

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Unico Palm Oil Mill Sdn Bhd

Unico (Sabah) Grouping

Lahad Datu, Sabah, Malaysia



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Assessment Report

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(188296-W)

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ANNUAL SURVEILLANCE ASSESSMENT ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Unico Palm Oil Mill Sdn Bhd

Unico (Sabah) Grouping
Lahad Datu, Sabah, Malaysia

Certificate No:

Initial certification date:
Start date:
Expiry date:

RSPO 931688

5 July 2018
5 July 2019
4 July 2023

Assessment Type

Main Assessment
Annual Surveillance Assessment (ASA-01)
On-site Verification
Annual Surveillance Assessment (ASA-02)
Annual Surveillance Assessment (ASA-03)
Annual Surveillance Assessment (ASA-04)

Assessment Dates

09 – 12 April 2018
08 – 11 April 2019
08 – 10 July 2019

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This **ASA-01 Assessment** was conducted on the Plantation Management Unit (PMU) - **Unico (Sabah) Grouping** of IOI Corporation Berhad (hereafter abbreviated as IOI), from **8 -11 Apr 2019**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

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

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

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

The Unico (Sabah) Grouping consists of one (1) palm oil mill, namely **Unico (Sabah) Palm Oil Mill and 2 estates** as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

| Name (Legal Registration / MPOB Licence) | Address | GPS Reference | |
|---|---|---------------|-----------------|
| | | Latitude | Longitude |
| Unico Palm Oil Mill Sdn Bhd (Capacity: 60 MT/hour) | 1.8 km Jalan Jeroco Off Mile 13, Lahad Datu Sandakan, Sandakan Highway, P.O Box 61532, 91123 Lahad Datu, Sabah, Malaysia | N 5°09'00.16" | E 118°13'19.43" |
| Unico Plantation Sdn Bhd - Unico 6 Estates - (6 Divisions) | Unico Plantation Sdn. Bhd – Unico 6 MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah | N 5°11'44.77" | E 118°18'07.32" |
| Ladang Asas Estates (Tas & Halusah Division) | MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia | N 5°14'24.00" | E 118°16'12.00" |

Note:

The above PMU grouping is verified to be an established Oil Palm plantation whereby the 2 estates were planted with Oil Palms since 1990's (over past 25 years). There has been no new planting or expansion in the entire certified (land titled) plantation land areas.

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

| Name of Operating Unit (as per MPOB License Name) | MPOB License No. | Validity Period |
|--|------------------------------|------------------------|
| Unico Palm Oil Mill Sdn. Bhd. | 500122904000 | 01/11/2018 -31/10/2019 |
| 1 Unico 6 Estate (6 Divisions) | Topcrop Plantation Sdn Bhd | 503681202000 |
| | Supercrop Plantation Sdn Bhd | 503685502000 |
| | Syarikat Zuba Sdn Bhd | 503854802000 |
| | Fasgro Plantation Sdn Bhd | 503680402000 |
| | Segaco Plantation Sdn Bhd | 503676602000 |
| | Tutico Plantation Sdn Bhd | 503684702000 |
| | 2 | Ladang Asas Sdn Bhd |
| Halusah Ladang Sdn Bhd | | 502525002000 |

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1.3 Description of supply base (fruit sources)

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

Verification done on site during the assessment confirmed that there are also smallholders / outgrowers / independent suppliers involved in the supply of FFB to the said PMU.

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

Table 2: Estate Area Summary

| Name of Estate | Area Summary (ha) – Previous (Year 2018) | | Area Summary (ha) – Current (Year 2019) | |
|--------------------------------------|--|--------------------|---|--------------------|
| | Certified (Titled) Area | Total Planted Area | Certified (Titled) Area | Total Planted Area |
| 1 Unico 6 Estate | 2,263.76 | 2,087 | 2,263.76 | 2,087 |
| 2 Ladang Asas Estate (Tas & Halusah) | 2,021.85 | 1,909 | 2,021.85 | 1,909 |
| Total: | 4,285.61 | 3,996 | 4,285.61 | 3,996 |

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. Potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas were followed up since the previous assessment.
3. There has been no significant change in the current sizes of the certified land areas in comparison with the previous year data.

1.4 Summary of plantings and cycle

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

Table 3: Age Profile of Planted Oil Palm (Year: 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 | Unico 6 Estate | 1996 | 1 st Cycle | 40 | - | | |
| | | 1999 | 1 st Cycle | 1,578 | | | |
| | | 2000 | 1 st Cycle | 469 | | | |
| S-total | | | | 2,087 | | 2,087 | |
| 2 | Ladang Asas Estate (Tas & Halusah) | 1992 | 1 st Cycle | 251 | | | |
| | | 1993 | 1 st Cycle | 194 | | | |
| | | 1994 | 1 st Cycle | 51 | | | |
| | | 1996 | 1 st Cycle | 102 | | | |
| | | 1998 | 1 st Cycle | 49 | | | |
| | | 2015 | 2 nd Cycle | 240 | | | |
| | | 2016 | 2 nd Cycle | | | | 484 |
| | | 2017 | 2 nd Cycle | | | | 218 |
| | | 2018 | 2 nd Cycle | | | | 199 |
| | | 2019 | 2 nd Cycle | | | | 121 |
| S-total | | | | 887 | 1022 | 1909 | |
| G-Total | | | | 2,974 | 1,022 | 3,996 | |

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

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1.5 Summary of Land Use Areas

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

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

| # | Statement of Land Use (Ha) | Hectarage – Ha (Current year: 2018) | Hectarage – Ha (Current year: 2019) |
|---|--|--|--|
| 1 | Oil Palm - Planted Area (ha) | 3996 | 3996 |
| | OP Mature (Production) | 3085 | 2974 |
| | OP Immature (Non-Production) | 901 | 1022 |
| | *OP Planted on Peat* (see note1) | Nil | Nil |
| | Other crop such as Rubber etc. | Nil | Nil |
| | | | |
| 2 | Conservation Area (ha) | | |
| | Conservation (forested) | - | - |
| | Conservation (non-forested) | 27.74 | 27.74 |
| | Note: Conservation areas such as unplanted steep / hilly and swampy areas, buffer zones, riparian areas etc. | | |
| 3 | HCV Area (ha) | 0 | 0 |
| | Areas as defined under HCVF Toolkit for HCV 1- 6 | 0 | 0 |

Note: Total OP immature areas has increased in 2019 due to ongoing replanting being conducted at Ladang Asas estate.

1.6 Other certifications held and Use of RSPO Trademarks

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

1.7 Organizational information / Contact Person

At Head Office:

Mr. NB Sudhakaran
Plantation Director
IOI Plantation Services Sdn Bhd
IOI City Tower Two, Persiaran IRC 2,
IOI Resort City, 62502, Putrajaya, Malaysia
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At Unico (Sabah) Grouping:

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IOI Plantation Services Sdn Bhd
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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Unico (Sabah) Grouping based on actual previous 12 months shown in Table 5 below:

**Table 5: Tonnages Verified for Certification
(Period: Mar 2018 - Feb 2019)**

| # | Estate /Supplier | FFB Processed (MT) | Main Processing Palm Oil Mill | Certification CB |
|----------|---|--------------------|-------------------------------|------------------|
| A | PMU (own estates) (under certification): | | | |
| 1 | Unico 6 Estate | 54,448.62 | Unico Oil Mill | Intertek |
| 2 | Ladang Asas Estate (Tas & Halusah) | 20,065.73 | Unico Oil Mill | Intertek |
| | (a) Sub-total by PMU estates FFB: | 74,514.35 | | |
| | | | | |
| B | External estates under Parent group (certified): | 0 | | |
| | (b) Sub-Total other certified estates FFB: | 0 | | |
| | | | | |
| C | External / Other supplies (non-certified): | | | |
| | Other supplies (Smallholder & Outgrowers) | 17,076.00 | Various POM | |
| | (c) Sub-total non-certified estates: | 17,076.00 | | |
| | | | | |
| | Grand total (a) + (b) + (c): | 91,590.35 | | |

Note*: There were about 28 external suppliers (outgrowers and smallholders) which also supplied FFB to Unico POM whose quantities were verified as per the POM monitoring records. None of the external suppliers were ready to be audited and thus would presently remain as non-certified FFB sources.

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

Table 6: Annual Tonnages of FFB

| Estate / Supplier | FFB Processed in Year 2017/ 18 (Mar'17 – Feb'18) - Actual | | FFB Processed in Year 2018/19 (Mar'18 – Feb'19) - Actual | | FFB for processing in Year 2019/20 - (Jul 2019 – Jun 2020) Projected | |
|--|---|---------|--|---------|--|-----|
| | MT | % | MT | % | MT | % |
| A. Grouping estates: (under certification) | 78,419.71 | 82.23 % | 74,514.35 | 81.36% | 81,000 | 83% |
| B. External Suppliers: (certified) | 0 | 0% | 0 | 0% | 0 | 0% |
| C. External Suppliers: (non-certified) | 16,951.25 | 17.77 % | 17,076 | 18.64 % | 16,500 | 17% |

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| | | | | | | |
|--------------------|-----------|--------|-----------|--------|--------|--------|
| Total | 95,370.96 | 100.0% | 91,590.35 | 100.0% | 97,665 | 100.0% |
| SCCS Model for POM | - | | MB | | MB | |

Note. Output is expected to increase in 2019/2020 as the young palms replanted at Ladang Asas become mature.

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

Table 7A: Annual Tonnages of FFB, CPO and PK

| POM | Year 2017/18 (Mar'17 – Feb'18) - Actual (Non-certified) | | Year 2018/19 * (Jul'18 – Feb'19) - Actual (Certified) | | Year 2019/20 (Jul 2019 – Jun 2020) - Projected (Certified) | |
|---------------------------|--|----------------|--|----------------|---|-----------------|
| Total FFB Processed (MT) | 78,419.71 | | * 49,716.66 | | 81,000 | |
| Total CPO Production (MT) | 18,606.52 | OER: 19.51% | * 9,934.70 | OER: 19.98% | 16,200 | OER: 20.00 % |
| Total PK Production (MT) | 4,840.75 | KER: 5.08% | *2,589.07 | KER: 5.21% | 4,253 | KER: 5.25 % |
| SCCS Model for POM | MB | | MB | | MB | |

Note: * Actual Certified volumes (upon certificate start date on: 5 July 2018.) verified during audit. Volumes produced prior to July 2018 are 'non-certified' quantities.

Table 7B: Annual Tonnages of FFB, CPO and PK

| POM | Year 2017/18 (Mar'17 – Feb'18) - Actual (Non-certified) | | Year 2018/19 (Jul'18 – Jun'19) - Actual (Certified) | | Year 2019/20 (Jul 2019 – Jun 2020) - Projected (Certified) | |
|---------------------------|--|----------------|--|----------------|---|-----------------|
| Total FFB Processed (MT) | 78,419.71 | | 87,699.02 | | 81,000 | |
| Total CPO Production (MT) | 18,606.52 | OER: 19.51% | 18,397.53 | OER: 20.98% | 16,200 | OER: 20.00 % |
| Total PK Production (MT) | 4,840.75 | KER: 5.08% | 4,715.25 | KER: 5.37% | 4,253 | KER: 5.25 % |
| SCCS Model for POM | MB | | MB | | MB | |

Note: Actual Certified volumes, upon certificate start date on: 5 July 2018 till 4 July 2019, were subsequently submitted and were verified. The production data for certified and projected volumes were verified to be consistent.

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

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

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

Todate 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'.

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

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

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

Verification of requirements for Uncertified Management Units:

| RSPO CS (2017) Clause 4.5.4 | | |
|---|--|------------|
| (a) No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since January 1st 2010 shall comply with the RSPO New Planting Procedure (NPP) . For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB; | | |
| Requirements | Findings and Objective Evidence | Compliance |
| (a) <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.</p> <p>As at this current assessment, there has been no other incidences of any replacement of primary forest at any other area under the IOI group.</p> | Complied |
| <ul style="list-style-type: none"> • Is there any new plantings since January 1st 2010 and did the new plantings comply with the | <p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Mar 2019). Refer to: Appendix D.</p> | Complied |

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| <p>RSPO New Planting Procedure (NPP)</p> | <p>Based on sources of publicly available at RSPO and IOI websites, and feedback from stakeholder consultations, it is verified that the 4 uncertified units identified (where new plantings occurred) have been making progress to comply with the RSPO NPP (2015).</p> <p>Verified that progress on actions taken include the following:</p> <p>In July 2018, IOI had introduced new Peatland Protection and Management Policy which detailed their effort towards protection, conservation and management of peatlands.</p> <p>In August 2018, IOI and NGO-Aidenvironment, had finalised the design of the South Ketapang Landscape Initiative. The initiative addresses the most common and critical challenges facing the South Ketapang landscape such as peatland management and rehabilitation, biodiversity conservation, flood and fire prevention, and community livelihood development.</p> <p>Sustainability Progress Update (Oct - Dec 2018): https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?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>Complied</p> |

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| | <p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>Verified in the 2nd quarterly update (Mar 2019), action plans on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in Feb 2019.</p> <p>Updated progress on said issue was accessed via link below;</p> <p>(a) 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>Refer to: Appendix D.</p> | |
| <p>(b) Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;</p> | | |
| <p>(b)</p> <ul style="list-style-type: none"> Are there any existing Land conflicts and is it being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6; | <p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidence the Land conflict reported at the IOI's uncertified unit i.e. IOI Pelita Plantations Sdn Bhd at Miri, Sarawak, East Malaysia (complainant: Long Teran Kanan community) since year 2010 has been progressively undergoing the RSPO Dispute Settlement process.</p> <p>Verified that progress made todate includes: On 12 September 2018, IOI published an update on facilitation and capacity building for the benefit of community leaders which was attended by local NGOs and the Lead Facilitator, Dr. Ramy Bulan.</p> <p>As of 31 Dec 2018, 8 of 9 communities have given their consent for the Resolution process to move forward. The remaining 1 community had requested for more time to seek advice from their leaders prior to their endorsement on the draft Resolution Plan.</p> <p>As at 7 Mar 2019, IOI had received consent from the last community, Long Teran Batu. Subsequently, the company proceeded with the Stage I of the Resolution Plan, Community Capacity Building. Noted that on 19 Mar 2019, a workshop was conducted by CICOM (coalition of local NGOs called CICOM) with the community leaders with visits made to the community longhouses CICOM on 27-31 Mar 2019.</p> <p>Updated progress of above was access through the link below;</p> <p>(a) IOI Pelita Land Dispute</p> | <p style="text-align: center;">Complied</p> |

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|--|--|-----------------|
| | <p>(b) <u>IOI Pelita Land Dispute Resolution Process</u></p> <p>(c) <u>RSPO Case Tracker – IOI Pelita Status of Complaints</u></p> <p>(d) <u>IOI Pelita Land Dispute Chronology</u></p> <p>Verified that the Stakeholder engagements done with the said communities and NGOs involved are showing positive progress towards a final resolution.</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.</p> | <p>Complied</p> |
| <p>(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;</p> | | |
| <p>(d)</p> <ul style="list-style-type: none"> Are there any Legal non-compliance and is it being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1; | <p>It is noted that IOI group is aware of the Legal compliances needed at the uncertified units and actions has been active taken in stages to address and fully comply with requirements of the related laws and regulations at the uncertified units at Kalimantan, Indonesia.</p> <p>The progress made on above will be further evaluated in the next audit.</p> | <p>Complied</p> |
| <ul style="list-style-type: none"> Has the organisation conducted an Internal Audit on the above (a) to (d)? Has the evidence been submitted for verification? | <p>Internal audit progress report as at 30 Mar 2019, had covered the requirements, conducted by the HQ-Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification.</p> <p>Verified that IOI Sustainability reports were available as further evidence for verification.</p> <p>This was verified via:</p> <ol style="list-style-type: none"> IOI Sustainability Implementation Plan (Q1-2019) and Sustainability Progress report as at 31 Mar 2019 made available at IOI web site. | <p>Complied</p> |
| <ul style="list-style-type: none"> Has a positive assurance statement been produced based on the internal audit and other supporting assessments results? | <p>Overall positive assurance statement is made at the conclusion of the Internal audit and Management reviews held at IOI HQ at Putrajaya and verified during Auditor site visit at the IOI HQ, in Jan and April 2019.</p> <p>This was also verified via:</p> <ol style="list-style-type: none"> IOI Sustainability Implementation Plans Sustainability Progress reports made available <p>Intertek had also verified via the RSPO RACP Case tracker, updated till March 2019, there are no units under IOI Group with RACP issues.</p> | <p>Complied</p> |
| <p>(e) Are the evidences provided in 4.5.4 (a)-(d) adequate?</p> | <p>Verified that supporting evidences were adequately provided. Refer to findings on (a) to (d) above.</p> | <p>Complied</p> |
| <p>(f) Are the evidences provided in support of the Positive Assurance statement adequate?</p> | <p>Verified that evidences were adequately provided in support of the positive assurance statement made by the IOI Group were available at the HQ and as per IOI website – Public announcements.</p> | <p>Complied</p> |

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| (g) Has the targeted stakeholder consultation, including consultation with the relevant NGO's carried out revealed any negative feedback? | Targeted stakeholder consultations done via emails conducted has not revealed any new negative feedback. | Complied |
| (h) Has desktop study e.g. web check done revealed complaints which were not addressed? | Desktop study conducted did not reveal any new negative feedback. Progress on past complaints validated by RSPO CP is being progressively resolved. Refer to Appendix D. | Complied |
| (i) Is further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements at the uncertified units, needed to done? | 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. 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. | Complied |
| (j) • 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 in Apr 2019, 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: 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 till March 2019, there are no units under IOI Group with RACP issues. | Complied |

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

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

The publicly available updates of announcements on the progress of formal complaints as documented by RSPO and responses made by IOI Group are continually reviewed by Intertek to ensure that all issues as formally lodged and recorded against the IOI Group units has adhered to the RSPO dispute resolution processes. Updates of progress made have been duly considered, evaluated and risk assessed by Intertek, prior to conducting the continued certification assessment IOI units including this current unit.

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1.10 Abbreviations Used

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

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 27 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 Unico (Sabah) Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 8 – 11 Apr 2019, the Assessment team of Intertek conducted the Assessment in which **both the 2 estates of the PMU, namely Unico 6 and Ladang Asas 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 four (4) estates for initial, surveillance and recertification audits, where there are more than 4 estates or associated outgrowers and the formula of minimum sample of X estates = $(0.8\sqrt{Y}) \times Z$, where Y is the number of estates and Z is the multiplier as defined by the risk assessment. The Z multiplier value was determined as High risk for this PMU considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

During the on-site assessment, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

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

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

After completion of the on-site field assessment, Intertek also performed the evaluation of conformity against the RSPO Certification System requirements for CB. The assessment report, findings and associated documents were evaluated through independent reviews by the Intertek Internal Technical Reviewer/Panel and External Peer Reviewer, prior to the approval of this report and decision on certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment which will be carried out within a 12-month period of the certificate anniversary date / certificate expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

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2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming assessment through the websites of RSPO and Intertek. E-mails were sent to applicable stakeholders including government agencies, NGOs, local communities, representatives of indigenous people (Orang Asal) and previous land owners / users.

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 at site, included workers, trade union leaders, women representatives; local community leaders, previous land owners / users, representatives of government departments / agencies, NGOs, goods and services 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 Wildlife & National Parks (Kuala Lumpur)
9. Department of Orang Asli Affairs (Kuala Lumpur)
10. Department of Orang Asal Affairs (Sabah)
11. Environment Protection Department Sabah
12. Department of Forestry Sabah
13. Department of Immigration Sabah
14. Department of Irrigation & Drainage Sabah
15. Department of Labour Sabah
16. Department of Occupational Safety & Health Sabah
17. Department of Wildlife Sabah
18. Land and Mines Office Sabah
19. Department of Environment Sabah

Statutory Bodies (by emails)

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

NGOs and others (by emails)

31. All Women's Action Society (AWAM)
32. Business Council for Sustainable Development in Malaysia (BCSDM)
33. Borneo Child Aid Society (Humana)
34. Borneo Resources Institute Malaysia (BRIMAS)
35. Borneo Rhino Alliance (BORA)
36. Center for Orang Asli / Asal Concerns (COAC)
37. Centre for Environment, Technology and Development, Malaysia (CETDEM)

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

Local community (On-site interviews)

67. Consultative Committee & Gender representatives
68. Workers & Workers representatives
69. Suppliers & Contractors representatives
70. Neighbouring estates representatives
71. Smallholders
72. Village Heads & representatives
73. Previous land owners / users

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

| Criterion 1.1 | | |
|---|--|------------|
| Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Minor Compliance</p> | <p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>IOI Corporation Berhad (as the parent company) has declared its progress made in the achievement of the RSPO certifications since year 2012 via the RSPO Annual Communication of Progress (ACOP). The latest ACOP made available was submitted for year: 2018</p> <p>https://rspo.org/members/acop/search?name=IOI&member_type=&acopyear=</p> <p>The tracking of cases and issues made publicly available which were monitored and reviewed by the CH include:</p> <ol style="list-style-type: none"> 1) Complaints Panel – Case Tracking 2) NPP – RSPO NPP Consultations Tracking 3) RACP - Tracker <p>The evidences verified and followed up during current assessment include the following updates:</p> <p>30 Oct 2018: IOI Sustainability Implementation Plan – Quarter 3. https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/Overall%20SIP_Q3%202018.pdf</p> <p>30 Oct 2018: IOI Sustainability Progress update (July-Sept 2018) https://www.ioigroup.com/Content/MEDIA/NEWS/PDF/QU%202018%20Q3.pdf</p> <p>Jan 2019: Sustainability Progress Update (October - December 2018) https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936 https://www.ioigroup.com/Content/S/pdf/QU%202018%20Q4.pdf</p> <p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>CB request for information needed for evaluation on this CH unit prior the audit has been submitted in a timely manner.</p> | Complied |

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| | <p>Verified during assessment that the above information was updated to the latest progress made.</p> <p>Date of public notification of this assessment of the PMU was made on: 27 Feb 2019</p> <p>As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.</p> | |
| <p>1.1.2 Records of requests for information and responses shall be maintained. Major Compliance</p> | <p>The PMU had established and maintained an updated site-specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates had conducted its internal and external stakeholders' consultations for year 2017.</p> <p>The respective internal and external stakeholders' consultations were held between 12 Nov and 8 Dec 2017.</p> <p>Records of participants and feedbacks / responses were maintained and appropriate actions were taken.</p> | <p style="text-align: center;">Complied</p> |
| <p>Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: Major Compliance</p> | <p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 08 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society. The SPOP was further revised on 12 Jun 2017. (http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845)</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> • land titles/user rights, • occupational health and safety plan, • plans and impact assessments relating to environment and social impacts, • pollution prevention plans, • details of complaints & grievances, • negotiation procedures • continuous improvement plan • Public summary of certification assessment report. • Human Rights Policy. <p>Since then, further changes were implemented accordingly and these include:</p> <p>Sep 2017: IOI submitted its Sustainability Report http://www.ioigroup.com/Content/S/S_Policy IOI uploaded the Social Responsibility report by BSR http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.</p> | <p style="text-align: center;">Complied</p> |

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| | <p>http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>Refer to findings under indicator 1.1.1 on updates verified on progress implementations for social and environmental issues under IOI Group.</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. Based on verification on the land titles, the lands were legal concessions were issued by the Sabah State Government in the 1970s to various companies such as Unico Plantations Sdn Bhd for the plantation of agricultural crop such as Oil Palm, Rubber and Cocoa. Legal acquisition was made by IOI Corporation between 2014 and 2015.</p> | <p style="text-align: center;">Complied</p> |
| <ul style="list-style-type: none"> Occupational health and safety plans (Criterion 4.7); | <p>Safety Policy and HIRAC were documented for the mill and estates. The HIRAC was noted to be reviewed on between 8 and 16 Jan 2018 for mill and respective estates.</p> <p>Occupational Safety and Health Plans have been established and documented for the POM and estates. The Plans had been reviewed (annually), up-dated and approved by the respective managers for the mill and estates.</p> <p>The OSH Programme for 2018 include the following:</p> <ul style="list-style-type: none"> Safety & Health Committee meetings were held quarterly. Annual medical surveillance, Accident Reporting & Investigation, Workplace inspection, CHRA assessment, Air compressors annual inspection, Warning signs, Chemical Register, SOP for safe work, PPE usage, MSDS/CSDS, JKKP 8 reporting of accidents annually, Emergency Response Plan (ERP), Emergency drills, Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), Monthly KPI Report on HSE performance, Monthly Safety inspection & audit by Safety Officer, <p>CHRA reports issued in 2014 are noted to be valid till year 2019. Recommendations were verified to have been adhered on-site. The programmes for protecting workers' health and safety were found to be satisfactorily implemented.</p> | <p style="text-align: center;">Complied</p> |
| <ul style="list-style-type: none"> Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); | <p>Environmental aspect and impact assessment (EIA) conducted for the POM and estates were available and noted reviewed between Jan and Feb 2018. Management Plans and Continual Improvement Plans documented were progressively implemented.</p> <p>Social Impact Assessments were carried out between Aug and Oct 2018 for the external and internal stakeholders.</p> | <p style="text-align: center;">Complied</p> |

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| | Both positive and negative impacts were identified. Action plans were documented and implemented. | |
| • HCV documentation (Criteria 5.2 and 7.3); | The Internal "HCV and Conservation Areas" Assessment were reviewed in Nov 2018 at the POM & Estates audited. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective Estates. | Complied |
| • Pollution prevention and reduction plans (Criterion 5.6); | Pollution Prevention Management Plans were reviewed annually for FY2018/2019. Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters, obsolete electrical and electronic equipment) and domestic wastes disposal, reuse and recycling (scrap iron, paper, plastic and glass). | Complied |
| • Details of complaints and grievances (Criterion 6.3); | The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be satisfactorily maintained. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues. Evaluation of updates on complaints issues against the IOI Group units, refer to Section 1.9 – Timebound Plan and verifications done on RSPO CS - 4.5. | Complied |
| • Negotiation procedures (Criterion 6.4); | Presently, there is no conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained. The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Time bound Plan. | Complied |
| • Continual improvement plans (Criterion 8.1); | Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. The plans include the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, environmental and social programs such as recycling and providing new housing quarters for the workers, assistance in the HUMANA schools for children of foreign workers and better medical facilities and benefits for all employees. | Complied |
| • Public summary of certification assessment report; | Public summary of certification assessment reports are available from the company upon request. | Complied |
| • Human Rights Policy (Criterion 6.13). | 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. | Complied |

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| | 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. | |
| Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 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 | IOI Group has a documented policy “Code of Business Conduct and Ethics” signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The following are included: <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. Verified that copies of the policy were found to be displayed at prominent locations in the POM and estates and easily viewed by the workers. 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. | Complied |

Principle 2: Compliance with applicable laws and regulations

| | | |
|--|---|-------------------|
| Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 2.1.1 Evidence of compliance with relevant legal requirements shall be available. Major Compliance | The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates in Jan 2019 for any relevant updates. 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. | Complied |

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| | <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission).</p> <p>The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH. Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Noise Monitoring Report is available. Annual Audiometric testing of workers exposed to high noise levels were done in May 2018. (See indicator 4.7.2)</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities.</p> | |
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| <p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p> | <p>The Register of Legal requirements for identifying, determining, reviewing and updating of applicable legal and other requirements has been satisfactorily implemented. Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were 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 (Flowchart on mechanism of tracking) was implemented. The PMU had conducted the annual internal audit between 4 Mar to 18 Mar 2019 with 4 findings issued which were followed up on actions taken and closed on 30 Mar 2019. Tracking of renewal of legal permits at the POM and Estates were satisfactorily maintained and thus previous Observation: OBS: AL-01 was addressed and closed.</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 listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register. Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. Monitoring of changes to the applicable laws and regulations was carried out through periodical review in accordance with the documented procedure. Noted Minimum Wage Order (Nov 2018) which came into effect in 1 Jan 2019 was implemented. Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p> | <p style="text-align: center;">Complied</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. The land titles were issued by the Sabah State Government for a concession period of 99 years which will expire in 2077- 2079. The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use. There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit. There has been no recorded dispute over the ownership during the tenure of the land.</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 agricultural crop of economic value. Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estate land titled boundaries. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p> | <p style="text-align: center;">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 over the period of certification till current year assessment. As such, the process of fair compensation and FPIC is currently not required to be applied at this PMU.</p> | <p style="text-align: center;">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 reported instances of any land conflicts in this PMU.</p> | <p style="text-align: center;">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 were no land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p> | <p style="text-align: center;">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>There was no evidence to suggest that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p> | <p style="text-align: center;">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>Maps showing the extent of the legal boundary of the Estates were available as checked against the Land titles. The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas. There is no dispute on the land rights in this PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping is not required.</p> | <p style="text-align: center;">Complied</p> |
| <p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and</p> | <p>The lands were acquired from private plantation owners and individual owners since 1990's by Unico Plantations Group.</p> | <p style="text-align: center;">Complied</p> |

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| <p>informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p> | <p>Land ownership under Unico Group was subsequently acquired by IOI Corporation between 2014 and 2015.</p> <p>Documentation of legal land transfer was evidenced in the land titles maintained in the HQ and on-site offices.</p> <p>Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p> <p>The lands were acquired in 1980's and leased from the Sabah State government for a period of 99 years. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</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 as at 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> | | |
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| Indicators | Findings and Objective Evidence | Compliance |
| <p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>Major Compliance</p> | <p>The 5-year Business Management Plan (FY 2018 / 2019 to FY 2023 / 2024) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year includes 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) Area Statement 8) 10 years Replanting programme 9) Summary of replanting 10) Budget for Environmental, Social, Safety & Health, Training and Promotions. | <p>Complied</p> |

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| | <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p> | |
| <p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>Minor Compliance</p> | <p>Verified that the 5-year replanting program for estates are available at the estates audited.</p> <p>A replanting cycle of 25 years has been adopted by the group.</p> <p>The replanting programs were reviewed annually by the respective Estate Managers as follows:</p> <p>Unico 6 estate:</p> <p>Replanting is expected in year: 2023/24 onwards till 2025/26.</p> <p>Ladang Asas estate:</p> <p>Replanting had started since 2015 and is progressively ongoing and expected to complete in 2021.</p> | <p>Complied</p> |

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

| Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored. | | |
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| 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, Polishing Plant, Water Treatment Plant, Boiler, Engine room, Workshops etc. for the processing until the delivery of processed oil and POME management. 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 revised Dec 2017. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at POM.</p> | <p>Complied</p> |

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| | <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> 1. Group SOP for Estate Operation. The SOP describes operational procedure for oil palm DxP seed production, planting density, pre-nursery seedlings, land clearing & preparation, oil palm planting technique, leguminous cover plant, fertilizer application for immature & mature palms, weeding, integrated management of rat control, bagworm control, road maintenance, workshop, harvesting, buffalo healthcare, etc. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators. 2. SOP for riparian zone management with specified buffer zones. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at Estates.</p> <p>Observation At Halusah Estate, an observation was raised as follows: SOPs were available for estate including the SOP Land Preparation for Replanting (v 2007). The SOP for Replanting was noted to be generic.</p> <p>Site specific measures and actions e.g. for replanting currently at Halusah field sites – (Block 92M, 92N, 92R, 92S) was unclear. The overall replanting planning and layout was not documented such as mapping for the field / collecting drains, distances of OP planting next to the drains.</p> <p>Apart from records of work progress, daily checks on works carried out by the contractor can be recorded for future reference (e.g resources used, compliance with safety and environment requirements etc.)</p> | OBS: CBK-01 |
| <p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p> | <p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records were checked by the respective Assistant Managers and Managers regularly.</p> <p>These records were satisfactorily maintained during the on-site visit.</p> | 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. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits.</p> | 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 POM had monitored and maintained records of all FBB received for processing including those from 3rd parties which have been supplying FFB over the past 12 months.</p> <p>Verified that records of the 3rd party FFB has been properly maintained. The quantity from these 3rd parties only constituted about 19% of the total POM's processed quantiles.</p> <p>The IOI management had held meetings with a total of 28 external smallholders / outgrowers in Dec 2018, informing</p> | Complied |

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| | <p>them to comply with their requirements and in accordance with RSPO principles.</p> <p>During audit and stakeholder consultations, none of the external suppliers were ready to be audited. The status of compliance preparations by the outgrowers would be followed up during the next surveillance.</p> | |
| <p>Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p> | <p>Annual fertilizer inputs had been monitored through fertilizer recommendations made by Agronomist of IOI Research Centre, Sabah.</p> <p>Good Agricultural Practice (GAP) for minimization of soil erosion and maintenance of soil fertility are maintained via the frond stacking and fertilizer application.</p> <p>These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit.</p> <p>Fertilizer application at the estate fields had adhered to the recommendations at all estate levels.</p> | Complied |
| <p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p> | <p>Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.</p> | Complied |
| <p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p> | <p>Leaf sampling and analysis had been carried out annually. Soil sampling and analysis were carried on a 5-year cycle (last report on 2018) to determine the nutrient levels.</p> <p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long-term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactorily maintained.</p> | Complied |
| <p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p> | <p>Geotubes were used to filter the solid from the POME and the solid were used by the estates for field application as organic fertilizer.</p> <p>All the EFB from the POM are delivered to the estates as evidenced by the "Daily/Monthly Summary Report of EFB" maintained by the POM. Noted records for July – Dec 2018.</p> <p>EFB Mulching Application and field maps indicate the amounts and locations of EFB application in the estates.</p> <p>Records of EFB delivery, mulching quantities and field locations were well maintained. Sighted till Mar 2019.</p> | Complied |
| <p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p> | <p>Soil maps for all the estates were available.</p> <p>Verified that there were no fragile/marginal soils at the estates.</p> | Complied |

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| <p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p> | <p>Planting terraces had been constructed along contours on slopes of >10°. There were stop bunds to control water flow along terraces.</p> <p>Verified at estates and field audited that the terraces were made and that fields were generally covered with soft grasses, ferns, and herbaceous plants in the mature area while leguminous cover crop had been maintained in the immature area.</p> <p>Generally, the Best Management Practices was followed to control and minimize soil erosion and degradation during replanting activities.</p> | <p>Complied</p> |
| <p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p> | <p>Road maintenance programme and maintenance records had been verified at the estates.</p> | <p>Complied</p> |
| <p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p> | <p>Based on soil maps and visits to the fields, there was no peat soil in all the estates.</p> | <p>Complied</p> |
| <p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p> | <p>There was no peat soil in all the estates.</p> | <p>Complied</p> |
| <p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p> | <p>Based on the soil maps and visits to the fields, there was no other fragile and problem soils.</p> | <p>Complied</p> |
| <p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p> | <p>Documented Water Management Plans verified to be in place for the palm oil mill and estates. The plans were respectively reviewed in Sept & Oct 2018.</p> <p>The plan includes steps such as soil stabilization, run-off control, and water level control in peat areas, waste water management and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There are water ponds in the POM and estates. Water samples were collected, and analysis carried out at least twice a year as part of Environmental Compliance Reporting.</p> <p>The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Rainfall data was monitored as part of the water management plan and rain water harvesting was practiced for washing and cleaning purposes.</p> <p>A noncompliance was issued as follows:</p> <ol style="list-style-type: none"> 1. POM 2. Estate – Unico 6 and Ladang Asas <p>There was no site-specific water management plan drafted for the POM and estates. The water management plan provided is generic in nature. The plan has not taken into consideration the distribution of its resources</p> | <p>Minor NC: SH-01</p> |

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| | and neither is there any contingency action plan in cases where there is shortage of water supply or the seasonal flooding occurrences at the Estates. | |
| <p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p> | <p>Buffer zones had been generally maintained for streams passing in the estates as verified during on-site field inspection.</p> <p>During field inspection, there was no evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone.</p> <p>There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p> <p>Clear demarcations of the 'No Chemical Spraying' zone along the stretches of drains constructed. Water from these drains was found to lead into the main waterways.</p> <p>Signages to indicate the riparian areas were maintained.</p> <p>The corrective action taken by the management had been effective in addressing the previous Major NC: 2018 (SH-01).</p> | Complied |
| <p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p> | <p>In palm oil mill, water samples were taken at monthly interval at the discharge point of effluent pond. The BOD level from July 2018 to March 2019 had been in the range of 17.2 ppm (lowest) to 39.6 ppm (highest) with an average of 22.2 ppm.</p> <p>The current maximum limit as permitted by D.O.E. for the POM is stated at 100 ppm.</p> | Complied |
| <p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p> | <p>Water usage in the POM over past 12 months were monitored. The average usage of water from January to December 2018 was 7.8 m³/MT FFB.</p> <p>Records for January and February 2019 show the usage was 7.76 m³/MT FFB and 7.95 m³/MT FFB respectively.</p> | Complied |
| <p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p> | <p>Verified that IPM Plans were monitored at the estates audited and that pest infestation was minimal.</p> <p>Programmes for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, and <i>Antigonon leptopus</i> were established and records on areas planted had been verified together with the respective maps.</p> <p>Rat baiting was carried out based on the census of rat attack on FFB. The threshold limit was set at 5% prior to any rat baiting, which was found to have occasionally occurred. Rat baiting was applied, and the records of the rat baiting performed were verified to have been properly maintained.</p> | Complied |
| <p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p> | <p>IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactorily maintained.</p> | Complied |
| <p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |

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| <p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p> | <p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable. The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows: (1) Glyphosate isopropyl amine (41% a.i.) (2) Metsulfuron methyl (20% a.i.) (3) Triclopyr butoxy ethyl ester (32.1% a.i.) (4) 2, 4 Dimethylamine (60% a.i.) (5) Glufosinate ammonium (13.5% a.i.) (6) Cypermethrin (16% a.i.) (7) Monosodium methanearsonate acid MSMA (39.5% a.i.) Specific pesticides had been used to deal with the respective target pest, weed, or disease. Verified that the pesticides were selected to deal with specific species of weeds or pests as listed in the SOP. These were reflected in the weed and pest control records maintained.</p> | <p>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>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for 4 years. Verified that the records of monitoring were satisfactorily maintained.</p> | <p>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 policy to minimize the use of pesticides in accordance with IPM plan is maintained at the Estates. Verified that no prophylactic use of pesticides had been carried out at the estates.</p> | <p>Complied</p> |
| <p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p> | <p>The company had a complete list of WHO class 1A and class 1B and Stockholm or Rotterdam conventions pesticide. Paraquat had been eliminated since end of year 2011 for IOI Group Estates. Verified that alternatives such as Glyphosate Isopropyl amine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of Paraquat.</p> | <p>Complied</p> |

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

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| <p>information within reasonable time prior to application. Major Compliance</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>Verified that the Annual Training Programme has included training on pesticides handling. Noted that all new pesticides operators were trained before being assigned to work with pesticides. Existing pesticide operators were also given continual training to enhance their knowledge and skills on pesticides particularly in the handling of new spraying equipment. Small holders were provided training on tractor handling, chemical handling and manuring. Records of such training included photos, attendance lists and training materials. The action taken was adequate in addressing the previous observation (CBK-01) raised. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store were found to be satisfactorily maintained.</p> | <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>Used pesticides containers were triple-rinsed and punctured at the bottom and stored in a designated store before being disposed of through a licensed contractor approved by the Department of Agriculture.</p> | <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>The CHRA recommendations has been followed in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 as follows: 1) Annual Medical Surveillance for all pesticide handlers due to toxicity and highly hazardous nature of the pesticides. 2) Monthly Health checks at the estate clinics were conducted for workers who handled agrochemicals and fertilisers. Based on the above recommendations, it was verified that the following was carried out over the past 12 months: Records of Annual medical surveillance for pesticide handlers were maintained. The medical reports had showed that there was no case of low blood cholinesterase levels for any of the workers. No abnormalities were stated in the reports and the workers were individually found to be fit for the work with pesticides. Other health issues such as hypertension, diabetic or poor eyesight are occasionally noted in the report of several individuals. When these are reported, the individual worker is closely monitored in the monthly health checks done at the Estates clinics by the Estate Health Assistants (EHA). 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. Verified that monthly clinical tests were carried out by the Estate Health Assistant on all sprayers and manurers. Records of the health checks were maintained. Verified that there were occasional cases of mild illness in which workers were accordingly given medical leave and rest. In more</p> | <p style="text-align: center;">Complied</p> |

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| | <p>severe cases, the workers were sent to the nearest Hospital for the proper medical treatment.</p> <p>It is also verified that there were no reported cases of any blood poisoning amongst the workers at the PMU estates over the past 12 months.</p> | |
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| <p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p> | <p>No pregnant or breast-feeding woman had been offered work as pesticide operator.</p> <p>List of pesticide operators (with female workers identified) was available on the estates.</p> <p>Female workers found pregnant were notified of the condition and approved to go on leave until delivery.</p> <p>Verified that there were no pregnant female workers involved in handling pesticides on-site.</p> | <p>Complied</p> |
| <p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>The occupational health and safety plan shall cover the following:</p> <p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p> | <p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented.</p> <p>The Safety and health policy, approved by the Group Plantation Director dated 11 Nov 2011, had been verified to be maintained. This policy had been explained to the foreign workers (Indonesian) by Field Supervisors in Indonesian language. Confirmed during site interviews of sample field workers that they do have basic understanding of the Safety and Health policy.</p> <p>Records on training and analysis on understanding of training provided by the Safety & Health Officers for the workers were available and verified.</p> | <p>Complied</p> |
| <p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance</p> | <p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards at the various activities at the POM and Estates. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire etc. Procedures and actions were implemented to mitigate the hazards. Risk assessment was reviewed in Jan 2019. Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>Precautions as attached to the products via the MSDS had been observed to be complied by the workers.</p> <p>Assessment of noise levels in the POM was carried out in September 2017 as per the Consultant Report. Work areas identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db. Mill management have taken the actions recommended such as installing hearing protection signages and using hearing protection devices.</p> <p>Annual audiometric test conducted for all mill staff and workers on 28 May 2018. The audiometric reports revealed that 12 workers have mild hearing impairment and were recommended to wear hearing protector.</p> <p>One worker was found to have hearing impairment and had since been transferred to work at the water treatment plant. The rest of workers noted to fit to continue work with proper PPE worn.</p> | <p>Complied</p> |

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| | <p>Baseline audiogram and occupational and medical history records of workers were maintained.</p> <p>Sample of employees exposed to high noise levels were interviewed and they are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers are also aware of the complaints process and mechanism available.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided and being used by the workers.</p> <p>Internal Safety audit was done to ensuring compliance with the minimum standards needed for the types of PPE used.</p> <p>Fire extinguishers and hose reels found to be located at strategic locations and noted in functioning conditions. Location map of fire extinguishers is available at POM.</p> <p>First Aid equipment was available at POM, estates and at worksites and weekly checked. Samples of First Aid boxes checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKPP8 regulations was submitted to JKPP on Jan 2019.</p> <p>Verified that records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps as maintained by the Safety Officer is up-to-date.</p> | |
| <p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p> | <p>Awareness and training programme had been carried out, and training records had been verified.</p> <p>All workers involved had been adequately trained in safe working practices.</p> <p>Appropriate PPE had been provided at the place of work to cover all potentially hazardous operations, and all workers had been noted to be wearing the appropriate PPE.</p> <p>Fire-fighting training and fire drills were carried out with the attendance of workers or residents and crèche caretakers.</p> | <p 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.</p> <p>Major Compliance</p> | <p>The persons nominated to be responsible for health, safety and welfare were Mill Manager and Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p> | <p 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</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.</p> <p>First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily.</p> <p>The respective Safety & Health Committees chaired by the Mill Manager and the Estate Managers reviewed accident</p> | <p style="text-align: center;">Complied</p> |

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| shall be kept and periodically reviewed. Minor Compliance | cases during the Safety Committee meeting every three months. | |
| 4.7.6 All workers shall be provided with medical care and covered by accident insurance. Minor Compliance | Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance. | Complied |
| 4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance | Records on Lost Time Accident (LTA) metrics had been maintained and verified. JKKP8 reports had been sent to JKKP before end Jan of each year. | Complied |
| Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance | The formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable. | Complied |
| 4.8.2 Records of training for each employee shall be maintained. Minor Compliance | Records of training for each employee, including new employees were maintained. | Complied |

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

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| 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 Aspect and Impacts Assessment was reviewed and documented for the mill on 20 March 2019, while for the estates it was documented on the 29 March 2019. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal, road maintenance and also replanting activities. For the mill, assessment cover different areas and process such as FFB reception, loading ramps & marshalling yard, sterilizer, boiler etc. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU. Records were made available during audit and found to be satisfactory implemented. Assessment has included the consultation with other relevant stakeholders. | 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 | The POM and estates continued with the implementation and monitoring of management action plans and continuous improvement programmes. The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were adequately followed up by the Estate and mill managers and being implemented satisfactorily. | Complied |

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| <p>identify the responsible person/persons.</p> <p>Minor Compliance</p> | <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified mitigated at the Unico POM. Data were collected and it ensured compliance with relevant regulations. There is no new activity at the estates.</p> | |
| <p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>Minor Compliance</p> | <p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis.</p> <p>For the audit period, it was documented in March 2019 for both the POM and estates. The exercise had taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, the management of the landfill, clearing of overgrown natural vegetation and debris in the ponds for the intended purpose as determined. Special attention was also given to mitigate the environmental impacts at the replanting areas at Tas Estate. Environmental Compliance Report was conducted once every six month by a consultant to ensure compliance being addressed.</p> | Complied |
| <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 also reviewed by the IOI Sustainability Palm Oil personnel and documented in a report dated 1 April 2019. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries, if any, and was documented.</p> <p>Visits to site confirmed that the Unico 6 estate and the Ladang Asas estate are surrounded by palm oil estates, belonging to other companies and smallholders along its border. Their location is far away from any other known HCV and outside of their territory.</p> <p>Other environmentally sensitive areas were documented and inspected on site. Boundaries bordering their plantation were well demarcated with trenching installed along the borders. At certain areas, it was also separated by perimeter boundary roads.</p> <p>Conservation areas/environmentally sensitive areas i.e. ponds, buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored. Riparian/buffer zone markers were clearly identified and visible.</p> | Complied |
| <p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p>Major Compliance</p> | <p>Regular patrols within the POM and estates were being carried out and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas. Honorary wildlife wardens were also appointed with the assistance of the Wildlife Department to look into issues relating to wildlife in their areas.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also carried out by the patrolling activities conducted.</p> <p>Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited i.e. Unico 6 (Tutico & Supercrop / Fasgro& Topcrop / Zuba and UP1</p> | Complied |

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| | <p>estate) and Ladang Asas estate (Tas & Halusah) and found to have been satisfactorily erected and maintained. The signages were still in good condition and easily readable.</p> <p>Interview with the staff showed that they had never encountered any wildlife, especially the rare, threatened, endangered species roaming in their plantation.</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>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p> <p>Training programme on RTE has also been organised and attended by personnel across the organisation. The training was conducted on 28 March 2019.</p> <p>Also, the company had organised the Sepilok Orang Utan Outreach Conservation Programme with the cooperation of other organisations such as Borneo Sunbear Conservation Centre, together with Sabah Wildlife Department with the involvement of the community at Sri Ganda village on the 2 and 3 September 2018.</p> <p>Other trainings which included buffer zones, integrated pest management and its importance were also conducted to the field workers.</p> | Complied |
| <p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p> | <p>Action plans were established and on going monitoring is conducted by the estate personnel and also Auxiliary patrols. Verification were also made during on-site assessment and found to be satisfactory recorded the outcome of the monitoring activities.</p> <p>The overall management plan on the status of HCV/RTE of the Unico plantation group was collated, reviewed and monitored by the SPO sustainability team in consultation with other stakeholders, especially the Forestry and Wildlife Departments and the community.</p> | Complied |
| <p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>Minor Compliance</p> | <p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the estates visited i.e. Unico 6 and Ladang Asas estate. Thus negotiated agreement of such nature is not applicable.</p> | Complied |
| <p>Criteria 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p> | <p>Visits made to POM and estates showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME,</p> <p>Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> | Complied |

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| | <p>Records on the usage and disposal were well recorded and documented.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Unico mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> | |
| <p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major Compliance</p> | <p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned and in line with the regulation as required.</p> <p>Stores for scheduled waste were inspected and audited at site. At the POM, disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Legenda Bumimas Sdn Bhd). Latest disposal was recorded on 31 January 2019. Inventory on the schedule waste was properly recorded and up to date.</p> <p>At the plantations, record on the disposal and recycle of chemical containers and fertiliser bags was also made available during the audit. Recyclable wastes such as paper and chemical container, which has been tripled rinsed, was sold to Newgates Industries Sdn Bhd. Latest record of disposal was on 25 March 2019.</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.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in all the Plantations visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in both POM and estates and were used for solid waste segregation and recycling.</p> <p>Disposal of schedule waste was done by an appointed contractor that is licensed by the Department of Environment, Legenda Bumimas Sdn Bhd.</p> <p>The solid waste management and disposal plan using landfills was available and practised at Unico 6 and Ladang Asas estate. Landfill management was found to be satisfactory. The location of the landfill is far away from the village and water sources.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management on EFB application plans and progress reports were verified to be satisfactory. Data on the recycling of EFB to the estate was recorded and available during the audit.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM and estates.</p> <p>The waterways and sampling points had also been included in the updated estate map. Thus, NC: SH-02 (2018) raised in previous assessment has been effectively addressed and closed out.</p> | <p style="text-align: center;">Complied</p> |
| <p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p> | | |

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| Indicators | Findings and Objective Evidence | Compliance |
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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. Records were satisfactorily documented.</p> <p>Visit to Unico mill showed evident that they are compiling the data, document it for further action to improve on their efficiency of using the renewable and non renewable energy.</p> <p>The use of energy in palm oil mill and estate was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where Palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>It was verified that energy usage are being monitored daily, both at the estate and at the POM for better control and comparison of trends.</p> | Complied |
| <p>Criteria 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>Major Compliance</p> | <p>IOI Group had observed the policy of 'Zero open burning' for any replanting, if any, at the estates.</p> <p>Field inspections made at Unico 6 estates showed no evidence of open burning.</p> | Complied |
| <p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>Minor Compliance</p> | <p>The POM and estates shall adhere to the 'zero burning' policy for replanting at the estates.</p> <p>During the audit, there were replanting activities carried out earlier in the IOI Ladang Asas (Tas) estate. It was evident that the old palm trees were chipped and left to naturally decay on the ground.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.</p> | Complied |
| <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>Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Chart. Report showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on site visit to the Unico mill.</p> <p>POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations.</p> <p>Stack emissions and Boiler ashes were maintained and monitored at the POM. Regular reporting of twice yearly was carried out and report made available during the audit. Latest</p> | Complied |

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| | <p>report on the stack monitoring was documented by Multiserve Enterprise on November 2018.</p> <p>BOD analysis was also conducted on a monthly basis and result confirmed it was below the allowable limits of less than 100g/l. Water analysis was also conducted for both raw and treated water, conducted once every six months, latest being on the 23rd August 2018. The result of the analysis for treated water is within the WHO drinking water quality standard.</p> <p>Water for the POM was sourced from tributary of Sungai Segama pumped to the mill for further processing. At the estate, water was sourced from ponds and treated before distributing to line site for household purposes. Rain water harvesting was also conducted at the estates.</p> | (Refer to NC raised on 4.4.1) |
| <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. e.g. POME, diesel / fuel and fertilizer. Their usage have been recorded and documented at both the POM and estates. Record on their usage was monitored. Reduction of GHG is planned with the construction of a Biogas plant in year 2020/21.</p> <p>GHG calculation has also been reported and submitted to RSPO using version 3.01 on 6 April 2019. Data entered in the calculation was verified correct.</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 and SW disposal were adhering to DOE requirements</p> <p>Water samples were regularly taken and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge points. BOD analysis was also conducted on a monthly basis and result confirmed it was below the allowable limits of less than 100g/l.</p> <p>The water samples from streams were sent for analysis 2 times a year. This was conducted by Dynakey Laboratories Sdn Bhd. The result showed it was within the limit of class III river water quality standard. Treated water from the ponds was also analysed 2 times a year. Records are maintained and verified on-site to have met the permissible regulatory limits. Sighted Domestic Water Discharge Quality Report dated 20 October 2018.</p> | Complied |

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

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| <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 Unico Palm Oil Mill group operations were assessed using various method including consultations, meetings, respond forms and interviews.</p> | Complied |

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| | <p>Social impact assessment (SIA) for each operating unit in IOI Unico Palm Oil Mill grouping has been reviewed in Jan 2019 and conducted together with relevant external and internal stakeholders. External stakeholders' consultation was conducted for the whole grouping on 4/9//2018 in Lahad Datu Regional Office (LDRO) and the consultation was properly documented. The external stakeholder consultation was jointly conducted together with IOI Morisem and IOI Leepang groupings.</p> <p>A total of 79 participants attended the external stakeholder consultation including:</p> <ul style="list-style-type: none"> • Local communities e.g. Village heads, Neighbouring smallholders and plantations • Suppliers e.g. Sundries, Office utilities etc. • Contractors e.g. Transporters of FFB/EFB and CPO, Project Contractors such as for Building, Housing, Road and Replanting (Land Preparation – Tree felling, terracing and drainage) etc. • Government agencies – Human Resource Dept., Forestry Dept, Environmental Protection Dept, Wildlife Dept etc. • NGOs – HUTAN, LEAP <p>Internal stakeholders' consultations however conducted separately in each operating unit, e.g. in Unico Palm Oil Mill internal stakeholder consultation was conducted on 5/3/2019 and in Unico 6 Estate on 12/3/2019. Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels.</p> <p>The number of participants were between 9 and 40, which were noted to include:</p> <ul style="list-style-type: none"> • Harvesters – Workers & Mandores / Leaders • Manurers – Workers & Mandores / Leaders • Sprayers – Workers & Mandores / Leaders • Drivers – Tractors and vehicles <p>It is further noted that the foreign workers nationalities were predominately Indonesian and a minority group of Filipinos. These consultations were noted to be satisfactorily documented.</p> <p>The SIA for each operating unit was audited and evaluated. Verified that the potential impacts considered to be significant were included, e.g. handover of passports and travelling documents to the foreign workers (for their freedom of movement), timely payment of wages, timely renewal of permits and extension of passports, issuance and replacement of proper PPE for workers, upgraded housing, schools and health clinics, safe transport for workers and children etc.</p> | |
| <p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance</p> | <p>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the group. Participants in external and internal stakeholder consultations as per above (6.1.1).</p> <p>Participants in meeting such as Joint Consultative Committee (JCC) involved workers own chosen representatives / leader / ketua, from the various levels and categories of workers such as admin, general and field workers, sprayers, manurers, harvesters, drivers both locals and foreign workers.</p> | <p style="text-align: center;">Complied</p> |

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| | <p>Participants in Gender Consultative Committee (GCC) mainly are women workers and own chosen representatives/leaders attended together with the Social Liaison Officers-Assistant Managers acting as representatives for male workers.</p> <p>During external and internal stakeholder consultation response forms were distributed for written inputs and verbal inputs were also found to be recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. JCC and GCC meetings. Attendance lists and photos for stakeholders' consultations and meetings conducted were maintained and verified.</p> | |
| <p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p> | <p>The feedbacks received during consultations, meetings and interviews conducted by the POM and the estates were noted to have been considered by the Management and noted to be incorporated into the Business Plan of the respective units.</p> <p>A time frame was developed for implementation with Management involvement and respective persons responsible indicated. The status of the implementations was found to be updated on a monthly basis.</p> <p>It noted that from the SIA actions include continuous improvement plans with following activities identified:</p> <ul style="list-style-type: none"> • Admin infrastructure – SAP for integrated Accounting System (installation of VSAT) to ensure more timely reporting by all estate units (even at remote regions, where internet connectivity is limited) – ongoing from mid-2019 to 2020 • Road system and access for all users e.g. for safer travel and transportation of workers, school children, FFB crop evacuation and EFB distribution – ongoing and re-planning during the planned replanting over next 2-5 years • Re-planning of field drainage system during replanting for better flood mitigation issues at low lying and flood prone areas – ongoing and review during the planned replanting over next 2-5 years • Upgrade and refurbishment of housing sites including construction of concrete drainage system for better hygiene – ongoing over next 2-5 years • Upgrade of water treatment systems for supply to the housing sites – ongoing over next 1-3 years (progressively done since 2018) • Better disposal and planning of landfill locations (progressively done since 2018) • More regular collection of domestic waste at housing areas. <p>More availability of rubbish collection points at the fields</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>Minor Compliance</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> |
| <p>6.1.5 Particular attention shall be paid to the impacts of smallholder</p> | <p>Verified that there was no smallholder scheme within IOI Unico Palm Oil Mill Grouping, thus this criterion is not applicable.</p> | <p style="text-align: center;">Not applicable</p> |

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| <p>schemes (where the plantation includes such a scheme). Minor Compliance</p> | <p>It is noted that there were some neighbouring smallholders who have been selling FFB to the Unico Palm Oil Mill POM. But these are independent smallholders without contractual obligation to sell the their FFB solely to Unico Palm Oil Mill POM</p> | |
| <p>Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>6.2.1 Consultation and communication procedures shall be documented. Major Compliance</p> | <p>The group has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. their workers, government agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation. Grievance Procedure dated 5/6/2018, related to communication and consultation with interested parties is available at IOI group website¹. It was verified during that audit that at IOI Unico Palm Oil Mill Grouping level, the said procedure was made publicly available to all workers and external parties.</p> <p>During stakeholder consultations and interviews conducted by the Audit team with the respective categories of workers sampled during the audit, it was further verified that the said procedure had been regularly explained in the various meetings and master call briefings.</p> <p>The said procedure was also socialised with external stakeholders during the external consultation sessions and interviews conducted by the management.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Grievance_mechanism.pdf</p> | Complied |
| <p>6.2.2 A management official responsible for these issues shall be nominated. Minor Compliance</p> | <p>The person responsible to act as Social Liaison Officers (SLO) are the Assistant Managers of the respective operating units. Social liaison officers are responsible in handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties. Interviews done with Mr. Mohd Sabri Bahri, AM for the POM, Mr. Abdullah Bakri, AM in Asas/Halusah Estate and Mr. Muhammad Adi, in Unico 6 Estate confirmed the understanding of their roles and responsibilities.</p> <p>The identity and contact numbers of the SLO are made known to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviews conducted with workers during the audit verified that the workers do have easy access to the said SLOs.</p> | Complied |
| <p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance</p> | <p>The List of stakeholders at the IOI Unico Palm Oil Mill grouping was found to be adequately maintained and was noted to be kept current and updated.</p> <p>Noted that there are open and transparent methods for communication and consultation as recorded in the Stakeholder consultation meeting minutes and various workers and worker representative meetings held such as the OSH, ECC/JCC and GCC meetings. Communications records was noted to have taken into consideration the languages used particularly for the foreign / migrant workers who were predominantly Indonesian and some Filipino national workers,</p> | Complied |

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| | <p>who could basically understand the Bahasa Malaysia/Indonesian language.</p> <p>The updated Lists of stakeholders at the POM and estates was referenced for selection by the Audit team for sending invitation and contact with external stakeholders for both individual and group external consultation conducted independently by the Audit team. See indicator 6.1.1.</p> | |
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| <p>Criterion 6.3</p> <p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p> | <p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and found to be satisfactorily implemented in IOI Unico Palm Oil Mill Grouping.</p> <p>Among others, the affected parties have several options to register their complaints and grievances including via the Annual External and internal stakeholder consultations, morning muster, during ECC, GCC and Safety meetings and use of the Grievance Register/book made available at the offices at site.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanations given on how to utilise this system recorded which was verified by the Auditor through interviews conducted and records inspected.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance were addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received were found to be recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisors, as basically the Social Liaison Officers were of a higher authority than the field supervisors.</p> <p>It was noted that the workers were also allowed to elect their own representatives / leaders (ketua) in the JCC/ECC which were not being dictated by the management.</p> <p>Under the system established and implemented, the complaints and grievances are investigated, addressed and resolved based on their severity. It was further noted that the complaints were mostly minor issues such as repairs and other housing maintenance requests were found to be resolved within 2-3 working days, whilst any major complaints and grievances are considered and resolved based on urgency or budget involved. Requests such as construction of bigger meeting halls, school classrooms, better transport (vans) for the workers school children and weekend outings to nearest town and better recreational facilities were noted to have been considered by the Management and noted to be progressively provided and / or upgraded and also being planned in the annual budget as CSR activities.</p> <p>The procedures have also included maintaining strict privacy and confidentiality of complainants on any issues raised during</p> | <p>Complied</p> |

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| | <p>the Gender Consultative Committee (GCC) meetings or via the workers GCC representatives. There have been no complaints related to sexual harassment received so far.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.</p> <p>It was noted that IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee since Nov. 2017. Whistleblowing form was available online at IOI group website². The policy has stated that if in case of mutual resolution is not amicably achieved with complainants such as external stakeholders, the unresolved issues will be brought to attention of local authorities and/or RSPO Secretariat.</p> <p>¹ https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p> | |
| <p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p> | <p>Verified that all complaints and grievances received were documented either in the Grievance Register, meeting minutes for the JCC, GCC, Safety (OSH) meetings and annual stakeholder consultations respond forms and minutes.</p> <p>Decisions and action taken in response to the complaints and grievances received also well documented with sufficient supporting documents as evidences. Noted that all complaints and grievances are accessible to public, whilst the reports of the Gender representatives were handled with adequate care and confidentiality,</p> | <p style="text-align: center;">Complied</p> |
| <p>Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p> | <p>The IOI Group procedure and process for identifying legal, customary or user rights, and people entitled to compensation is sighted as maintained at the company's website.</p> <p>However, at Unico Palm Oil Mill grouping, it was verified that there were no customary, user rights land or land dispute with the neighbouring estates or villages.</p> <p>Therefore, there has been no records of any negotiation or compensation and no changes in status as at the audit period at the PMU site.</p> | <p style="text-align: center;">Complied</p> |
| <p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p> | <p>IOI as a group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. To date, there has been no dispute by any parties reported at the IOI Unico Palm Oil Mill Grouping.</p> | <p style="text-align: center;">Complied</p> |

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| <p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p> | <p>To date, there has been no dispute by any parties reported at this PMU grouping. Therefore, the process and outcome of compensation could not be observed.</p> | <p style="text-align: center;">Complied</p> |
| <p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p> | <p>In Unico Palm Oil Mill POM, the workers are paid with daily rate, whilst in IOI Unico Palm Oil Mill Grouping estates, most of the workers in the estates, as stated in the workers contract, are considered as “general workers” with piece rated pay. The pay conditions and other benefits were found to be clearly stated in the workers contract.</p> <p>Decision on workers’ wages were based on a memorandum dated 7/1/2019 to all IOI groups in Sabah including Unico Palm Oil Mill 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. Content of this policy is verified to be satisfactorily understood by workers in the grouping and fulfilled common industry standard as it is in accordance with the MAPA-NUPW agreement 2015 and Minimum Wages Order 2018.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Minimum Wage Policy.pdf</p> | <p style="text-align: center;">Complied</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.</p> <p>Workers contract is in Bahasa Malaysia which could be understood without difficulty by the foreign workers, who are Indonesian (majority) and Pilipino (minority).</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order (Nov 2018) and other relevant regulations are satisfactorily complied with.</p> <p>Monthly analysis was conducted on the wages received by all the workers. Jabatan Tenaga Kerja (JTK) (Labour Department) Sandakan and JTK Kunak, was consulted directly by the auditor. It was confirmed with the JTK that the Sabah Labour Ordinance and the minimum pay conditions for the workers was adhered.</p> <p>Currently wages to the foreign workers in IOI Unico Palm Oil Mill Grouping are paid by issuing cheques. During the audit and interviews conducted, there was no complaint from any of the workers on the mode of payment.</p> <p>To date, the JTK confirmed that there were no complaints from local nor foreign workers with regards to any unjust pay and working conditions. There was also no complaint raised during</p> | <p style="text-align: center;">Complied</p> |

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| | <p>any meeting and stakeholder consultation nor recorded in any Grievance Book</p> <p>At the time of audit, no embassies, i.e. Indonesian and the Philippine embassies, are known to have issued specific instructions that all employment contracts must be endorsed by the embassies before being used.</p> | |
| <p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p> | <p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 (Workers’ Minimum Standards of Housing and Amenities – Act 446). However, this act, as informed by JTK, is yet to be enforced in Sabah, thus IOI Unico Palm Oil Mill Grouping only implements relevant parts of the act.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are provided with adequate free accommodation at workers quarters with free electricity and treated water. Water treatment are available for each operating unit audited and testing of water quality by external lab is conducted regularly and the results verified to have met permissible regulatory limits. The workers quarters were clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are located in a safe distance from the houses</p> <p><u>Schools</u></p> <p>The migrant workers’ children are given free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are is under the purview of the operating unit management.</p> <p>HUMANA are mainly for children between 6-13 years old and Community Learning Centre (CLC) is for teenagers up to 15 years old. School children, both local and foreign, are transported with no charge from the operating units in suitable vehicles. A number of school buses sighted during the audit were used to transport the school children.</p> <p><u>Sundry shops</u></p> <p>Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>Creche is available in each operating unit and they are well maintained. The crèche caretakers are well trained on procedures of using the first aid kits as well as fire extinguisher. Depending on the operating unit management, some crèche are provided with biscuits or formulated milk powder. During the audit, children were found in good health and the surrounding of the crèche are all well maintained. No overcrowded crèche found and ratio between caretakers with children are well balanced.</p> <p><u>Clinics</u></p> <p>Clinics are located in within the vicinity of the estates and the POM. Together with the staff, the Health Attendance (HA) are also responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc. inspection by the staff conducted weekly, whilst inspection by HA conducted monthly. VMO make a monthly</p> | |

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| | <p>visit to the audited estates and check upon a few areas, e.g. referred patients and purchase of the medicines at the clinics, workers quarters, crèche. 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>During current audit, there were no further incidences of non-recording of illnesses in the workers case notes at the estate clinic which was also confirmed by the Visiting Medical Officer (VMO). Thus, previous NC: JMD-01 (2018) was sufficiently closed.</p> <p>Similarly, previous observation Obs: JMD-02, was sufficiently closed as there was implementation of a clear procedure on handling of medical records for transferred workers between the estate units.</p> <p>However, a non-compliance was raised as follows:</p> <ol style="list-style-type: none"> 1. Linesite inspection was insufficiently conducted. 2. No evidence of acknowledgement by the workers on the beneficiaries listed in FWCS insurance scheme | <p>Minor NC; 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 Unico Palm Oil Mill Grouping has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p> <p>It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon specific request.</p> | <p>Complied</p> |
| <p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p> | <p>Published statement recognising freedom of association is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy is available online at IOI website.¹</p> <p>¹ https://www.ioigroup.com/Content/S/S_Policy</p> | <p>Complied</p> |
| <p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p> | <p>As an alternative to workers union, IOI Unico Palm Oil Mill 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 from</p> | <p>Complied</p> |

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| | <p>Unico Oil Mill conducted on 4/1/2018 and from Ladang Halusah conducted on 25/2/2019.</p> <p>It was found that the workers are represented through their job sectors in these meetings. Representation through job sector is preferable than other sectors, e.g. housing blocks, religion or faith, because the workers have more and regular personal interactions during work hours. Representations through job sectors was verified did not affect the workers ability to raise issues related to social aspects.</p> <p>This practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the grouping.</p> | |
| <p>Criterion 6.7 Children are not employed or exploited.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>6.7.1 There shall be documentary evidence that minimum age requirements are met. Major Compliance</p> | <p>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading.</p> <p>HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which was built with the assistance from the IOI Management.</p> <p>Inspection of the employment records including site visit to the operating units and the practices mentioned above, proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the grouping.</p> | Complied |
| <p>Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance</p> | <p>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 Unico Palm Oil Mill 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> | Complied |
| <p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance</p> | <p>Based on interviews and feedback from the employees, 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> | Complied |
| <p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills,</p> | <p>All operating units audited in IOI Unico Palm Oil Mill Grouping kept and maintained records of their workers, including credentials and medical history. Credentials for foreign</p> | Complied |

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| <p>capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p>Minor Compliance</p> | <p>workers are mostly referring to the travel documents. 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>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <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 from Unico Oil Mill conducted on 15/12/2018 and from Tas/Halusah Estate conducted on 22/3/2019.</p> <p>Based on the regular meetings held between workers and the management, it was verified that that the said policy was satisfactorily understood by workers and adequately implemented in the PMU.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/policy_on_harassment_at_workplace.pdf</p> | <p>Complied</p> |
| <p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p> | <p>As per the IOI policy established, pregnant and breastfeeding women (both local and foreign) were exempted from work associated with potentially hazardous chemicals.</p> <p>Medical checkup was conducted on monthly basis for female workers handling chemicals, Justification given by the Management that this was ensure that any pregnancy will be detected early for work safety reasons, which was noted to be adequately explained to the workers.</p> <p>As per interviews conducted by the Auditor, with sampled local and foreign female workers, it was confirmed the reason for medical checkup was accepted by them and did not pose as infringement of their reproductive rights.</p> <p>Verified that there was provision in the said policy / guidelines on for appropriate actions and options for decisions to be made by the female workers themselves, if found to be pregnant.</p> <p>During the current audit, there were no female workers, both local and foreign, found to be pregnant in all operating units audited over the past 12 months.</p> | <p>Complied</p> |

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| <p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>Minor Compliance</p> | <p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the grouping has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are inaccessible to the public.</p> <p>In addition, since Nov. 2017 IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee. Whistleblowing form also available online at IOI group website.²</p> <p>¹ https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p> | <p>Complied</p> |
| <p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>Minor Compliance</p> | <p>FFB prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available for public to access at MPOB website.</p> | <p>Complied</p> |
| <p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p>Major Compliance</p> | <p>Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p> <p>However, a non-compliance was raised as follows:</p> <p>Unico POM:</p> <p>The explanation of the process of FFB pricing, pricing mechanisms such as set by MPOB, bunch weight sampling, grading, payment methods to the independent smallholders (31 nos), were not documented in a procedure with evidence of agreement of the process applied.</p> <p>Over the past 12 months, it is noted that there were Advance Payments and Month end payments made and pricing adjustments made was practiced and payments were acknowledged by the respective smallholders.</p> | <p>Major NC: AL-01</p> |
| <p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Minor Compliance</p> | <p>Based on employee contracts and JCC meeting minutes, it is evidence that all parties understand the contractual agreements they entered into and consider the contract as fair, legal and transparent.</p> <p>Interviews with parties concerned confirmed that Unico Palm Oil Mill grouping practices a fair and transparent business deals with local entrepreneurs. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored to follow safety requirements during the work in progress.</p> | <p>Complied</p> |
| <p>6.10.4 Agreed payments shall be made in a timely manner.</p> <p>Minor Compliance</p> | <p>The grouping has a policy to ensure agreed payments were made in a timely manner as agreed in the contract. Payments are made on time according to common practice of 60-day grace period. This was verified during interview with the stakeholders including the contractors.</p> | <p>Complied</p> |

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| 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 the estates to the local development can be demonstrated in the provision of facilities, services and where feasible, monetary. Some of the examples are; <ul style="list-style-type: none"> • Active involvement of the management to ensure the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. • Free transportation to schools for primary, secondary and Humana students. • Free housing for HUMANA and CLC teachers. • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • All expenses covered for recruitment related fees. This policy covers both new and qualified existing foreign workers. • The managements organised HFMD briefings to all HUMANA and CLC students by Medical Assistants and nurses from Kinabatangan Health Department. | 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 | The certification scope covered during the audit does not include the smallholders. Thus, this criteria is not applicable. It is noted that there were some neighbouring smallholders who have been selling FFB to the Unico Palm Oil Mill. But these smallholders have no contractual obligation to sell the FFB solely to Unico Palm Oil Mill | Not applicable |
| Criterion 6.12 No forms of forced or trafficked labour are used. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 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 Lahad Datu Regional office (LDRO). All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates. 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. It was also verified, workers are aware that legalising process of their dependents are their own responsibilities. The PMU provided necessary assistance such as reference address, transportation, supporting documents, advance payment, etc. for the workers who opted to legalise their dependents. It was | |

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| | <p>verified some invoices from recruitment agency did include charges for renewal of dependent passports.</p> <p>IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the expiry dates of their passports and work permits, FOMEMA tests until collection of work permits from the Immigration Office. Contractor workers were also verified to keep their own passports.</p> <p>A non-compliance was raised on following:</p> <ol style="list-style-type: none"> 1. No clear policy available on handling of excessively long work permit renewal process. 2. Insufficient recording and monitoring of passport handover from workers to the estate office for work permit renewals. 3. Procedure to handle passport of absconded workers has not been established. <p>Refer to the details of evidences in NC: JMD-02</p> | <p>Major NC: JMD-02</p> |
| <p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred.</p> <p>Minor Compliance</p> | <p>No issue of contract substitution has been found and this was confirmed through interviews mainly with internal stakeholders.</p> | <p>Complied</p> |
| <p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p>Major Compliance</p> | <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> | <p>Complied</p> |
| <p>Criterion 6.13 Growers and millers respect human rights.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1).</p> <p>Major Compliance</p> | <p>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.</p> | <p>Complied</p> |
| <p>6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government</p> | <p>The mill and estates had contributed towards the setting up of the HUMANA and CLC schools for children of all foreign</p> | <p>Complied</p> |

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| <p>school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance</p> | <p>workers, both for their primary and secondary level educations. It was verified that the school building, premises and basic utilities has been adequately maintained and transport has been provided free for children of the workers.</p> | |
|--|--|--|

Principle 7: Responsible development of new plantings

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

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

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the **RSPO PalmGHG v 3.0.1**. The record of submission made to the RSPO Secretariat for the current year was done in Mar 2019 as verified during the assessment.

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

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

SUMMARY OF NET GHG EMISSIONS

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

GHG Table 1: Summary of Net GHG Emissions (Period: Mar 2018 – Feb 2019)

| Emissions per Product | tCO ₂ e/Product |
|-----------------------|----------------------------|
| CPO | 0.16 |
| PK | 0.16 |

| Production | t/year |
|---------------|-----------|
| FFB processed | 91590.35 |
| CPO Produced | 18264.894 |

| Extraction | % |
|------------|-------|
| OER | 19.94 |
| KER | 5.17 |

GHG Table 2: Summary of Land Use

| Land use | ha |
|-----------------------------|----------------|
| OP planted area | 3996 |
| OP planted on peat | 0 |
| Conservation (non-forested) | 27.74 |
| Total | 4023.74 |

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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 | 4625.12 | 3.57 | - | - | - | - | 4625.12 | 3.57 |
| CO ₂ Emissions from Fertiliser | 2143.33 | 0.76 | - | - | - | - | 2143.33 | 0.76 |
| N ₂ O Emissions | 2408.4 | 0.77 | - | - | - | - | 2408.4 | 0.77 |
| Fuel Consumption | 949.75 | 0.38 | - | - | - | - | 949.75 | 0.38 |
| Peat Oxidation | 0 | 0 | - | - | - | - | 0 | 0 |
| Sinks | | | | | | | | |
| Crop Sequestration | -21595.42 | -8.05 | - | - | - | - | -21595.42 | -8.05 |
| Conservation Sequestration | 0 | 0 | - | - | - | - | 0 | 0 |
| Total | -11468.82 | -2.57 | | | | | -11468.82 | -2.57 |

GHG Table 4a: Summary of Mill Emissions and Credits

| | tCO ₂ e | tCo ₂ e/tFFB |
|--|--------------------|-------------------------|
| Emissions | | |
| POME | 14827.7 | 0.16 |
| Fuel Consumption | 844.22 | 0.01 |
| Grid Electricity Utilisation | 0 | 0 |
| | | |
| Credits | | |
| Export of Excess Electricity to Grid and Housing | -446.4 | 0 |
| Sales of PKS | 0 | 0 |
| Sales of EFB | 0 | 0 |
| Total | 15225.52 | 0.17 |

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

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

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

Criterion 8.1

Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.

| Indicators | Findings and Objective Evidence | Compliance |
|--|---|-----------------|
| <p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p> | <p>The POM has identified and implemented the following Continual Improvement Action Plans for 2017/2018:</p> <ul style="list-style-type: none"> • Use of Geotubes for continuous de-sludging of effluent ponds. • Burning of EFB into the incinerator for the ash which later used in the plantation as fertiliser. • Use of shell and fibre for the boiler to reduce consumption of diesel. • Biogas plant construction as budget planned for 2022. <p>The estates have identified and implemented the following Continual Improvement Action Plans:</p> <ul style="list-style-type: none"> • New School vans for the transport of workers children and other activities to Humana school • New PPE models - Respirator 3M200F for better protection to sprayers • New Water treatment system – BioRem • New Schedule Waste stores • Fertilizer bags are to be recycled and empty pesticide containers to be returned to supplier. • Recyclable waste will also be segregated accordingly for plastic, metal, paper and other inorganic materials. <p>For Social improvements:</p> <ul style="list-style-type: none"> • In Unico 6 specifically, new housing workers blocks were sighted during the replacing old wooden housing block, e.g. in Tutico/Supercrop and UP1 divisions. • In UP1 Division which is directly bordering with Simpang Jeroco (Jeroco road junction) small businesses stalls has provided rubbish collection services. • Free housing for HUMANA and CLC teachers. • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • All expenses covered for recruitment related fees. This policy covers both new and qualified existing foreign workers. • Organised HFMD briefings to all HUMANA and CLC students by Medical Assistants and nurses from Kinabatangan Health Department | <p>Complied</p> |

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| | Evidence of results was available for the above continuous improvement action plans. | |
|--|--|--|

3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

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

Details of findings are as follows:

General Chain of Custody Requirements for the supply chain:

| 5.1 Applicability of the general chain of custody requirements for the supply chain | | |
|--|--|------------|
| Indicators | Findings and Objective Evidence | Compliance |
| 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. UNICO 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 POM – UNICO Palm Oil Mill Sdn Bhd unit was registered in the RSPO PalmTrace. PalmTrace Member ID: RSPO_PO1000003796 License ID: CB71103 is identified during certified products trading. | 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 | Verified that this facility is a CPO Mill which applies Module E: Mass Balance (MB) only. | Complied |

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| <p>only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p> | | |
| <p>5.2.2. The site can use one (1) or a combination of supply chain models as audited and certified by the CB.</p> | <p>Verified that this facility is a CPO Mill which applies Module E: Mass Balance (MB) only.</p> | <p style="text-align: center;">Complied</p> |
| <p>5.3 Documented procedures</p> | | |
| <p>5.3.1. The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard. | <p>For CPO Mill - Mass Balance (MB) SOP for implementation of RSPO SC Module E - for CPO Mills (MB) at POM: - RSPO SC/SOP/ MB / 1 (Rev 02 dated 1 Dec 2018) is verified on site.</p> <p>The 'MB module' implementation is verified to be in compliance with the RSPO SCCS requirement. Production records are maintained and updated on a daily basis and monthly, 3-monthly and annually reports are compiled and for reporting to the IOI Group, HQ.</p> <p>The responsible person identified is the Mill Manager as per the SOP and Organizational chart. Interview done with the Mill Manager.</p> <p>IOI Unico POM - Mill Manager, Mr. Edmund Norbert, has been appointed as the person in charge for the overall responsibility and authority for implementation and compliance with the documented supply chain procedure. Confirmed that 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. 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>For CPO Mill - Mass Balance (MB) SOP for implementation of RSPO SC Module E - for CPO Mills (MB) at POM: - RSPO SC/SOP/ MB / 1 (Rev 02 dated 1 Dec 2018) is verified on site.</p> <p>The SOP covered the implementation of all elements of Supply chain modules. Stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements.</p> <p>The SOP had covered the Market Communications and Claims requirements including:</p> <ol style="list-style-type: none"> (1) General corporate communications (2) Business to business communications (3) Business to consumer communication (4) Stamp CSPO/MB or CSPK/MB (5) MB general & Module E: MB for CPO Mill (6) Labelling and trademark (7) Messaging <p>Last Internal audit was done on: 3 Mar 2019 using the checklist as per the RSPO SCC Standard 2017 which included the RSPO Market communication and claims requirements.</p> | <p style="text-align: center;">Complied</p> |

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| | <p>The last internal audit indicated 1 NC raised which were closed out after corrective actions taken. The Internal audit findings were reviewed during the management review conducted on 2 Apr 2019. The management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU.</p> <p>Records of Internal audits and minutes of Management review of past 2 years were maintained and available.</p> | |
| <p>5.4 Purchasing and goods in</p> | | |
| <p>5.4.1. The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping announcements/ Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. • A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the | <p>The CPO Mill applied the Mass Balance (MB) module.</p> <p>Daily Production Report showed traceable figures of certified products from certified FFB and also the non-certified FFB (from smallholders / outgrowers).</p> <p>All incoming FFB was recorded on daily basis. Summary of monthly data is verified.</p> <p>For the incoming certified FFB indicating: name and address of the product origin, name and address of the receiver; ticket number, delivery order no.; contract no.; date; quantity; transporter; type of product; Supply Chain model used - MB and RSPO certificate number.</p> <p>Incoming certified FFB from supply base are entirely from the stated 2 owned estates only i.e. Unico 6 and Ladang Asas (Tas & Halusah) estates. Note: The RSPO certification started on 1 July 2018. Samples of FFB receiving documents taken: Between 1 July – 31 Dec 2018 and 1 Jan – 31 Mar 2019. Delivery Notes: 204018 - 247921 WB ticket no: 121430 – 127985</p> <p>Origin: Unico 6 estate Address: Lahad Datu, Sabah Country of origin: Lahad Datu, Sabah, Malaysia Receiver: UNICO POM Address: Lahad Datu, Sabah Product: FFB – RSPO / MB Certified Quantity: 8,640 kg – 10,750 kg (Net per load) RSPO Cert no: RSPO 931688</p> <p>Origin: Ladang Asas (Tas & Halusah) estates Address: Lahad Datu, Sabah Country of origin: Lahad Datu, Sabah, Malaysia Receiver: UNICO POM Address: Lahad Datu, Sabah Product: FFB – RSPO / MB Certified Quantity: 7,810 kg – 9,790 kg (Net per load) RSPO Cert no: RSPO 931688</p> | <p style="text-align: center;">Complied</p> |

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| <p>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.</p> <ul style="list-style-type: none"> The validity of license for traders and distributors shall also be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements/announcements. | | |
| <p>5.4.2. The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p> | <p>As per the SOP available at the POM for the MB based incoming FFB and documentations such as Estates Delivery Notes and Weighbridge tickets at POM, the control mechanism noted to be in order. So far, there was no evidence of any occurrence of non-conforming products or related documents.</p> | Complied |
| <p>5.5 Outsourcing activities</p> | | |
| <p>5.5.1. In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing. 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> | Complied |
| <p>5.5.2. Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ol style="list-style-type: none"> The site has legal ownership of all input material to be included in outsourced processes; The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary. The site has a documented control system with explicit procedures for the outsourced process which is | <p>No outsourcing of processing activities noted at the POM.</p> | Not applicable |

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| <p>communicated to the relevant contractor.</p> <p>d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.</p> | | |
| <p>5.5.3. The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.</p> | <p>Transport contractor for the transportation of the CSPO & CSPK are monitored and valid contracts are available and verified at the POM.</p> | <p>Complied</p> |
| <p>5.5.4. The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products.</p> | <p>No outsourcing of processing activities noted at the POM.</p> | <p>Not applicable</p> |
| <p>5.6 Sales and goods out</p> | | |
| <p>5.6.1. The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer;</p> <ul style="list-style-type: none"> • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number of the seller; • A unique identification number. • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • 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 | <p>CPO Mill: Unico POM SB, sales and delivery documents information included:</p> <ul style="list-style-type: none"> - Name and address of production unit. - Name and address of buyer - WB Ticket number - Date of delivery - Transporter ID - Type of product / Supply chain model - Quantity: - RSPO certificate no. <p><u>Sample - Outgoing product - CSPO:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Unico POM SB - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - WB Ticket no. 121531 - Date: 21 Jul 2018 - Transport ID: SS 6532 K - Product: CSPO / MB - Quantity: 35,210 kg (net) - RSPO Cert no: RSPO 931688 <p><u>Outgoing product - CSPK:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Unico POM SB - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - WB Ticket no. 127621 - Date: 20 Jan 2019 - Transport ID: SS 2501 J | <p>Complied</p> |

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| <p>of shipments. Refer to section 5.7.1 of this document for further guidance.</p> | <ul style="list-style-type: none"> - Product: CSPK / MB - Quantity: 38,820 kg (net) - RSPO Cert no: RSPO 931688 | |
| 5.7 Registration of transactions | | |
| <p>5.7.1. Supply chain actors who:</p> <ul style="list-style-type: none"> • are mills, traders, crushers and refineries; and • take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable. | <p>Legal ownership and physically handling of the RSPO CSPO & CSPK is confirmed for the past 12 months. Records for the transactions made from the POM as sold to the next owner (IOI Edible Oils Sdn Bhd) are confirmed to be appropriately maintained.</p> <p>UNICO Palm Oil Mill Sdn Bhd unit was registered in the RSPO PalmTrace.</p> <p>PalmTrace Member ID: RSPO_PO1000003796 License ID: CB71103 is identified during certified products trading.</p> | Complied |
| <p>5.7.2. The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:</p> <ul style="list-style-type: none"> • Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures. • Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually. • Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. • Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements. | <p>The company has registered their transactions as per the Palm trace.</p> <p>Checked information: Transaction ID: stated Seller: Unico POM SB / IOI Commodity Trading SB Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPO Supply chain model: MB Quantity: stated Transaction type: Shipping Status: Confirmed Period: 15 July 2018 – Mar 2019</p> <p>Transaction ID: stated Seller: Unico POM SB / IOI Commodity Trading SB Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPK Supply chain model: MB Quantity: stated Transaction type: Shipping Status: Confirmed Period: 21 July 2018 – Mar 2019</p> | Complied |
| <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 signed attendance list as evidence are verified and available.</p> | Complied |
| <p>5.8.2.</p> | | Complied |

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| <p>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 in Jan 2019, attended 8 participants which included the Mill Manager, Executives, Assistants, Weighbridge clerks who are involved in implementation of the RSPO SCCS. Understanding by personnel was confirmed during audit at the POM.</p> | |
| <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> | <p>Complied</p> |
| <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> | <p>Complied</p> |
| <p>5.9.3. The organization must be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.</p> | <p>The PMU has updated the record keeping of the volumes of FFB purchased, processed and claimed as RSPO certified oil palm products. The Monthly, 3- Monthly, and Annual data over past 12 months was available.</p> | <p>Complied</p> |
| <p>5.10 Conversion factors</p> | | |
| <p>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.</p> | <p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p> | <p>Not applicable</p> |
| <p>5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual</p> | <p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p> | <p>Not applicable</p> |

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| performance or industry average if appropriate. | | |
| 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 (till Mar 2019) | Complied |
| 4.4 No misleading claim to consumers and stakeholders. | As above. | Complied |
| 4.5 Use of RSPO logo | No evidence of inappropriate use of the RSPO logo. | Complied |
| Business to Business communications | | |
| 5.1 Appropriate communications for B to B | Transactions and communications are presently internal i.e. between the IOI POM (seller) and IOI Edible Oils Sdn Bhd – Refinery (buyer) | Complied |
| 5.2 Communication of claims of SCC Model and Certificates | Verified that claims using the MB 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 |

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| 6.6 Use of RSPO Marks and logos | Verified that there was no inappropriate use of RSPO Marks & Logos. | Complied |
| 6.7 Retailer or Food Services company use of RSPO Marks and logos | Not applicable. | Not applicable |
| 6.8 Appropriate and accurate claims made on certified products under 6.7 | As above | Not applicable |
| 5.12 Complaints | | |
| 5.12.1. The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints. | Documented SOP for SCC at IOI HQ & POM, was verified on site had included the collecting and resolving of stakeholder complaints and any quality issues. There has been no complaint received since previous audit. | Complied |
| 5.13 Management review | | |
| 5.13.1. The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken | Management review is planned on an annual basis. Management review conducted on 2 Apr 2019 as per the management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU. The last management review done had covered the review of internal audit findings and improvement actions needed. | Complied |
| 5.13.2. The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. | Minutes meeting of management review has included all the required inputs. Review of inputs had covered the both the internal audit results of NC findings from external audits (from CB and other parties). Supplementary Management review was conducted in May for actions on CB NC finding during audit in Apr 2019. Review of corrective and preventive actions and the follow up actions from customer feedbacks, previous management review and changes that could affect the management system were minuted. | Complied |
| 5.13.3. The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs. | Outputs of management review has included recommendations for improvement such as the progressive planning for changeover to an SAP system and training needed for the personnel over the next 12 months. | Complied |

RSPO Supply chain requirements – Module E (MB) for CPO Mill

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| E.1 Definition | | |
| Indicators | Findings and Objective Evidence | Compliance |

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| <p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and sales volume of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p> | <p>The POM had processed FFB from its own supply base and from some external suppliers of FFB crop (see report under Section 1.3).</p> <p>The CPO Mill is therefore applying the Mass Balance (MB) module. Verified that the volume claimed is limited only to the products which are produced from the certified FFB.</p> | <p style="text-align: center;">Complied</p> |
| <p>E.2 Explanation</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. For an independent mill, the estimated tonnage of CPO and PK products must be recorded in the RSPO IT platform, supply chain certificate and public summary audit report. This figure represents the total volume of certified oil palm product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p> | <p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year.</p> <p>The actual tonnage produced has been reported in Section 1.8.2 Table 6 and Section 1.8.3 Table 7.</p> | <p style="text-align: center;">Complied</p> |
| <p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform).</p> | <p>Verified that the POM has met all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform).</p> | <p style="text-align: center;">Complied</p> |
| <p>E.3 Documented procedures</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> | <p>The documented SOP for RSPO Supply Chain Certification Standard has been established and implemented at the POM. For CPO Mill - Mass Balance (MB) SOP for implementation of RSPO SC Module E - for CPO Mills (MB) at POM: - RSPO SC/SOP/ MB / 1 (Rev 02 dated 1 Dec 2018) is verified on site. Verified that the procedure covered the implementation of all elements of MB Module that include Organization Chart, Management Functions & Job Descriptions, Claims, FFB Delivery Plantation to Mill, CPO/PK Delivery Mill to customer, Record Keeping and Training of personnel.</p> | <p style="text-align: center;">Complied</p> |

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| <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p> | <p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Mass Balance (MB) Module E.</p> | <p>Complied</p> |
| <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p> | <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Managers, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined in the SOP. POM Mill Manager, Mr. Edmund Norbert, was appointed as the person in charge for the overall responsibility and authority for implementation and compliance with the documented supply chain procedure. He and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module E requirements and its implementation.</p> <p>The latest RSPO SC Training based on SCCS (June 2017) was conducted on 8 Nov 2017 with total of 15 personnel in attendance including the POM Manager.</p> <p>Interviews of the Mill Manager, Assistants and relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> | <p>Complied</p> |
| <p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p> | <p>The SOP covers the receiving of FFB supply from the PMU estates and External / Outside Crop Producers.</p> <p>All supplies of FFB were subjected to verification of documents (delivery notes) to determine the origin, quantity and quality of the FFB.</p> <p>The Weighbridge Ticket for FFB indicated the date, vehicle number, estate & field number, harvesting date, security seal number and weight.</p> <p>All Storage tanks at the POM are designated as Mass Balance CPO and PK.</p> <p>Monthly FFB and CPO/PK Report and YTD Report for Jan – Dec 2018 and up till 31 Mar 2019 were verified to have complied with requirements of the MB Module whereby the Palm Oil Mill received and processed FFB from its own estates and Outside Crop Producers.</p> | <p>Complied</p> |
| <p>E.4 Purchasing and goods in</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>E.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p> | <p>The Mill verifies and records tonnages and supply source of FFB received at the weighbridge in the delivery notes and weighbridge tickets and all FFB data are entered by the weighing clerk into the computer system or reporting spreadsheet daily basis.</p> <p>Daily and monthly reports are submitted to the Regional Office and Kuala Lumpur Head Office through the Mill Performance Report (MPR) system.</p> <p>The production report from July – Dec 2018 till Mar 2019 were verified to follow the MB module.</p> | <p>Complied</p> |

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| | <p>Performance of FFB deliveries made using external transport contractors by the estates were satisfactorily monitored.</p> <p>It is additionally verified that the FFB received from external 3rd parties which are also processed by the POM, has been considered as non-certified FFB and products via the MB module.</p> | |
| <p>E.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p> | <p>The documented Supply Chain SOP has specified that POM Manager shall check production quantity against the certified amount and notify RSPO, the CB and Sustainability Department of any projected overproduction of certified tonnage.</p> <p>As at todate, there is no projected overproduction.</p> | Complied |
| E.5 Record keeping | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>E.5.1</p> <p>a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis.</p> <p>b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</p> <p>c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)</p> | <p>It is verified that the Production Reports for the quantities in the related records (i.e. FFB Delivery Note, Weigh Ticket, FFB & Truck Daily Summary, Production Report, CPO & PK Storage Report, and CPO & PK Delivery Orders.) were done on a real time basis. Inventory balance on 3 monthly basis was available for verification.</p> <p>Transaction documents and bookkeeping of CPO and PK are done daily and monthly summary report of FFB receipt, FFB processed, CPO production, PK production and balance stocks submitted to the Regional Office and Head Office at Putrajaya.</p> <p>Noted that the POM weighbridges (2 units) were duly calibrated with valid certificates.</p> <p>All volumes of CPO and PK produced are delivered and sold to another entity i.e. IOI Edible Oils Sdn Bhd (refinery) at Sandakan, Sabah.</p> <p>Deduction and conversion ratios for the volumes of CPO and PK delivered from the POM have been appropriately done and recorded. All deliveries of the MB sales are from positive stock.</p> <p>The POM had maintained a monthly summary of all receipts of FFB, production tonnage and dispatch of CPO and PK.</p> <p>All deliveries of the MB sales are from positive stock.</p> | 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 'MB' module and is thus eligible for **'MB' trading for its palm products for year 2019/2020.**

3.1.3 Monitoring of Certified Sustainable Products traded:

Trading of the CSPO and CSPK was performed via RSPO PalmTrace by the IOI Group HQ (Marketing Dept.) i.e. IOI Commodity Trading Sdn Bhd. Based on the records maintained at the POM, the traded volumes relied on

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internal communications of the trading done by the IOI HQ, on the CSPO and CSPK delivered to IOI Edible Oils Sdn Bhd (Refinery). See table below:

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

| Details required (as per RSPO Certification System document) | | |
|---|------------------|-----------------|
| | CPO (mt) | PK (mt) |
| Last year's (Projected) – Certified volume (RSPO Certified) | 17,360 | 4,340 |
| Note: Certified volumes from: 5 July 2018 - 4 July 2019 | | |
| 1) Last year's Actual sold volume (RSPO Certified) | 0.00 | 2,442.00 |
| 2) Last year's Actual sold volume (Other Schemes certified) | 0 | 0 |
| 3) Last Year's Actual sold volume (Conventional) | 17,238.56 | 1,785.00 |
| 4) Last year's Actual sold volume - via RSPO Credits | 0 | 0 |
| Total for Last Year's volume – Actual (1+2+3+4): | 17,238.56 | 4,227.00 |
| Note: Actual data verified for 1 July 2018 - 31 Mar 2019 | | |
| New (Projected) Certified Volume (RSPO Certified) | 16,200 | 4,253 |
| Note: Projected volumes from: 5 July 2019 – 4 July 2020 | | |

Notes:

- Data for items 1) to 3) was verified at HQ and checked against data at POM at as Apr 2019.
- No trading was applied via RSPO Credits as verified at IOI, HQ (Marketing Dept.)

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

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

| Assessment Type | Year | Noncompliance (NC) | Observations (OBS) | Follow up status |
|--------------------------|------|-----------------------|--------------------|--|
| Initial Assessment | 2018 | 3 (1 Major & 2 Minor) | 5 | 2019: Actions taken on the previous NCs and OBS verified to be effective during ASA-01. |
| Annual Surveillance - 01 | 2019 | 5 (3 Major & 2 Minor) | 2 | On-site Verification done on: 8-10 July 2019 for closure of Major NCs (2019). Actions taken verified for closure. Further follow up to be done during next assessment. |

3.2.1 Year 2019: 5 NCs (3 Major, 2 Minor)

| NC# | MYNI Indicator | Details of Non-Conformance (NC) |
|-------------------------|---------------------|---|
| Major: AL-01 | RSPO SCC | Date issued: 11 Apr 2019 Requirement: |

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| 5.3.2 | <p>5.3.2 The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <p>i) conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.</p> <p>ii) effectively implements and maintains the standard requirements within its organization.</p> |
| Statement of Nonconformance: | |
| <p>1. Annual Internal audit did not cover the latest RSPO Market Communications and Claims document.</p> <p>2. Documentation of Internal procedures applied at HQ & POM were not consistent.</p> | |
| Evidence of Nonconformance: | |
| <p>Location</p> <p>IOI HQ Office SOP: RSPO/SOP/COC/3, Rev 08, 03 Dec 2018, CSFFB, CSPO, CSPK, Traceability systems for Estates, Mills, Warehouses and Trading Companies Section 4.3 - Mills 4.3.1 – Refers to RSPO/SC/IP/3 on RSPO Supply Chain Module D (CPO Mills: Identity Preserved) However the RSPO Module E (CPO Mills: Mass Balance) was not stated – as applied in Unico POM</p> <p>At the POM: Above SOP was not referred to. Instead SOP used was: RSPO Supply Chain – Module E, CPO Mills - MB RSPO/SC/SOP/MB/1 Rev02, 1 Dec 2018, However implementation at CPO Mill was correct</p> <p>Section 5.1 – Internal Audit 5.1.3 – The internal audit carried out.....and RSPO Rules on Market Communications and Claims, version 2016.</p> <p>The internal audit conducted between 4 and 18 March 2019 had not referred to the latest version of said RSPO Market Communications and Claims document effective Jan 2019.</p> | |
| Root Cause and Corrective Action(s): by Auditee representative | |

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| | | <p>Root cause: The Supply Chain SOP reviewed at HQ were developed and reviewed (by Marketing Department, HQ) separately with the SOP reviewed at Unico Oil Mill (developed and reviewed by Regional Sustainability Team). This has cause some misalignment on some of them items in the content of both document.</p> <p>The Internal Audit at palm oil mill has not been referring to the revised RSPO Rules on Market Communications and Claims on January 2019. Due to unaware on the revised rule, the internal audit was still using the existing the template of the internal audit, which is adapted from the RSPO Supply Chain Certification Standard, June 2017.</p> <p>Corrective Action: The revision has been made in the SOP and Internal Audit to include the missing information.</p> <p>Attachments:</p> <ul style="list-style-type: none"> • Revised SOP from HQ include the RSPO Module E (CPO Mills: Mass Balance) • Revised clause on Internal Audit Template • SPO internal training on RSPO Supply Chain <p>Expected timeline for full implementation of CAP: July '19</p> | | |
| | | Verification on Corrective Action(s): by Lead Auditor / Auditor | | |
| | | <p>MAJOR NC: On-site Verification on: 08 -10 July 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Revised SOP, Internal Audit template and Internal training records were verified found to be adequate. Understanding by related personnel was confirmed via interview on-site.</p> | | |
| | | <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified on-site. The actions taken and implementation were found to have satisfactorily addressed the issue and acceptable for closure.</p> | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status closed by auditor: AL</td> <td style="width: 40%;">Date closed: 10 July 2019</td> </tr> </table> | NC status closed by auditor: AL | Date closed: 10 July 2019 |
| NC status closed by auditor: AL | Date closed: 10 July 2019 | | | |
| | | Verification of effectiveness: Next surveillance assessment | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor:</td> <td style="width: 40%;">Date verified:</td> </tr> </table> | NC status verified by auditor: | Date verified: |
| NC status verified by auditor: | Date verified: | | | |

| NC# | MYNI Indicator | Details of Non-Conformance (NC) |
|-------------------------|----------------|---|
| Major: AL-02 | 6.10.2 | Date issued: 11 Apr 2019 |
| | | Requirement: |
| | | 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). |
| | | Statement of Nonconformance: |
| | | There was no evidence available that miller have explained the FFB pricing, and pricing mechanisms for FFB and inputs/services noted not documented for the independent smallholder / suppliers. |
| | | Evidence of Nonconformance: |

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| | | <p>Location Unico POM: The explanation of the process of FFB pricing, pricing mechanisms such as set by MPOB, bunch weight sampling, grading, payment methods to the independent smallholders (31 nos), were not documented in a procedure with evidence of agreement of the process applied. Over the past 12 months, it is noted that there were Advance Payments and Month end payments made and pricing adjustments made was practiced and payments were acknowledged by the respective smallholders.</p> | | |
| | | <p>Root Cause and Corrective Action(s): by Auditee representative</p> | | |
| | | <p>Root cause: The FFB pricing mechanism as set by MPOB is used by the mill as the approach/reference of payment to the independent smallholder. The management had visited the smallholder several times to inform them on the FFB pricing mechanism. Additionally, the FFB pricing are also displayed near the weighbridge station and accessible to all independent smallholder on daily basis. However, there is no proper documentation on this effort has been prepared and recorded.</p> <p>Corrective Action: Documented statements will be established, where it will include all the relevant items such as payments, bunch weight sampling method, grading and pricing mechanism. This documented statement with clear explanation will be made available to all supplying estates</p> <p>Attachments:</p> <ul style="list-style-type: none"> • Documented statement on the pricing mechanism, bunch weight sampling, grading and payment method for supplying outsiders • Sample of document to be used by UOM to the independent smallholder/suppliers agreeing with the payment condition such as advance payment, adjustment price <p>Expected timeline for full implementation of CAP: July '19</p> | | |
| | | <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> | | |
| | | <p>MAJOR NC: On-site Verification on: 08 -10 July 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Details in the Statement of pricing mechanism and document of agreement with the independent smallholders/ suppliers were verified found to be adequate. Understanding via randomly interviewed smallholders on-site confirmed satisfactory outcome on the matter.</p> | | |
| | | <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified on-site. The actions taken and implementation were found to have satisfactorily addressed the issue and acceptable for closure.</p> | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status closed by auditor: JMD & AL</td> <td style="width: 30%;">Date closed: 10 July 2019</td> </tr> </table> | NC status closed by auditor: JMD & AL | Date closed: 10 July 2019 |
| NC status closed by auditor: JMD & AL | Date closed: 10 July 2019 | | | |
| | | <p>Verification of effectiveness: Next surveillance assessment</p> | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor:</td> <td style="width: 30%;">Date verified:</td> </tr> </table> | NC status verified by auditor: | Date verified: |
| NC status verified by auditor: | Date verified: | | | |

| NC#3 | MYNI Indicator | Details of Non-Conformance (NC) |
|--------|----------------|---|
| Minor: | 4.4.1 | <p>Date issued: 11 April 2019</p> <p>Requirement:</p> |

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| SH-01 | <p>An implemented water management plan shall be in place.</p> <ul style="list-style-type: none"> Take account of the efficiency of use and renewability of sources; Ensure that the use and management of water by the operation does not result in adverse impacts on other users within the catchment area, including local communities and customary water users; Avoid contamination of surface and ground water through run-off of soil, nutrients or chemicals, or as a result of inadequate disposal of waste including Palm Oil Mill Effluent (POME). Aim to ensure that the plantation activities do not cause adverse impacts to the water sources of local communities, workers and their families. No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate. Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1). Monitoring rainfall data for proper water management. |
| Statement of Nonconformance: | |
| The water management plan is generic in nature and action plan implemented is inadequate. | |
| Evidence of Nonconformance: | |
| <p>Location: 3. POM 4. Estate – Unico 6 and Ladang Asas</p> <p>There was no site specific water management plan drafted for the POM and estates. The water management plan provided is generic in nature. The plan has not taken into consideration the distribution of its resources and neither is there any contingency action plan in cases where there is shortage of water supply or the seasonal flooding occurrences at the Estates.</p> | |
| Root Cause and Corrective Action(s): by Auditee representative | |
| <p>Root cause: The water management document is mainly prepared as a grouping to ensure implementation are standardized for the whole group.</p> <p>The action plans to be implemented and monitored are tabulated to be site specific for each operating unit, however the document did not include the information on the distribution of its resources, dry season and flooding contingency plan</p> <p>Corrective Action: The document are reviewed and additional section are included such as</p> <ul style="list-style-type: none"> Executive Summary Management of water resources Flood contingency plan <p>Attached: Revised of Water Management Plan document for Unico Grouping only.</p> | |
| Verification on Corrective Action(s): by Lead Auditor / Auditor | |
| <p>Minor NC: On-site Verification on: 08 -10 July 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Details of additional site- specific issues in the respective Water Management Plans as submitted were verified found to be adequate for closure.</p> | |

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| | | Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified on-site. The actions taken and implementation were found to have satisfactorily addressed the issue and acceptable for closure. | |
| | | NC status closed by auditor: AL | Date closed: 10 July 2019 |
| | | Verification of effectiveness: Next surveillance assessment | |
| | | NC status verified by auditor: | Date verified: |

| NC#4 | MYNI Indicator | Details of Non-Conformance (NC) |
|---|----------------|---|
| Minor NC JMD-01 | 6.5.3 | Date issued: 11 Apr 2019 |
| | | Requirement: Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. |
| | | Statement of Nonconformance: Linesite inspection was insufficiently conducted. No evidence of acknowledgement by the workers on the beneficiaries listed in FWCS insurance scheme |
| | | Evidence of Nonconformance: |
| | | 1a) At the linesites of Unico 6 Estate (Tutico Div., Fasgro/Segaco/Topcrop Div.) and TAS-Halusah Estate, it was noted that there were external extensions made by the workers. The structural condition of the housing extensions were not inspected by competent personnel (e.g. carpenter) to ensure the extensions structure safety. |
| | | 1b) At Unico 6 Estate (Fasgro/Segaco/Topcrop Div.), at the linesite it is noted that several domestic waste platform for rubbish collection was in poor condition. There was one platform that was near collapse and improperly place at a sloping area. |
| | | 1c) At Unico 6 Estate (Fasgro/Segaco/Topcrop Div.), there was no inspection report on the old abandoned wooden houses during linesite inspections |
| 1d) In TAS-Halusah Estate (TAS Div.), it was noted the water level in the water tanks for toilet use in Humana school was not regularly monitored to ensure the water is sufficient for the students use. | | |
| 1e) In TAS-Halusah Estate (Tas Div.), during refilling, it was observed a few water tanks were overflowing. Noted that there was no cut-off float valves on the tanks | | |
| 2a) In UNICO 6 Estate, there was no record / evidence of acknowledgement by the workers on the beneficiaries listed in FWCS insurance scheme. | | |
| | | Root Cause and Corrective Action(s): by Auditee representative |

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| | <p>Root cause:</p> <p>1(a) The extensions made by workers is built by permission from estate management, as long as it is not blocking the emergency route. As for management, the concern is mainly for the emergency route.</p> <p>1(b) The domestic waste platform is in stages of repaired and build, however during the audit, it is in progress for Fasgro labour quarters. Arrangement of the platform location is not specific, as long it is easy to rubbish collector doing their task especially at the sloping area.</p> <p>1(c) Currently, there is no occupants stays at the old abandoned wooden house. Hence, there is not necessity for the inspection conducted and reported for the said area.</p> <p>1(d) The water level in Humana School is inspected by SPO Supervisor. However, the monitoring is not recorded in SPO Supervisor report.</p> <p>1(e) No installation of cut-off float valves on the water tank to monitor the water level at the workers house.</p> <p>2(a) The beneficiaries listed in FWCS Insurance Scheme and obtained through the interviews conducted during receiving of new workers (Induction Training). However, record/evidence of acknowledgment by the workers is not available.</p> <p>Corrective Action:</p> <p>1(a) The extension will be demolished, and any new structure is prohibited by estate management for the safety reason.</p> <p>1(b) The domestic waste platform will be repaired and the poor condition is changed to the new one. The location of the platform is re-arranged to the more suitable area. The domestic waste platform condition will be included in the linesite inspection report by SPO Supervisor.</p> <p>1(c) The old wooden house will be included in Linesite Inspection Report conducted weekly by SPO Supervisor and monthly by Medical Assistant.</p> <p>1(d) The monitoring of water level in Humana school water tank is included in weekly inspection of SPO Supervisor report.</p> <p>1(e) Estate management will install the cut-off float valves at the workers water tank and will be monitored by SPO Supervisor.</p> <p>2 (a) Record / evidence of acknowledgement by the workers on the beneficiaries listed in FWCS insurance scheme is keep by the estate management. The record will be verified by Assistant Manager/ Social Liaison Officer.</p> <p>Attached:</p> <ul style="list-style-type: none"> • Picture of extension structure demolished. • Memo from estate management regarding extension is prohibited. • Picture of the new/repair domestic waste platform and its location on non-sloping area. • SPO Supervisor report that included the report on condition of domestic waste platform. • Weekly building inspection report and monthly linesite inspection that included the old wooden house. • SPO Supervisor report that included the monitoring of water level for Humana school building • SPO Supervisor report included the monitoring of water tank after the installation of cut-off float valves. • Evidence of installation cut-off float valves for water tank at workers housing (eg, invoice and installation work picture). • Record / evidence of acknowledgement by the workers on the beneficiaries listed in FWCS insurance scheme and verified by Assistant Manager/Social Liaison Officer. |
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| | | Expected timeline for full implementation of CAP: July 2019 | | |
| | | Verification on Corrective Action(s): by Lead Auditor / Auditor | | |
| | | <p>Minor NC: On-site Verification on: 08 -10 July 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Details of the additional monitoring done, and records of checklists implemented were verified found to be adequate for closure.</p> | | |
| | | <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified on-site. The actions taken and implementation were found to have satisfactorily addressed the issue and acceptable for closure.</p> | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status closed by auditor: JMD & AL</td> <td style="width: 30%;">Date closed: 10 July 2019</td> </tr> </table> | NC status closed by auditor: JMD & AL | Date closed: 10 July 2019 |
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| NC status verified by auditor: | Date verified: | | | |

| NC#5 | MYNI Indicator | Details of Non-Conformance (NC) |
|----------------------------|----------------|--|
| Major NC JMD-02 | 6.12.1 | Date issued: 11 Apr 2019 |
| | | Requirement: |
| | | There shall be evidence that no forms of forced or trafficked labour are used. |
| | | Statement of Nonconformance: |
| | | <ol style="list-style-type: none"> 1) No clear policy available on handling of excessively long work permit renewal process. 2) Insufficient recording and monitoring of passport handover from workers to the estate office for work permit renewals. 3) Procedure to handle passport of absconded workers has not been established. |
| | | Evidence of Nonconformance: |

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| | | <p>1a) In Unico 6 Estate, permit renewal was 3 months before expiry including payments made. However, the return of the permit and passport from the approved Agent of the Immigration Dept. had taken eleven months, e.g. permit renewal process for worker ABB (B3590690) was between 21/1/2018 and 24/12/2018 and for worker AS (AT626077) between 3/1/2018 and 19/12/2018.</p> <p>1b) In UNICO 6 Estate, it was also noted that the work permits for five (5) foreign workers-Indonesians, are still at the Immigration Dept. since July 2018 (about 9 months) pending return to the worker.</p> <p>1c) In Tas-Halusah Estate, it was noted during the audit, work permits for one (1) foreign worker is still at the Immigration Dept. since Oct. 2018 (about 6 months) pending return to the worker.</p> <p>2a) In Unico 6 Estate, between Jun – Dec. 2018, it was observed passports handed over by the workers to the office for permit renewal purposes were not recorded. Thus, the monitoring of records are not clear.</p> <p>2b) In Unico 6 Estate, it was found that permit renewal process for two foreign workers, i.e. RA (AT962052) and HBB (AT962053), was not effectively monitored as the submission for renewal occurred three (3) months after the expiry of their work permits on 20/8/2018. It was stated by staff interviewed that in order to speed up the process with the appointed agency, the estate management had to make some additional payments to the Agency.</p> <p>3a) In Unico 6 Estate, it was found ten (10) passport of absconded foreign workers are still in the custody of the Estate office for over 3 months. The procedure on the management of the passports under such circumstances was not available during the audit.</p> |
| | | Root Cause and Corrective Action(s): by Auditee representative |

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| | | |
|--|--|---|
| | | <p>Root cause: 1a), 1b), 1d), 1 e) As the normal practice in region, there should be always a clerk in charge of monitoring the passport and permit movement including renewal process of the document. However, in Unico 6 Estate, there were no assigned person for the passport and permit matters after the clerk in charge resigned since June 2018.</p> <p>1(c) The worker is in 3+1 and rehiring programme (Special programme for foreign workers in Sabah). Estate had paid the compound and new application had been submitted to the Immigration Department. However, the process of renewal for permit took a long time due to pending from authority office.</p> <p>1(f) Absconded workers will be reported to police department every three months, to provide grace period for the workers to come back to work if they want to and avoid too much record of the report being made. However, no written procedure is available for the implementation.</p> <p>Corrective Action: 1a), 1b), 1d), 1 e) Appointment letter from the estate management is given to the person in charge (passport and permit matter). The appointment letter will be given for both Chief Clerk and Passport clerk in charge for shared responsibility in case of anyone of them resigned or transfer to other estate.</p> <p>Training will be given to both of the appointed person for their duty in handling the passport matter and included in estate training program.</p> <p>1(c) All the procedure for renewal of work permit had been completed. Follow up letter also has been submitted to HR Department.</p> <p>1(f) A written procedure for the passport handling matter will be produced by HR Department.</p> <p>Attached:</p> <ul style="list-style-type: none"> • Appointment letter for both Chief Clerk and passport clerk in charge. • Training to the appointed person on the passport and permit matter. • Training program that include the training for the passport appointed person. • Follow up letter submit to HR Department. • Document of Akuan Penerimaan Penyerahan Document from Immigration Department. • Document of Penyerahan Dokumen Kompaun from Immigration Department. • Written procedure of passport handling issued by HR Department. <p>Expected timeline for full implementation of CAP: July '19</p> |
| | | Verification on Corrective Action(s): by Lead Auditor / Auditor |

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|---|---------------------------|---|---|---------------------------|---|--|--------------------------------|----------------|
| | | <p>MAJOR NC: On-site Verification on: 08 -10 July 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Letter of appointment and Training records of appointed Chief Clerk and related personnel was interviewed and understanding and implemented done was verified as acceptable. However, the procedure on Passport handling (issued by the HR Dept) was still a draft document and details on specific roles and agreement on Terms & conditions with the appointed Employment Agencies used for passport renewals and processing with the Immigration Dept. were still inadequately defined at the time of on-site verification. Further detailed documentation was requested such as on the processing of foreign worker passports and mechanism for monitoring the Employment Agents/ Agencies and a finalised procedure which is endorsed by Management was to be submitted. The additional supporting evidences on the handling, processing and progress of follow up being done for delayed passports and permit renewals of workers were partially effective as at 30 August 2019. Full effective implementation would have to be verified in the next surveillance audit.</p> | | | | | | |
| | | <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified on-site. Further actions taken and implementations were found to have partially addressed the issue. Justification for interim closure is based on consideration that full and effective closure can be followed up in the next surveillance audit.</p> | | | | | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: JMD & AL</td> <td style="width: 30%;">Date closed: 30 Sept 2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next surveillance assessment</td> </tr> <tr> <td>NC status verified by auditor:</td> <td>Date verified:</td> </tr> </table> | NC status verified by auditor: JMD & AL | Date closed: 30 Sept 2019 | Verification of effectiveness: Next surveillance assessment | | NC status verified by auditor: | Date verified: |
| NC status verified by auditor: JMD & AL | Date closed: 30 Sept 2019 | | | | | | | |
| Verification of effectiveness: Next surveillance assessment | | | | | | | | |
| NC status verified by auditor: | Date verified: | | | | | | | |

3.2.2 Year 2019: Observations (2 nos)

| Ref No: | MYNI Indicator | Details of Observation | Status | | |
|-------------|----------------|--|---------------|-------------|----------------|
| | | | Opened date | Closed date | Remark, if any |
| OBS: SH-01 | 5.3.3 | At Estates audited: A number of trainings relating to environmental issues had been conducted such as HCV, buffer zone, handling and disposal of schedule waste over the past 12 months. However, there was no consideration for any training on landfill management and was not seen in the annual training plan / program. | 11 April 2019 | - | Next Audit |
| OBS: CBK-01 | 4.1.1 | At Estates audited: SOPs were available for estate including the SOP Land Preparation for Replanting (v 2007). The SOP for Replanting was noted to be generic. Site specific measures and actions e.g. for replanting currently at TAS field sites – (Block 92M, 92N, 92R, 92S) could not be explained clearly by the personnel on-site. | 11 Apr 2019 | - | Next Audit |

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| | | <p>The overall replanting planning and layout such as mapping for the field / collecting drains, distances of OP planting next to the drains was not produced at the time of audit.</p> <p>Apart from records of work progress, daily checks on works carried out by the contractor can be recorded for future reference (e.g resources used, compliance with safety and environment requirements etc.)</p> | | |
|--|--|---|--|--|

3.2.3 Year 2018: 3 NCs (1 Major, 2 Minor)

| NCR | MYNI Indicator | Details of NC |
|-------------------------|----------------|--|
| Major: SH-01 | 4.4.2 | Date issued: 13 April 2018 |
| | | Requirement: |
| | | 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. |
| | | Nonconformance: |
| | | Location: TAS Estate. |
| | | It was observed that there was no clear demarcation of the 'No Chemical Spraying' zone along the stretches of drains constructed. Water from these drains was found to lead into the main waterways. |
| | | At all estates: There were insufficient signages to indicate the riparian areas to be maintained. |
| | | Root Cause and Corrective Action(s): by Auditee representative |
| | | Root cause: The demarcation of some of the young, short palms within the 'no chemical spraying' zone were missed out by the workers during the marking work in area. However, as there is no evidence of chemicals spraying has been done in the area, this indicates that the workers in the estate is fully well aware of the existence of the area despite the fact that it has only been demarcated partially. Estate management had already erected a number of environmental awareness signboards multiple points in the estate. However, many of this signboards were not sighted and shown to the auditor during their field visit at the estate. |
| | | Corrective Action: The missing marking at some of the identified palms in the red zone (zon merah) has been marked immediately with ring red marking. Red zone (no chemical spraying zone) system is implemented to further ensure that the chemical from spraying activity will not be end up into the main waterways. The installation of additional environmental awareness signages will be included in the yearly sustainability planning as part of the continuous improvement plan. The location of the signboards also will be updated in the estate's map for easy reference and monitoring in the future. |
| | | Verification on Corrective Action(s): by Lead Auditor / Auditor |

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|--|-----------------------------------|--|---|---------------------------------|--|--|--|-----------------------------------|
| | | <p>MAJOR NC: Off-site Verification on date: 23 - 24 May 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences:</p> <ol style="list-style-type: none"> 1. Pictorial evidence of signboard and marked red zone (field drain) 2. Record of programme and work done in remarking the red zone 3. List name of workers for the work 4. Training for the workers (manurer & Sprayer) regarding the red zone area 5. Briefing for all workers regarding the newly demarcated red zone area. <p>Location of signboards indicated in the Estate maps</p> <ol style="list-style-type: none"> 1. Including yearly addition/maintenance of signboard inside the future Continuous Improvement Plan <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> | | | | | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by SH & AL</td> <td style="width: 40%;">Date closed: 4 June 2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Implementation was effective and closed during ASA-01</td> </tr> <tr> <td>NC status verified by auditor: SH</td> <td>Date verified: 11 Apr 2019</td> </tr> </table> | NC status verified by auditor: Closed by SH & AL | Date closed: 4 June 2018 | Verification of effectiveness: Implementation was effective and closed during ASA-01 | | NC status verified by auditor: SH | Date verified: 11 Apr 2019 |
| NC status verified by auditor: Closed by SH & AL | Date closed: 4 June 2018 | | | | | | | |
| Verification of effectiveness: Implementation was effective and closed during ASA-01 | | | | | | | | |
| NC status verified by auditor: SH | Date verified: 11 Apr 2019 | | | | | | | |

| NCR | MYNI Indicator | Details of NC |
|-------------------------|----------------|--|
| Minor: SH-02 | 5.3.3 | Date issued: 13 April 2018 |
| | | Requirement: |
| | | 5.3.3. A waste management and disposal plan to avoid or reduce pollution shall be documented and Implemented. |
| | | Nonconformance: |
| | | Location: UPI Estate. It was observed that unwanted tyres and other plastic waste materials were dumped into the waterway/stream near the area where local community is present. In addition this waterway was also not indicated in the estate map. |
| | | Root Cause and Corrective Action(s): by Auditee representative |
| | | <p>Root cause: The said area is located very near to the Kampung Lituk Pulau settlement. Occasionally, there is discharge of unwanted waste materials from human activity (from the village) which found ended up in the main waterways at the said area. There is no known sufficient waste management mechanism in the village provided by the local authorities. Periodical cleaning of the roadside to avoid waste material going into the waterways has been done at least once a month, but unfortunately the issue is keep repeating itself especially if there is a large water (along with the rubbish/waste) discharge during the raining days.</p> <p>Corrective Action: The estate management has took immidiateaction to clean up the waste materials in the area. The estate will be planning to install railings/fencing/rubbish trap at the particular point at the roadside which have a direct access to the waterways. This will also includes cementing the area for easier cleaning in the future. Subsequently, inspection will be conducted at the area at least once in two weeks. Cleaning is scheduled to be carried out once a month and/or after inspection conducted (if needed).</p> |

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| | | Verification on Corrective Action(s): by Lead Auditor / Auditor | |
| | | <p>Minor NC: Off-site Verification on date: 23 May 2018 Corrective Actions taken: As stated above Supportive evidences: As received are:</p> <ol style="list-style-type: none"> 1. Pictorial evidence of cementing of the sides/banks near the junction & railing fixed 2. Pictorial evidence for cleaning the waterways 3. Inspection schedule for the UP1 waterways 4. Record book for inspection at the area and cleaning done 5. Signboard at site and office to indicate the cleaning done and next cleaning schedule. 6. Signboard "Dilarang Membuang Sampah" 7. Location drainage in map <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> | |
| | | NC status verified by auditor: Closed by SH & AL | Date closed: 23 May 2018 |
| | | Verification of effectiveness: Implementation was effective and closed during ASA-01 | |
| | | NC status verified by auditor: SH | Date verified: 11 Apr 2019 |

| NCR | MYNI Indicator | Details of NC |
|--------------------------|----------------|--|
| Minor: JMD-01 | 6.5.3 | Date issued: 13 April 2018 |
| | | Requirement: |
| | | 6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. |
| | | Nonconformance: |
| | | Location: UNICO 6 estate |
| | | Two workers were confirmed by the VMO with severe hypertension and diabetic conditions. However, this vital medical information was not recorded in the workers case notes at the estate clinic. |
| | | Root Cause and Corrective Action(s): by Auditee representative |
| | | <p>Root cause: The two workers that were first assessed by the EHA; was directly referred to the VMO as there were limitation on medical testing and medications to control their diagnosis in the estate's clinic. Records are fully kept by the VMO thus clinic kept no records of the workers, only guided by the VMO's comment.</p> <p>Corrective Action: Any workers that seek treatment from the clinic estate and detected with any medical problems will be issued with a case note and directly referred to the VMO. The case note including a copy of medical report will be kept in the clinic. EHA Estate will issue a letter based on recommendation by VMO to the workers that having medical problem and referred them to the panel clinic or government hospital for further treatment. A memo will be issued by Senior Safety & Health Officer to inform all EHA on IOI Lahad Datu clinic practice regarding medical case note.</p> |
| | | Verification on Corrective Action(s): by Lead Auditor / Auditor |

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|---|-----------------------------------|--|--|---------------------------------|---|--|---|-----------------------------------|
| | | <p>Minor NC: Off-site Verification on date: 23 May 2018 Corrective Actions taken: As stated above Supportive evidences: As received are:</p> <ol style="list-style-type: none"> 1. Evidence of medical case note 2. VMO visiting report book 3. EHA letter recommendation from VMO to the workers that having medical problems. 4. Memo issued by Senior Safety & Health Officer to EHA <p>Conclusion: Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> | | | | | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by JMD & AL</td> <td style="width: 30%;">Date closed: 23 May 2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Implementation was effective and closed during ASA-01.</td> </tr> <tr> <td>NC status verified by auditor: JMD</td> <td>Date verified: 11 Apr 2019</td> </tr> </table> | NC status verified by auditor: Closed by JMD & AL | Date closed: 23 May 2018 | Verification of effectiveness: Implementation was effective and closed during ASA-01. | | NC status verified by auditor: JMD | Date verified: 11 Apr 2019 |
| NC status verified by auditor: Closed by JMD & AL | Date closed: 23 May 2018 | | | | | | | |
| Verification of effectiveness: Implementation was effective and closed during ASA-01. | | | | | | | | |
| NC status verified by auditor: JMD | Date verified: 11 Apr 2019 | | | | | | | |

1.2.4 Year 2018: 5 Observations

| Ref No: | MYNI Indicator | Details of Observation | Status | | |
|----------------|----------------|--|---------------|-------------|----------------|
| | | | Opened date | Closed date | Remark, if any |
| OBS: AL-01 | 2.1.3 | Location: Unico 6 estate Mechanism for ensuring compliance: The status of Legal Permits and Licenses maintained need to show complete details of expiry dates and for all units / divisions. | 13 April 2018 | 11 Apr 2019 | Addressed |
| OBS: CBK-01 | 4.6.9 | Location: Estates Smallholders should be included in the Training programme to enhance their knowledge and skills on pesticides handling and proper records of such trainings to be maintained. | 13 April 2018 | 11 Apr 2019 | Addressed |
| OBS: SH-01 | 5.3.3 | Location: POM 1. Although an area has been demarcated for storage of waste materials, such as metal waste, the arrangement was improperly managed. 2. Lack of information on the layout of the effluent ponds, its location and functions. 3. The construction or condition of the steps leading to the effluent pond area pose a safety hazard to users. | 13 April 2018 | 11 Apr 2019 | Addressed |
| OBS# JMD-01 | 6.1.3 | Location: POM and Estates Plans for avoidance or mitigation of negative impacts and promotion of the positive ones are sighted. These plans are developed based on inputs received from the stakeholders. | 13 April 2018 | 11 Apr 2019 | Addressed |

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| | | However, the SIA data and results compilation can be improved for further mitigation and improvement. | | | |
| JMD-02 | 6.5.3 | Location: POM and estates The process to ensure that medical records will follow transferred workers to his/her new place of work within IOI group sites could be improved. | 13 April 2018 | 11 Apr 2019 | Addressed |

3.2.3 Identified Positive Elements

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

3.3 Feedback Raised by Stakeholders and Findings

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

3.3.1 Feedback Raised by Stakeholders (Year 2018: Main Assessment)

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

| Stakeholders' Feedback | PMU Response | CB verification / comments | Follow up comments (if any) |
|--|--|--|--|
| Government Agencies: Feedback received: Sabah Forestry Dept. (SFD) via faxed letter dated 23 March 2018. Recommendations made on: a) Environmental Protection b) Biodiversity Conservation c) Employment Opportunities d) Community development Conclusion: SFD supports the PMU to be certified under the RSPO Scheme. | The recommendations made by SFD are considered for continual improvement. Ongoing consultations with SFD will be maintained. | Verified during on-site assessment that most of the SFD recommendations were implemented under the findings made under RSPO Principles 1, 2, 3, 4, 5 and 6. | Improvements were implemented as verified in 2019 audit. |
| Non-Governmental Organizations: Feedback received from National Union of Plantation Workers (NUPW) via email on 9 March 2018. Recommendations made include: Need for consistent implementation of ILO guidelines decent work and decent work agenda by Malaysian companies on: 1) No employment discrimination 2) Fair, decent wages and benefits 3) Adherence to Collective agreements 4) Proper standards of housing and transport services to nearest town. | The recommendations made by NUPW are considered for continual improvement. IOI continues to implement fair working conditions as per the ILO guidelines. | Verified during on-site assessment that most of the NUPW recommendations were implemented under the findings made under RSPO Principles 1, 2, 3, 4, 5 and 6. | Improvements were implemented as verified in 2019 audit. |

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| <p>5) Proper community services for health and education. 6) Compliance within employment legislation</p> | | | |
| <p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the various stakeholder categories were invited for the Stakeholders' Consultation on 12 Apr 2018. A total of 13 stakeholders: 2 governmental representatives, 2 transporters, 1 local community representative, 2 suppliers, 6 outgrowers and smallholders were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews include: a) Outgrower and smallholders representatives proposing more guidance, briefing and training on the implementation of RSPO requirements b) More gatherings to foster better rapport between local communities and the PMU. c) Continued assistance the general rubbish disposal at KM 40 Jeroco road junction, roadside stalls.</p> | <p>Ongoing consultations with the respective stakeholders will be maintained.</p> | <p>Findings were reported during the current audit.</p> | <p>Improvements were implemented as verified in 2019 audit.</p> |
| <p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 6 to 12 Apr 2018 at the PMU:</p> <p>Staff/Workers sampling: POM - 12 male, 8 female Estate Offices - 10 male, 12 female Field/sites visit -15 male, 21 female</p> <p>All complaints & issues has been allowed, properly recorded and attended to by the Mill & Estate management. No further new issues raised by the sampled staff and workers.</p> | <p>Ongoing consultations via ECC, Safety & Heath, Gender committee meetings etc. will be maintained.</p> | <p>Findings were reported during the current audit. No further response needed.</p> | <p>Improvements were implemented as verified in 2019 audit.</p> |
| <p>Other Interested parties: No feedback received.</p> | <p>No response needed.</p> | <p>No response needed.</p> | <p>Nil</p> |

3.3.2 Feedback Raised by Stakeholders (Year 2019: ASA-01)

Communication done via email prior assessment since 27 Feb 2019 to various categories of stakeholders (see list under **section 2.5**):

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| Stakeholders' Feedback | PMU Response | CB verification / comments | Follow up comments (if any) |
|---|---|---|-----------------------------|
| Government Agencies: No feedback obtained. | Continued consultations will be maintained. | No response needed. | - |
| Non-Governmental Organizations: No feedback obtained. | Continued consultations will be maintained. | No response needed. | - |
| Local Communities - Stakeholders' Consultation: Selected stakeholders representing the various stakeholder categories were invited for the Stakeholders' Consultation on 11 Apr 2019. A total of 16 stakeholders: 1 replanting contractor, 1 FFB transporter/villager, 2 NGOs (Humana), 12 outgrowers and smallholders 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 include: <ol style="list-style-type: none"> 1. Expediated action is required from the estate management on request for school amenities, e.g. tables and chairs. 2. HUMANA school in TAS-Halusah Estate (TAS Div.) frequently flooded and interfere with students learning. 3. Maintenance requires on the road in front of the Unico Oil Mill main gate. 4. Request to extend the service of IOI clinics to nearby smallholders. 5. Request to extend the service of schedule waste contractor to the smallholders. | Management will consider the requests made and further improvement actions will be taken. Continued consultations with the stakeholders will be maintained. | Monitoring to continue during next surveillance | |
| Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 8 to 11 Apr 2019 at the PMU: Staff/Workers sampling: POM - 12 male, 8 female Estate Offices - 10 male, 12 female Field/sites visit -15 male, 21 female All complaints & issues has been allowed, properly recorded and | Ongoing consultations via ECC, Safety & Heath, Gender committee meetings etc. will be maintained. | Monitoring to continue during next surveillance | . |

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| attended to by the Mill & Estate management. No further new issues raised by the sampled staff and workers. | | | |
| Other Interested parties: No feedback received. | No response needed. | No response needed. | Nil |

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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

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

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

Signed for and on behalf of
Intertek Certification International Sdn Bhd



Augustine Loh
Lead Assessor

Date: 1 Oct 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd



Mr. Thevendran Balan Nair
Senior Manager – Unico Group

Date: 2 Oct 2019

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

| | |
|-----------------------------------|--|
| Certificate No: | RSPO 931688 |
| Original Start / Issue date: | 5 July 2018 |
| Expiry date: | 4 July 2023 |
| New PalmTrace License Start date: | 5 July 2019 |
| PalmTrace License End date: | 4 July 2020 |
| Parent Organization | IOI Corporation Berhad |
| Address of Head Office: | Level 28, IOI City Tower Two, Persiaran IRC 2, IOI Resort City, 62502, Putrajaya, Malaysia |
| RSPO Membership No: | 2-0002-04-000-00 |
| Plantation Management Unit: | Unico (Sabah) Grouping |
| Address of POM: | 1.8km Jalan Jeroco Off Mile 13, Lahad Datu Sandakan, Sandakan Highway, P.O Box 61532, 91123 Lahad Datu, Sabah, Malaysia |
| Standards: | RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for the Palm Oil Mill. |
| Certification scope: | Production of Crude Palm Oil and Palm Kernel |
| Supply Chain module for POM | Mass Balance (MB) |

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

| Name | Address | GPS Reference | | Mature Planted area (ha) | Certified (Titled) Area (ha) |
|--|---|---------------|-----------------|--------------------------|------------------------------|
| | | Latitude | Longitude | | |
| Unico Palm Oil Mill (Capacity: 60 MT/hour) | 1.8km Jalan Jeroco Off Mile 13, Lahad Datu Sandakan, Sandakan Highway, P.O Box 61532, 91123 Lahad Datu, Sabah, Malaysia | N 5°09'00.16" | E 118°13'19.43" | - | - |
| Unico 6 Estate | MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia | N 5°11'44.77" | E 118°18'07.32" | 2,087 | 2,263.76 |
| Ladang Asas Estate (Tas & Halusah) | MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia | N 5°14'24.00" | E 118°16'12.00" | 887 | 2,021.85 |

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

| Unico (Sabah) POM | Annual Tonnages (MT) |
|---------------------|----------------------|
| Certified FFB | 81,000 |
| Certified CPO | 16,200 |
| Certified PK | 4,253 |
| Supply chain module | Mass Balance (MB) |

Appendix A:**Qualifications of Lead Assessor and Assessment Team****Mr. Augustine Loh (AL) – Lead Assessor / Technical Expert**

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

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

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

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

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

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

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

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

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

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

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

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Appendix B:

Assessment Plan (Actual)

At HQ site: 5 Apr 2019

| Date | Time | Assessors and Assessment Activity | | | |
|------------|-------------------|--|--|--|--|
| | | Assessment Team (Lead Assessor: AL) | | | |
| 5 Apr 2019 | 9.00 am – 1.00 pm | Opening Meeting and Briefing at HQ Office (to be attended by representatives from the HQ Management) | | | |
| | | <ul style="list-style-type: none"> • Review of documentation changes (incl. Organisation, Policies, SOPs, and Laws etc.) • Evaluation of the Pre-Verification Data • Review of Time Bound Plan (TBP) • Verification on compliance with Minimum requirements for Multiple Management Units (MMU) • Verification of implementation effectiveness for corrective actions on previous NCs | | | |
| | 1.00 pm - 2.00 pm | Lunch Break | | | |
| | 2.00 pm – 4.30 pm | Continue site assessment at HQ | | | |
| | 4.30 pm – 5.30 pm | Briefing of findings on areas/ issues related to HQ | | | |

At PMU site: 8 -11 Apr 2019

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

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| | | |
|--|-------------------|-----------------------------|
| | 5.00 pm – 6.00 pm | Travel to Hotel & Break |
| | 6.00 pm – 7.00 pm | Team Meeting and Discussion |

| Date | Time | Assessors and Assessment Activity | | | |
|---------------------------|--------------------|--|---|--|---|
| | | AL | CBK | SH | JMD |
| 9 Apr 2019 (Day 2) | 8.30 am – 12.30pm | Site assessment at Ladang Asas Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement | Site assessment at Ladang Asas Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement | Site assessment at Ladang Asas Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement | Site assessment at Ladang Asas Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement |
| | 12.30 pm – 1.30 pm | Lunch Break | | | |
| | 1.30 pm - 5.00 pm | Continue site assessment at Ladang Asas Estate | | | |
| | 5.00 pm – 6.00 pm | Travel to Hotel & Break | | | |
| | 6.00 pm – 7.00 pm | Team Meeting and Discussion | | | |

| Date | Time | Assessors and Assessment Activity | | | |
|----------------------------|--------------------|--|---|--|---|
| | | AL | CBK | SH | JMD |
| 10 Apr 2019 (Day 3) | 8.30 am – 12.30pm | Site assessment at Unico 6 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement | Site assessment at Unico 6 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement | Site assessment at Unico 6 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement | Site assessment at Unico 6 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement |
| | 12.30 pm – 1.30 pm | Lunch Break | | | |
| | 1.30 pm - 5.00 pm | Continue site assessment at Unico 6 Estate | | | |
| | 5.00 pm – 6.00 pm | Travel to Hotel & Break | | | |
| | 6.00 pm – 7.00 pm | Team Meeting and Discussion | | | |

| Date | Time | Assessors and Assessment Activity | | | |
|----------------------------|--------------------|---|---|----|-----|
| | | AL | CBK | SH | JMD |
| 11 Apr 2019 (Day 4) | 8.30 am – 11.00 am | Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations | Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers (incl. External FFB Suppliers) • Transporters | | |

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| | | |
|---------------------|---|--|
| | <ul style="list-style-type: none"> • P3 Economic & Financial Viability • SCC for POM | <ul style="list-style-type: none"> • NGOs • Government Department / Agencies • Local Community <p>Notes</p> <ol style="list-style-type: none"> 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement |
| 11.00 am – 12.00 pm | Evaluation of documentation & implementation status of FBB supply from External Suppliers (incl. Outgrowers & Smallholders e.g. Listing, GPS points, Legality & level of RSPO P&C compliance readiness) | |
| 12.00 – 1.00 pm | Site assessment follow up on any specific criteria/areas on POM or Estates | |
| 1.00 pm – 2.00 pm | Lunch Break | |
| 2.00 pm – 3.00 pm | Team Meeting and Preparations for Closing Meeting | |
| 3.00 pm – 4.00 pm | Discussions with PMU Management Representative | |
| 4.00 pm – 5.00 pm | Closing Meeting & Briefing at Palm Oil Mill Office | |
| 5.00 pm onwards | Travel back to Hotel | |

Appendix: Assessment Team Competency Matrix

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

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Appendix C-1:

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



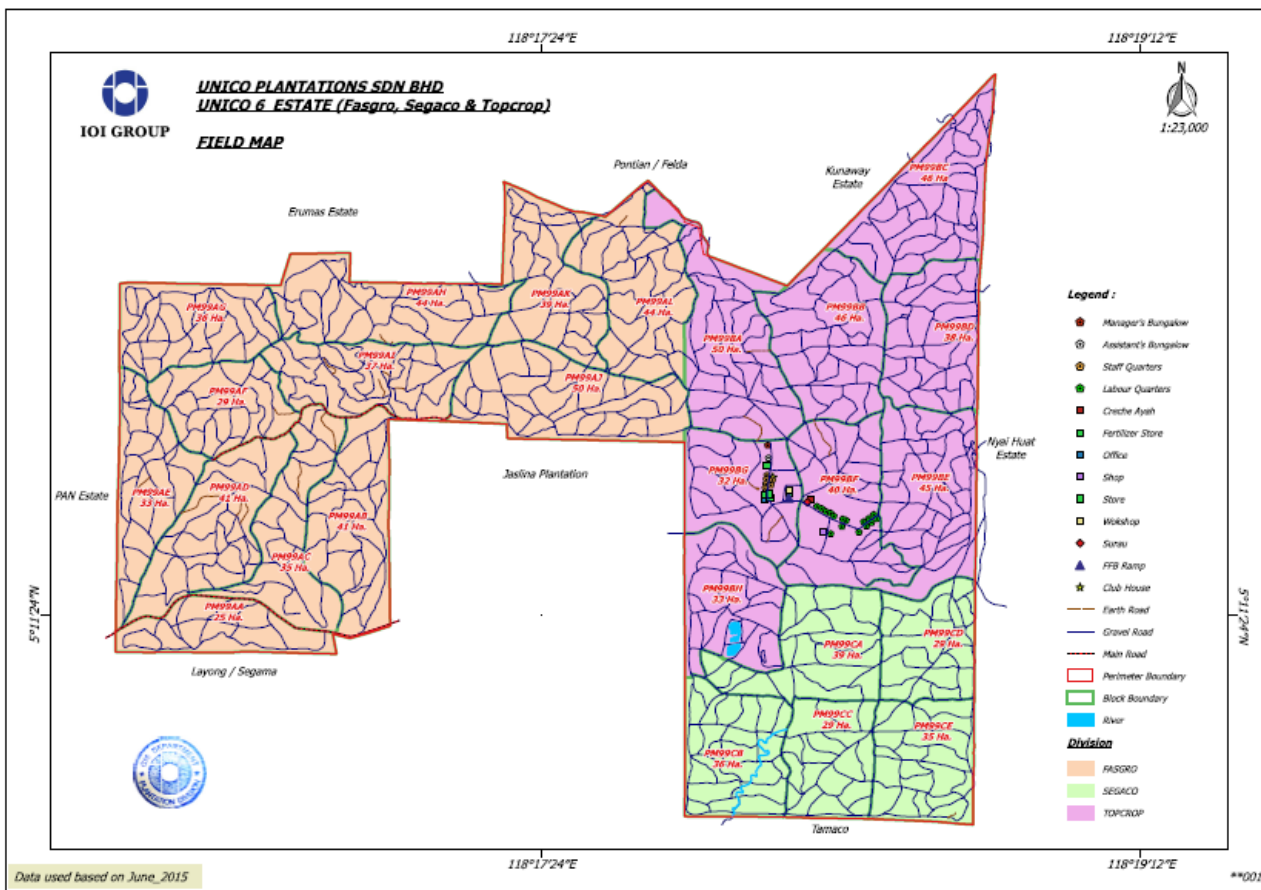
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Appendix C-2-1A: Map of Unico 6 – FST estate



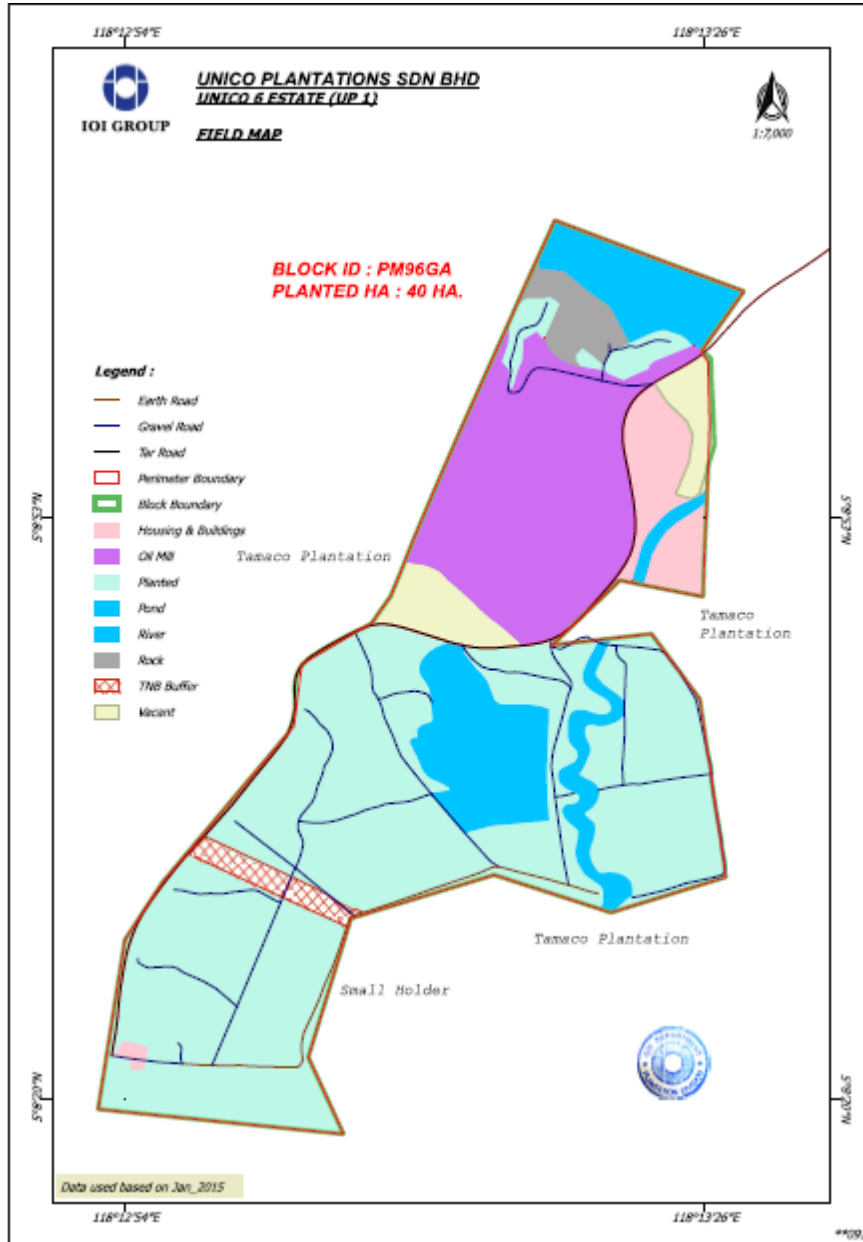
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Appendix C-2-1B: Map of Unico 6 - UP estate



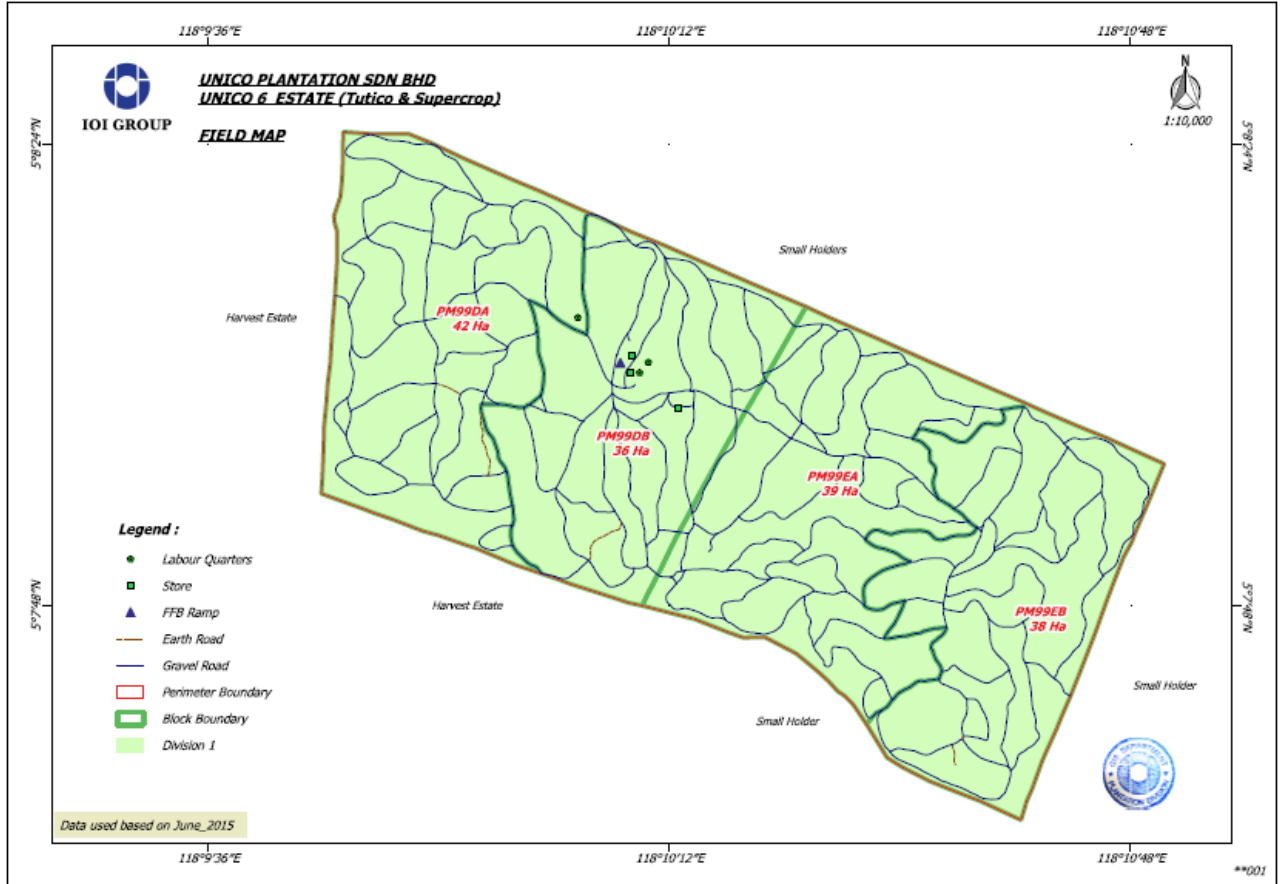
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Appendix C-2 -1C: Map of Unico 6 – T & S estate



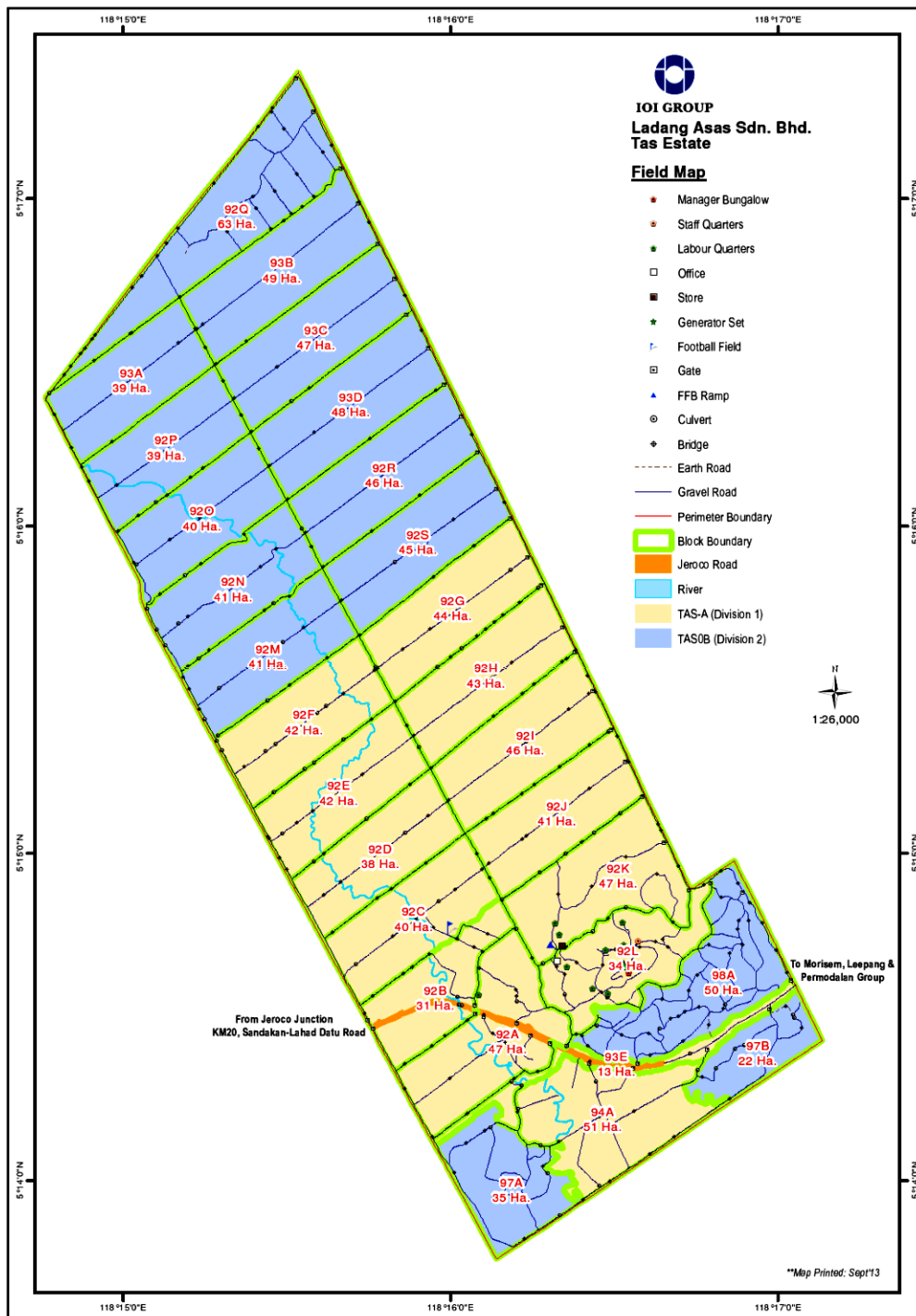
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Appendix C-2-2A: Map of Ladang Asas (Tas estate)

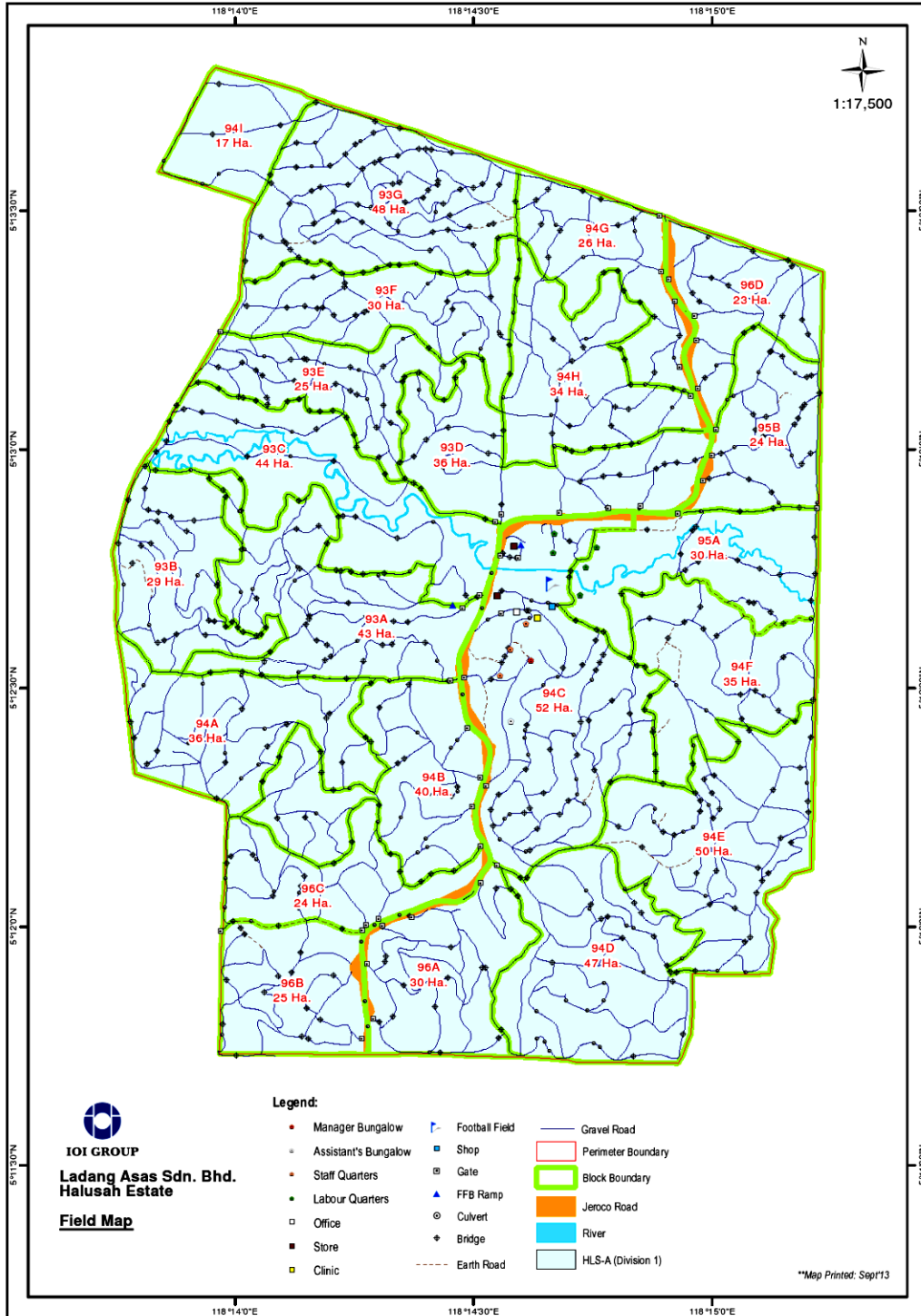


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Appendix C-2-2B: Map of Ladang Asas (Halusah estate)



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Appendix D:

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (31 March 2019)

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

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| No | PMU | Supply Bases (Estate Name) | Main Assessment | Certification Status | Status | Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1 RSPO Certification Systems for Principles & Criteria |
|-----|------------------------------|--|-----------------------|---------------------------|---|--|
| 9. | Leepang (Sabah) POM | Morisem 5, Leepang 1, Leepang 5, Permodalan 1, Permodalan 2, Permodalan 3, and 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 and 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, And 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, and 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), 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) |

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| No | PMU | Supply Bases (Estate Name) | 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>with the community leaders. The workshop was followed by 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 engaged with the communities for CSR initiatives especially on road repair matters</p> <p>Further and updated progress of this issue could be accessed through the link below;</p> <p>(a) IOI Pelita Land Dispute</p> <p>(b) IOI Pelita Land Dispute Resolution Process</p> <p>(c) RSPO Case Tracker – IOI Pelita Status of Complaints</p> <p>(d) IOI Pelita Land Dispute Chronology</p> |
| 16. | PT SKS, Indonesia | SKS 1, SKS 2, and SKS 3 | Planned - 2019 | Uncertified Unit | In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in August 2019 | <p>Update on the RSPO Suspension and complaint by Aidenvironment – Final verification by RSPO CP was conducted in end of January 2018.</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018.</p> <p>IOI will continue to work with the RSPO Investigation and Monitoring Unit on the implementation of its Action</p> |

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

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

CB Evaluation and verification:

Based on the evaluation done, the IOI Group was able to demonstrate commitment and provide positive assurance statements on its commitment to continued compliance with the RSPO P&C Certifications Systems (Jun 2017) Clause 4.5 (Minimum requirements for multiple management units) for all its certified and non-certified units. Monitoring done of the Timebound Plan and details of progress provided by IOI Group units were evaluated and actions taken found to be appropriate and satisfactory in complying with the RSPO requirements.

- End of Report -