reasons as river dryness and remapping, research unable to complete the water sampling and thus estate management fail to identify the correct coordinate to place the water sampling signboard. 3a. Shahzan IOI 1 Estate: Based on the earlier schedule given by Stream Water Sampling Team the sampling should be carried out on 21st January 2019 by Research Centre Batang Melaka. However, during the sampling day, the river found to be dried and no water flow. Thus, the water sampling was postponed temporarily. 3b. Shahzan IOI 2 Estate: Based on the earlier schedule given by Stream Water Sampling Team the sampling should be carried out on 21st January 2019 by Research Centre Batang Melaka. However, during the sampling day, the river found to be dried and no water flow. Thus, the water sampling was postponed temporarily. 3c. Segamat Estate: Since Sustainability Department is in the midst of revising the WQI Points for all the estates, Segamat estate WQI points were revised as well and this cause delay in sample taking for Stream Water Analysis. 4. Shahzan IOI 1 Estate: Estate practices buffer zone (red circle) marking only at riparian reserve areas and not aware regarding the demarcation required around the tube well area. However by practice, the tube well area is fenced and no chemical was being used within the fenced area.

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		<p>5. Segamat Estate team was in midst of cleaning, fencing and remarking the palms around the pond area. Once fencing has been done the palms has been marked with red circle.</p> <p>Corrective Action:</p> <p>1. Water management is revised for all Pukin Region estates and Pukin Mill in order to be site specific by including potential water source, water contingency plan, justification on analysis of stream water quality report and domestic water analysis report. Attached with the example of revised Water Management Plan for Estate and Mill</p> <p>2. Shahzan 2 and Segamat Estates: New signboards of water sampling have been placed by the estate team by confirming the correct sampling location from the Research Centre – Stream Water Sampling Team.</p> <p>3a. Shahzan 1 Estate: Memorandum has been given by the Assistant Manager of IOI Research Centre, Gemencheh to Shahzan 1 Estate mentioning on the rescheduling of water sampling date as the streams were found dry during earlier sampling date.</p> <p>3b. Shahzan 2 Estate: The Stream Water Sampling has been conducted in the estate dated on 20th February 2019.</p> <p>3c. Segamat Estate: Stream Water Sampling has been conducted in the estate dated on 23rd February 2019.</p> <p>4. Shahzan 1 Estate: The tube well has been marked as buffer zone and training has been given to spraying and manuring workers to make sure no chemical usage at the marked palms.</p> <p>5. The pond area has been fenced and buffer zone marking has been repainted clearly.</p>		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <p>1a: Water Management Plan for Pukin Estate dated 21/04/2019 1b: Water Management Plan for Pukin POM dated 11/02/2019 2a: Pictures of WQI Signboard Erected – Segamat Estate 2b: Pictures of WQI Signboard Erected – Shahzan 2 Estate 3a: Memorandum on Rescheduling of Water Sampling- Shahzan 1 Estate dated 23/03/2019 3b: Analysis of Stream Water Samples – Shahzan 2 Estate 3c: Analysis of Stream Water Samples – Segamat Estate 4a: Picture of Buffer Zone Marking at Tube Well Area of Shahzan 1 Estate 4b: Training Report dated 01/04/2019 for Buffer Zone around Tube Well Area 5: Picture of Buffer Zone Marking in Segamat Estate</p> <p>The corrective action 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 and OCL</td> <td style="width: 30%;">Date closed: 11/05/2019</td> </tr> </table>	NC status verified by auditor: Closed by SH and OCL	Date closed: 11/05/2019
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		Verification (for effectiveness): Next assessment.		

3.2.6 Year 2019 Annual Surveillance Assessment ASA-03: 3 Observations

Ref No:	RSPO P&C Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS# OCL-01	4.8.1	Shahzan IOI 1 Estate and Shahzan IOI 2 Estate	Training/Briefing on RSPO requirements had been conducted for staff and workers and records of training/briefing are available.	08/03/2019		Follow up at next assessment

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			However, during interviews with the internal workers (harvesters, FFB collectors and rat baiting workers), it was found that they lack understanding of the RSPO requirements.			
OBS# JMD-01	6.5.3	Shahzan IOI 1 Estate and Shahzan IOI 2 Estate	Employment contract with foreign workers stated that pillow, mattresses, basic PPE, etc. will be provided to new workers upon arrival at the estates. However, no distribution records available for verification. Distribution of these items was confirmed only through interview with the workers and receipts of purchase.	08/03/2019		Follow up at next assessment
OBS# JMD-02	RSPO Cert. System 2017, 4.6.4	Shahzan IOI 1 Estate, Shahzan IOI 2 Estate, Segamat Estate, Pukin Estate, Bukit Serampang Estate	Lists of land titles and information of ownership of all the estate lands were submitted to the Lead Auditor/Auditors prior and during the audit. However, there was no information regarding the previous land owners provided in these lists.	08/03/2019		Follow up at next assessment

3.2.7 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.

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3.3 Feedback Raised by Stakeholders and Findings – (RSPO CS 4.6.4)

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-02 – Year 2018) – (RSPO CS 4.6.4)

Communication done via email on 14 Feb 2018 and on-site interviews with the 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 P	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) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:			
1. Request from the Veterinary 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.	1. The PMU will consider the request from the Veterinary Department. 2. Pukin Estate will respond to the request from Felcra.	To be followed up during the next Assessment. To be followed up during the next Assessment.	Basic medicine provided by the management and applied by the caretakers, e.g. wound treatment. Felcra new estate planned in 2018 still not materialised.

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<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>	No response needed.	No response needed.	Nil
<p>Other Interested parties: No feedback received.</p>	No response needed.	No response needed.	Nil

3.3.2 Feedback Raised by Stakeholders (Surveillance Assessment ASA-03 – Year 2019) – (RSPO CS 4.6.4)

Communication done via email on 01 Feb 2019 and on-site interviews with the various categories of stakeholders (see list under para 2.5):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Non-Governmental Organizations: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 08 Mar 2019. A total of 7 stakeholders including from neighbouring estates, villages, smallholder, contractor and supplier were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> CF application for houses within the estate and POM management should be submitted. Request from JTK Segamat. 	Pukin Estate will respond accordingly to the reminder from JTK Segamat.	To be followed up during the next Assessment.	

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<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 04-08 Mar 2019 at the PMU:</p> <p>Staff/Workers sampling: POM = 25 males, 9 females Estate = 54 males, 20 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: 28 June 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd

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

Date: 01 July 2019

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

Certificate No.	RSPO 927888
Original Start date	13 Jun 2016
Expiry date	12 Jun 2021
New PalmTrace License Start date	13 Jun 2019
Organization	IOI Corporation Berhad
Address of Head Office	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
RSPO Membership No.	2-0002-04-000-00
Plantation Management Unit	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 Kernel
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		Mature Planted Area - ha	Certified (Titled) Area - ha
		Latitude	Longitude		
Pukin Palm Oil Mill Capacity (60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	-	10,020.19
Pukin Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	2,173	
Shahzan IOI 1 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E	1,512	
Shahzan IOI 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, 85007 Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E	1,601	
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E	1,143	
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E	2,383	



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

Pukin POM	Annual Tonnages (MT)
Certified FFB	210,000
Certified CPO	47,250
Certified PK	9,450
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 was formerly the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

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

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

– BSc (Social Science)

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

Mr. Mohamad Amirul Saifullah bin Mohamad Senan – Provisional Assessor

– Bachelor of Agricultural Science, Universiti Putra Malaysia

Mr. Mohamad Amirul Saifullah (MAS) has over 6 years work experience in the oil palm plantation sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2015 and RSPO P&C MY-NI Lead Assessor course.

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
04 Mar 2019 Monday (Day 1)	7.00 am – 11.00 am	Travel from Kuala Lumpur to Hotel VIP		
	11.00 am – 11.45 am	Travel from Hotel VIP to Pukin POM		
	11.45 am – 12.30 pm	Opening Meeting and Briefing at POM Office (attended by representatives from the Estates as well)		
	12.30 pm – 1.30 pm	Lunch break		
	1.30 pm – 5.30 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		OCL (*MAS)	SH	JMD
		Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best practices • P8 Continual Improvement • SCC for POM 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
		<ul style="list-style-type: none"> • Verification of effectiveness of corrective actions for non-conformances • Review of Time Bound Plan • Verification for compliance with rules on multiple management units 		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
05 Mar 2019 Tuesday (Day 2)	8.30 am – 12.30pm	Site assessment at Shahzan 1 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best practices • P8 Continual Improvement 	Site assessment at Shahzan 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Shahzan 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
		Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Shahzan 1 Estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

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Date	Time	Assessors and Assessment Activity		
06 Mar 2019 Wednesday (Day 3)	8.30 am – 12.30pm	OCL	SH	JMD
		Site assessment at Shahzan 2 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best practices • P8 Continual Improvement 	Site assessment at Shahzan 2 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Shahzan 2 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 - 5.30 pm	Continue site assessment at Shahzan 2 Estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
07 Mar 2019 Thursday (Day 4)	8.30 am – 12.30pm	OCL	SH	JMD
		Site assessment at Segamat Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best practices • P7 New plantings • P8 Continual Improvement 	Site assessment at Segamat Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • 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 - 5.30 pm	Site assessment at Pukin Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best practices • P7 New plantings • P8 Continual Improvement 	Site assessment at Pukin Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • 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
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

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Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
08 Mar 2019 Friday (Day 5)	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 – 11.30 am	Preparation for Closing Meeting		
	11.30 am – 12.00 pm	Team Meeting and Discussions with POM Management Representative		
	12.00 pm – 1.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
	1.30 pm onwards	Travel back to Kuala Lumpur		
				Site assessment at POM and/or estates to follow up on any specific criteria/areas

Special note:

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

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Appendix C-1:

Location Map of IOI Pukin Grouping, Johor, Malaysia



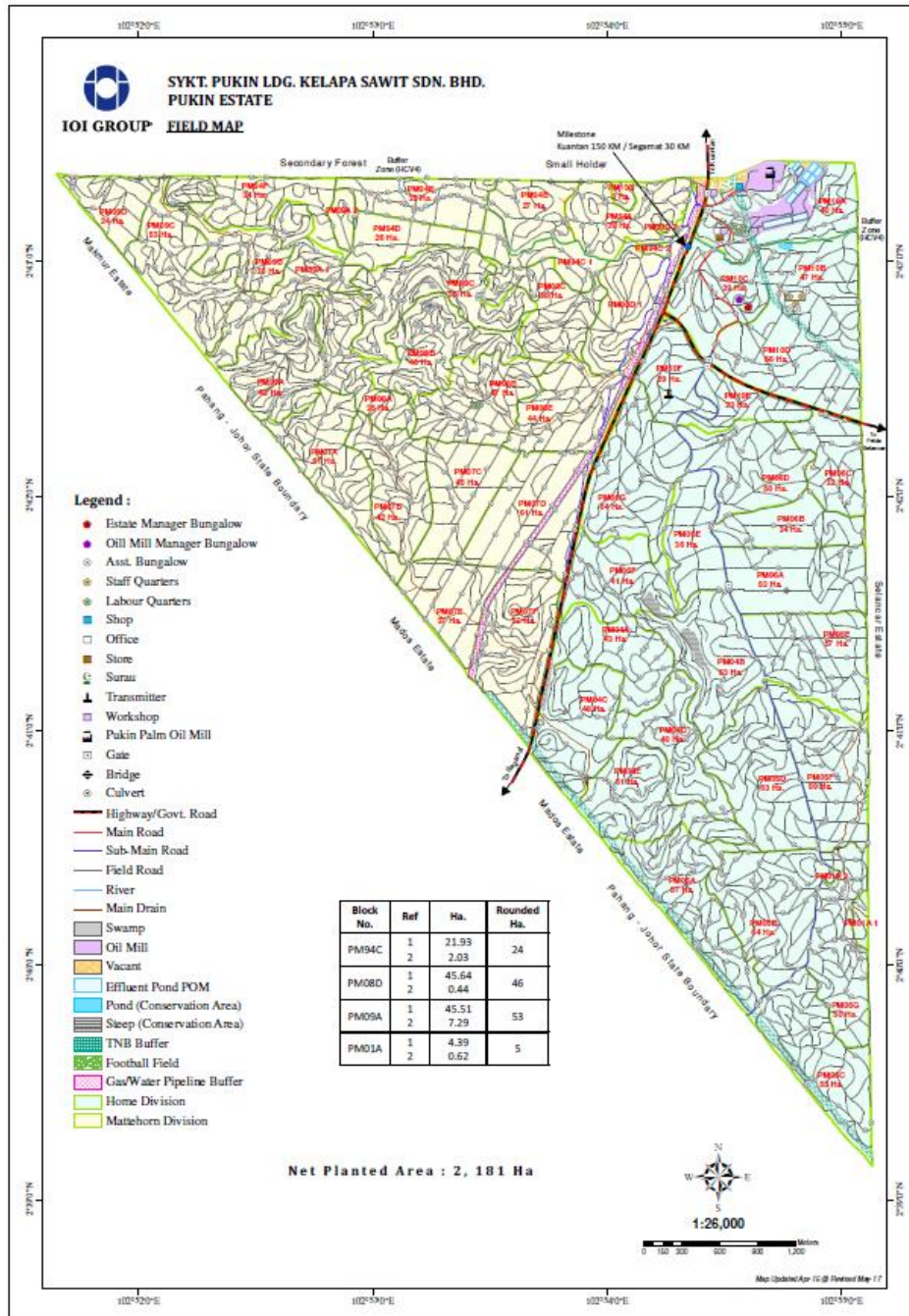
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Appendix C-2-1: Map of Pukin Estate and POM

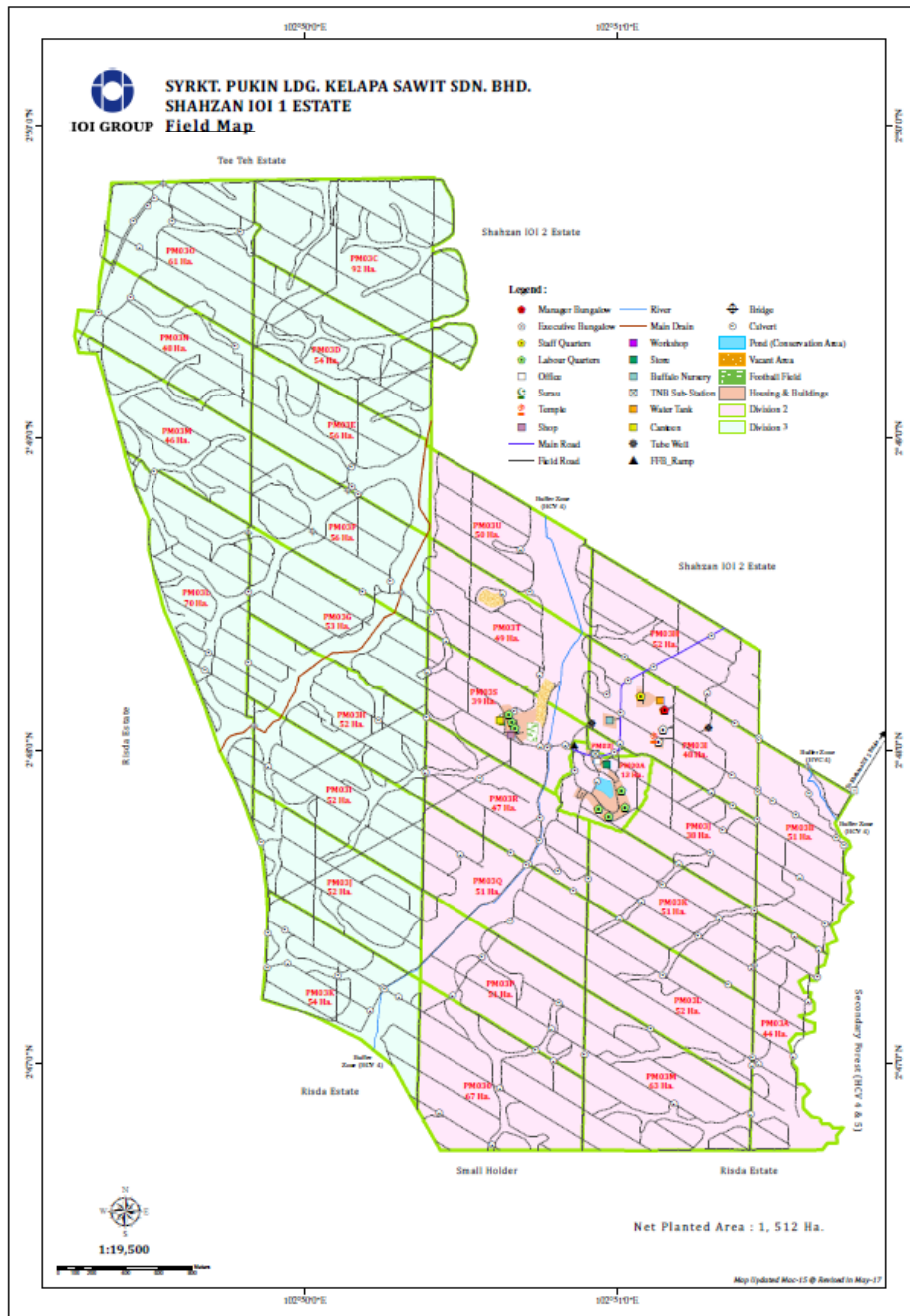


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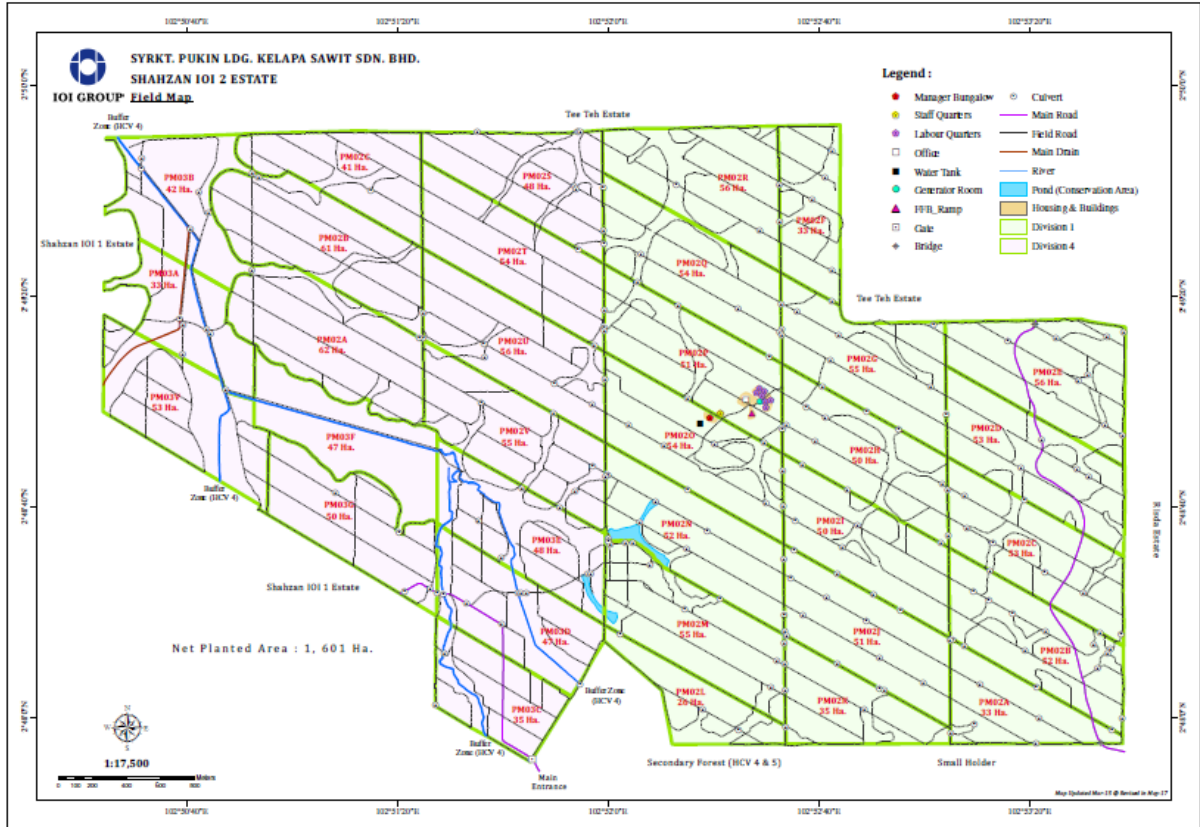
Appendix C-2-2: Map of Shahzan 1 Estate



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



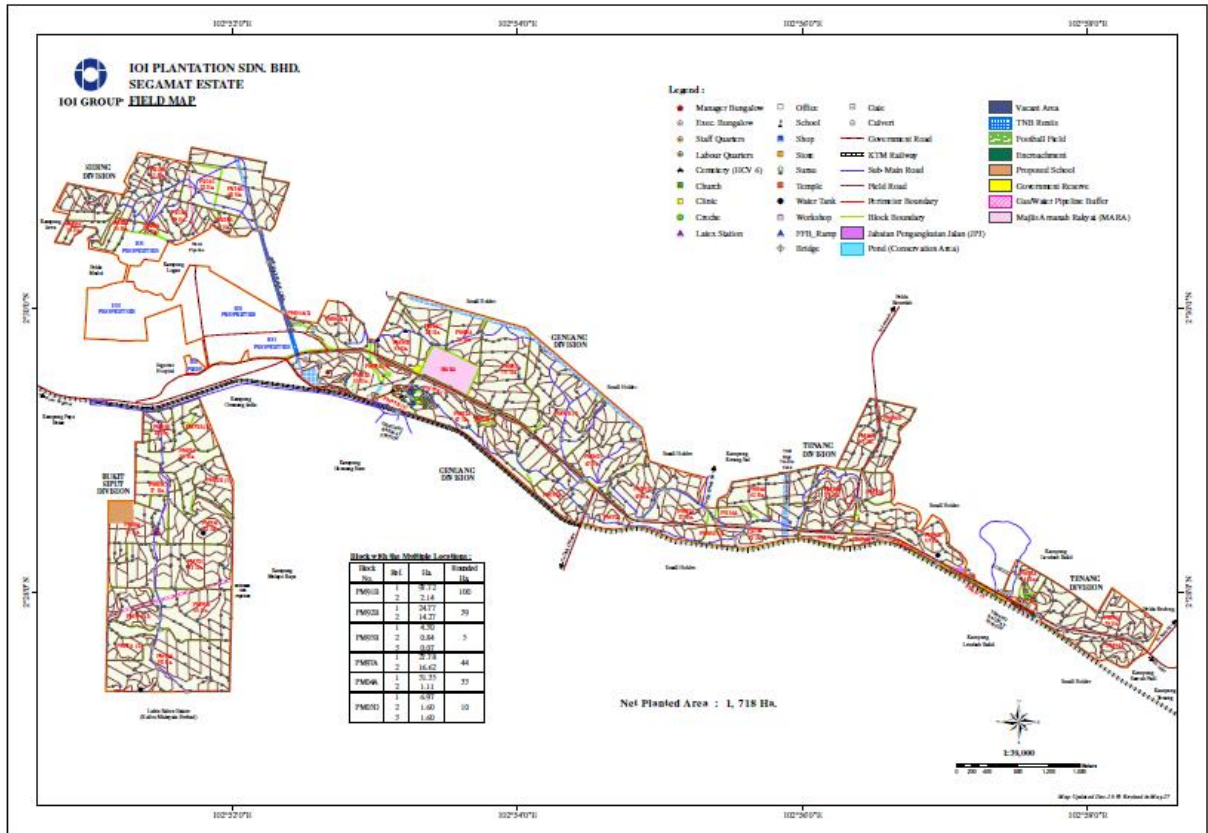
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Appendix C-2-4: Map of Segamat Estate



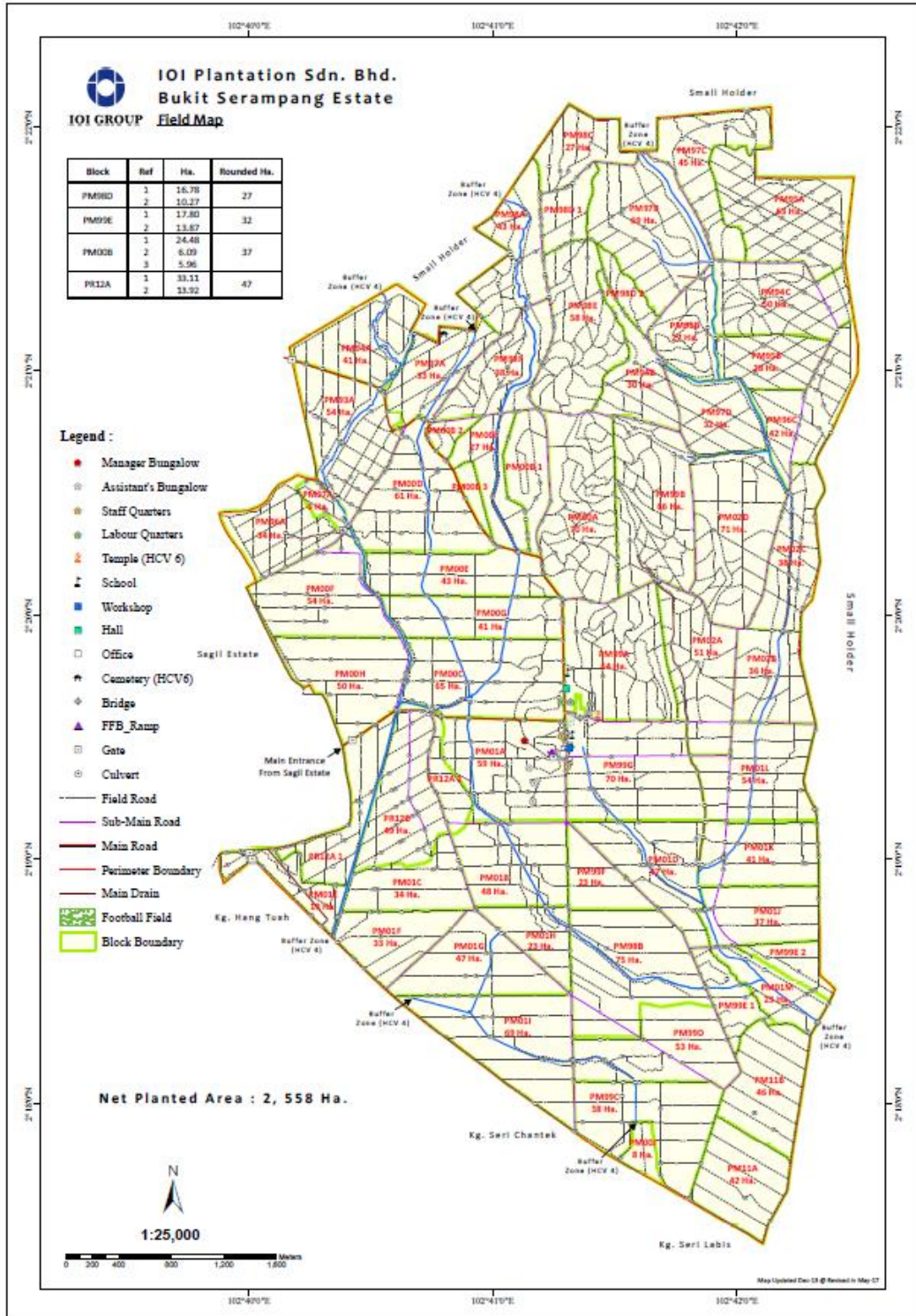
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Appendix C-2-5: Map of Bukit Serampang Estate



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Appendix D:

Time Bound Plan

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

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

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

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

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

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No	PMU	Supply Bases (Estate Name)	Initial / Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria
					CB- BSI appointed since Feb 2019	<p>ensure continuous sustainable development. First quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigation and Monitoring Unit (IMU) in December 2018.</p> <p>2nd Quarterly update submitted in Feb 2019.</p> <p>IMU closed on April 2019 and pending RSPO P&C Cert audit in Aug 2019.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) <u>RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</u></p> <p>(b) <u>RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</u></p> <p>Pending issuance of HGU.</p>
19.	PT KPAM, Indonesia	Under Development	Planned - 2023	Uncertified Unit	<p>NPP and HCSA was approved in April 2018.</p> <p>Currently under development</p>	<p>RSPO has approved PT.KPAM NPP Summary Report and was published in RSPO website for public notification on 13 April 2018. The NPP public notification could be assessed through the link below:</p> <p><u>https://rspo.org/certification/new-planting-procedures/public-consultations/ioi-group-pt-kalimantan-prima-agro-mandiri</u></p> <p>HCSA Peer Review Assessment completed on 14 May 2018. The HCSA Peer Review Report and Summary Report could be assessed through the link below:</p> <p><u>http://highcarbonstock.org/registered-hcs-assessments/</u></p>

CB Evaluation remarks:

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

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Appendix E

Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group (updated till Jan 2019)
- CB Reviews and Evaluation done as part of Risk Assessment

1) Monitoring done by RSPO Complaints Panel (CP)

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

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

i) RSPO Case Tracker on:

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

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

24 Jan – 18 Jun 2018 (CP Meetings):

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

12 July 2018 (CP Meeting):

CP Final decision letter issued to IOI

26 Sept 2018 (CP Meeting):

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

ii) RSPO Case Tracker on:

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

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

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

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

22 Jun 2018 (CP update):

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

28 Sept 2018 (CP update):

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

19 Dec 2018 (CP update):

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

25 Feb 2019 (CP update):

CP issued Directive Letter to IOI-Pelita

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

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

Sept 2017: IOI submitted its Sustainability Report

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

IOI uploaded the Social Responsibility report by BSR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary – extract on above:

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

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