

# IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

**Unico (Sabah) Grouping**

Lahad Datu, Sabah, Malaysia



Valued Quality. Delivered.

## Assessment Report

*"This report (including any enclosures and attachments) has been prepared for the exclusive use and benefit of the addressee(s) and solely for the purpose for which it is provided. Unless we provide express prior written consent, no part of this report should be reproduced, distributed or communicated to any third party. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor do we owe any duty of care to any third party in respect of this report."*

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 2 of 76

## MAIN ASSESSMENT REPORT ON RSPO CERTIFICATION

### PUBLIC SUMMARY REPORT

#### IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT  
**Unico (Sabah) Grouping**  
Lahad Datu, Sabah, Malaysia

**Certificate No:**

Original issued date:

Issued date:

Expiry date:

**RSPO 931688**

5 July 2018

5 July 2018

4 July 2023

**Assessment Type**

Main Assessment

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

**Assessment Dates**

09 – 12 April 2018

**Intertek Certification International Sdn Bhd**

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

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

Website: www.intertek.com

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 3 of 76

## TABLE OF CONTENTS

Section	Content	Page No
<b>1.0</b>	<b>SCOPE OF ASSESSMENT</b>	4
1.1	Introduction	4
1.2	Location (address, GPS and map) mill, estates and hectarage	4
1.3	Description of supply base (fruit sources)	4-5
1.4	Year of plantings and cycle	5
1.5	Summary of Land Use – Conservation and HCV Areas	5
1.6	Other certifications held and Use of RSPO Trademarks	6
1.7	Organizational information/contact person	6
1.8	Tonnages Verified for Certification	7-8
1.9	Time Bound Plan	8
1.10	Abbreviations Used	9
<b>2.0</b>	<b>ASSESSMENT PROCESS</b>	10
2.1	Assessment Methodology, Plan & Site Visits	10
2.2	Date of next scheduled visit	10
2.3	Qualifications of the Lead Assessor and Assessment Team	10
2.4	Certification Body	10
2.5	Process of Stakeholder consultation	11-12
<b>3.0</b>	<b>ASSESSMENT FINDINGS</b>	13
3.1	Summary of findings	13-53
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	53-58
3.3	Summary of Feedback Received from Stakeholders and Findings	58-59
<b>4.0</b>	<b>ASSESSMENT CONCLUSION AND RECOMMENDATION</b>	60
4.1	Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings	60
4.2	Intertek RSPO Certification Details for Unico (Sabah) Grouping	61
<b>APPENDICES</b>		
Appendix A	Qualifications of the Lead Assessor and Assessment Team	62
Appendix B	Assessment Plan	63-65
Appendix C	Maps of location – Mill and Estates	66-71
Appendix D	Photographs of Assessment findings at Unico (Sabah) Grouping	72
Appendix E	Time Bound Plan for Multiple Management Units	73-74
Appendix F	Summary of RSPO Complaints Panel Case Tracking and Decisions on IOI	75

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 4 of 76

## 1.0 SCOPE OF ASSESSMENT

### 1.1 Introduction

This **Main Assessment** was conducted on the Plantation Management Unit (PMU) Unico (Sabah) Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **9 -12 Apr 2018**, to assess the organization's operations of the mill and its supply bases 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.

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	Address	GPS Reference	
		Latitude	Longitude
Unico Palm Oil Mill (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 6 Estate	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	N 5°11'44.77"	E 118°18'07.32"
Ladang Asas Estate (Tas & Halusah Division)	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	N 5°14'24.00"	E 118°16'12.00"

### 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 hectareage for the FFB supply for Unico (Sabah) Grouping are as shown in Table 2 below.

**Table 2: Estate Area Summary**

Estate	Area Summary (ha) Year 2018	
	Certified (Titled) Area	Planted Area
Unico 6 estate	2,263.76	2,087
Ladang Asas estate (Tas & Halusah Division)	2,021.85	1,909
<b>Total:</b>	<b>4,285.61</b>	<b>3,996</b>

Notes:

- 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.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 5 of 76

2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
3. There has been no significant change in the current sizes of the certified land areas in comparison with the previous year data.

### 1.4 Summary of plantings and cycle

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

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

Estate Name	Year of Planting	Cycle of Planting	* Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total Planted (ha)
Unico 6 Estate	1996 - 2000	1 <sup>st</sup> Cycle	2,087	0	2,087
Ladang Asas Estate (Tas & Halusah)	1992 - 1998	1 <sup>st</sup> Cycle	967	0	1,909
	2015 - 2017	2 <sup>nd</sup> Cycle	0	942	
<b>Total</b>			<b>3,054</b>	<b>942</b>	<b>3,996</b>

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

### 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: Conservation and HCV Areas**

#	Statement of Land Use (Ha)	Hectarage – Ha (Year 2018)
<b>1</b>	<b>Planted Area (ha) – Oil Palm</b>	
	<b>Mature (Production)</b>	3,054
	Immature (Non-Production)	942
<b>2</b>	<b>Conservation Area (ha)</b>	
	Comprising unplantable areas such as steep & hilly areas and /or swampy areas.	31
<b>3</b>	<b>HCV Area (ha)</b>	
	Comprising buffer zones areas near river riparian, forest reserves, water catchments, burial & religious sites.	0

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 6 of 76

### 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:

Dr. Raymond Alfred  
Sustainability Head / Coordinator  
IOI Plantation Services Sdn Bhd  
IOI City Tower Two, Persiaran IRC 2,  
IOI Resort City, 62502, Putrajaya, Malaysia  
Tel: 603-89478888  
Fax: 603-89478988  
Email: raymond.alfred@ioigroup.com

At Unico (Sabah) Grouping:

Mr. Hiew Yin Foh  
Plantation Controller – Unico Group  
IOI Plantation Services Sdn Bhd  
Tel: 089 509101/102  
Fax: 089 509100  
Email: unicogmoffice@ioigroup.com

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 7 of 76

### 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 (Jan – Dec 2017) shown in Table 5 below:

**Table 5: Tonnages Verified for Certification**

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	RSPO P&C Certification By CB
1.	Unico 6 estate	48,768.19	Unico Oil Mill	Intertek
2.	Ladang Asas estate (Tas & Halusah)	26,876.79	Unico Oil Mill	Intertek
	<b>Total (Unico PMU):</b>	<b>75,644.98</b>		
	<b>External / Other suppliers*</b>	16,164.36	Various POM	Non-certified
	<b>Grand total:</b>	<b>91,809.34</b>		

Note\* : The were about 28 external suppliers (outgrowers and smallholders) which all 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 (Actual + Projected)		FFB for processing in Year 2018 (Projected)	
	MT	%	MT	%
Unico grouping estates - under certification	75,644.98	82.4	86,800	82.5
Other external suppliers - non certified	16,164.36	17.6	18,400	17.5
Total	91,809.34	100.0	105,200	100.0
SCCS Model for POM	MB		MB	

Note. Output is expected to increase in year 2018 as the young palms replanted at Ladang Asas mature in 2018.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 8 of 76

**1.8.3** The annual tonnages of FFB, CPO and PK production by the PMU Grouping assessed and verified during current assessment and projected (2018) for certification are detailed as follows:

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

POM	Year 2017 (Actual)		Year 2018 (Projected)	
<b>Certified FFB Processed (MT)</b>	“ 75,644.98		86,800	
<b>Certified CPO Production (MT)</b>	* 14824.42	OER: 19.6%	17,360	OER: 20%
<b>Certified PK Production (MT)</b>	* 3782.25	KER: 5.0%	4,340	KER: 5%
<b>SCCS Model for POM</b>	MB		MB	

Note: \* Quantities produced in year 2017 are considered as ‘non-certified’ quantities as this is a Main Assessment.

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.**

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

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

Today IOI Group manages a total of 19 Plantation Management Units (PMU) which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia.

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

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

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

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

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

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

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

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



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 9 of 76

### 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

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 10 of 76

## 2.0 ASSESSMENT PROCESS

### 2.1 Assessment Methodology, Plan and Site Visits

Since 6 Mar 2018, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Unico (Sabah) Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 9 – 12 Apr 2018, the Assessment team of Intertek conducted the Assessment in which **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.

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 11 of 76

## 2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

### Government Agencies (by emails)

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

### Statutory Bodies (by emails)

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

### NGOs and others (by emails)

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 12 of 76

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

Local community (On-site interviews)

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

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 13 of 76

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of findings

##### Principle 1: Commitment to transparency

<b>Criterion 1.1</b> 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
<b>1.1.1</b> 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.  <b>Minor Compliance</b>	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.  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: 2017  <a href="https://rspo.org/members/acop/search?name=IOI&amp;member_type=&amp;acopyear=">https://rspo.org/members/acop/search?name=IOI&amp;member_type=&amp;acopyear=</a>  The tracking of cases and issues made publicly available which were monitored and reviewed by the CH include: 1) Complaints – Case Tracking 2) NPP – Case Tracking  Verified during assessment that the above information were updated to the latest progress made. <b>See report - Appendix F.</b>  Date of public notification of this assessment of the PMU was made on: <b>6 Mar 2018</b>  As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.	Complied
<b>1.1.2</b> Records of requests for information and responses shall be maintained.  <b>Major Compliance</b>	The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.  The POM and estates had conducted its internal and external stakeholders' consultations for year 2017.  The respective internal and external stakeholders' consultations were held between 12 Nov and 8 Dec 2017.  Records of participants and feedbacks / responses were maintained and appropriate actions were taken.	Complied
<b>Criterion 1.2</b> Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
<b>1.2.1</b> Management documents that are made available to the public shall include, but are not necessarily limited to:	Management documents relating to environmental, social and legal issues were verified to be maintained and	Complied

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

Page 14 of 76

<p><b>Major Compliance</b></p>	<p>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.</p> <p>(<a href="http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845">http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845</a>) (see <b>Appendix F</b>).</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> <li>• land titles/user rights,</li> <li>• occupational health and safety plan,</li> <li>• plans and impact assessments relating to environment and social impacts,</li> <li>• pollution prevention plans,</li> <li>• details of complaints &amp; grievances,</li> <li>• negotiation procedures</li> <li>• continuous improvement plan</li> <li>• Public summary of certification assessment report.</li> <li>• Human Rights Policy.</li> </ul> <p>Since then, further changes were implemented accordingly and these include:</p> <p><b>Sep 2017: IOI submitted its Sustainability Report</b>  <a href="http://www.ioigroup.com/Content/S/S_Policy">http://www.ioigroup.com/Content/S/S_Policy</a>        IOI uploaded the Social Responsibility report by BSR  <a href="http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf">http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</a></p> <p><b>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.</b>  <a href="http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856">http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</a></p> <p><b>12 Jan 2018: IOI Group on Pelita Sdn Bhd, Sarawak</b>  <a href="http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869">http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869</a></p> <p><b>29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report</b>  <a href="http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf">http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</a></p> <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates.</p> <p>Continual Improvement Action Plans include budgets approved and progress implementations for social, environmental improvements and crop productivity.</p>	
<ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> </ul>	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 15 of 76

<p>• Occupational health and safety plans (Criterion 4.7);</p>	<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"> <li>• Safety &amp; Health Committee meetings were held quarterly.</li> <li>• Annual medical surveillance,</li> <li>• Accident Reporting &amp; Investigation,</li> <li>• Workplace inspection,</li> <li>• CHRA assessment,</li> <li>• Air compressors annual inspection,</li> <li>• Warning signs,</li> <li>• Chemical Register,</li> <li>• SOP for safe work,</li> <li>• PPE usage,</li> <li>• MSDS/CSDS,</li> <li>• JKKP 8 reporting of accidents annually,</li> <li>• Emergency Response Plan (ERP),</li> <li>• Emergency drills,</li> <li>• 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),</li> <li>• Monthly KPI Report on HSE performance,</li> <li>• Monthly Safety inspection &amp; audit by Safety Officer,</li> </ul> <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>Complied</p>
<p>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</p>	<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 2017 for the external and internal stakeholders. Both positive and negative impacts were identified. Action plans were documented and implemented.</p>	<p>Complied</p> <p><b>Refer also to OBS: JMD-01</b></p>
<p>• HCV documentation (Criteria 5.2 and 7.3);</p>	<p>The Internal "HCV and Conservation Areas" Assessment were reviewed between 12 and 22 Nov 2017 at the POM &amp; Estates audited. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective Estates.</p>	<p>Complied</p>
<p>• Pollution prevention and reduction plans (Criterion 5.6);</p>	<p>Pollution Prevention Management Plans were reviewed annually for FY2017/2018.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals,</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 16 of 76

	hydraulic oil, filters, obsolete electrical and electronic equipment) and domestic wastes disposal, reuse and recycling (scrap iron, paper, plastic and glass).	
• Details of complaints and grievances (Criterion 6.3);	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook.</p> <p>Logbook entries were examined and found to be satisfactorily maintained. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>For the latest updates on complaints issues against the IOI Group, refer to <b>Appendix F - Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group</b>.</p>	Complied
• Negotiation procedures (Criterion 6.4);	<p>Presently, there is no conflict/dispute requiring negotiation on compensation at this PMU.</p> <p>Negotiation procedure and flowchart was available and maintained.</p> <p>The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: <a href="http://www.rspo.org/members/status-of-complaints">http://www.rspo.org/members/status-of-complaints</a></p> <p>Refer also to details in <b>Section 1.9: Time bound Plan</b>.</p>	Complied
• Continual improvement plans (Criterion 8.1);	<p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented.</p> <p>The plans include the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, environmental and social programs such as recycling and providing new housing quarters for the workers, assistance in the HUMANA schools for children of foreign workers and better medical facilities and benefits for all employees.</p>	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).	<p>The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised on 12 Jun 2017. The said policy was further revised in Oct 2017 - refer to:</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. <a href="http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856">http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</a></p> <p>Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.</p>	Complied
<p><b>Criterion 1.3</b> Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
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	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.	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 17 of 76

<p>documented and communicated to all levels of the workforce and operations.</p> <p><b>Minor Compliance</b></p>	<p>The following are included:</p> <ul style="list-style-type: none"> <li>- Diversity and Respect in the workplace,</li> <li>- Equal Opportunity Employment,</li> <li>- Protecting the Environment,</li> <li>- Safety, Health and Security at Work,</li> <li>- Managing Documents,</li> <li>- Intellectual Property and Information,</li> <li>- Management and Security in our Computing Environment,</li> <li>- Data Privacy</li> <li>- Employee Privacy in the Communication and Computing Environment</li> <li>- Gifts, Benefits or Entertainment,</li> <li>- Bribes and Kickbacks,</li> <li>- Employment of Family Members and Relatives.</li> </ul> <p>Verified that copies of the policy were found to be displayed at prominent locations in the POM and estates and easily viewed by the workers.</p> <p>Refer also to: 29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report <a href="http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf">http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</a></p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM &amp; estates during current assessment.</p>
--	---

### Principle 2: Compliance with applicable laws and regulations

<b>Criterion 2.1</b>		
There is compliance with all applicable local, national and ratified international laws and regulations.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>2.1.1</b> Evidence of compliance with relevant legal requirements shall be available.</p> <p><b>Major Compliance</b></p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates in Jan 2018 for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage &amp; storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

Page 18 of 76

	<p>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 &amp; Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH. 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 2017. (See indicator 4.7.2)</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities.</p>	
<p><b>2.1.2</b>          A documented system, which includes written information on legal requirements, shall be maintained.  <b>Minor Compliance</b></p>	<p>The Register of Legal requirements for identifying, determining, reviewing and updating of applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

Page 19 of 76

	Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.	
<b>2.1.3</b> A mechanism for ensuring compliance shall be implemented. <b>Minor Compliance</b>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> <p>The PMU had conducted the annual internal audit on 28 - 29 Oct 2017 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained.</p> <p>Observation raised:  <b>Location: Unico 6 estate</b>  <b>The status of Legal Permits and Licenses maintained need to show complete details of expiry dates and for all units / divisions.</b></p>	<b>OBS: AL-01</b>
<b>2.1.4</b> A system for tracking any changes in the law shall be implemented. <b>Minor Compliance</b>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register.</p> <p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. Monitoring of changes to the applicable laws and regulations was carried out through periodical review in accordance with the documented procedure.</p> <p>Noted that change had included the Minimum Wage Order 2016 which came into effect in 1 July 2016 was implemented.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<b>Criterion 2.2</b> 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.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>2.2.1</b> 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. <b>Major Compliance</b>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The land titles were issued by the Sabah State Government for a concession period of 99 years which will expire in 2081.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p> <p>There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied
<b>2.2.2</b> There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves.	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of agricultural crop of economic value.</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 20 of 76

<p><b>Minor Compliance</b></p>	<p>Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estate land titled boundaries.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	
<p><b>2.2.3</b> Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p><b>Minor Compliance</b></p>	<p>Verified that there has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	<p>Not applicable</p>
<p><b>2.2.4</b> There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</p> <p><b>Major Compliance</b></p>	<p>There were reported instances of any land conflicts in this PMU.</p>	<p>Not applicable</p>
<p><b>2.2.5</b> For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable).</p> <p><b>Minor Compliance</b></p>	<p>There was no land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	<p>Not applicable</p>
<p><b>2.2.6</b> To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p> <p><b>Major Compliance</b></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>Not applicable</p>
<p><b>Criterion 2.3</b> 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><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>2.3.1</b> Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p> <p><b>Major Compliance</b></p>	<p>Maps showing the extent of the legal boundary of the Estates were available.</p> <p>The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas.</p> <p>There is no dispute on the land rights in this PMU.</p> <p>The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping is not required.</p>	<p>Complied</p>
<p><b>2.3.2</b> Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p>	<p>The 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</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 21 of 76

<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><b>Minor Compliance</b></p>	<p>legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	
<p><b>2.3.3</b> All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p><b>Minor Compliance</b></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><b>2.3.4</b> Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p><b>Major Compliance</b></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><b>Criterion 3.1</b> There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>3.1.1</b> A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p><b>Major Compliance</b></p>	<p>The POM and Estates had documented their respective Business / Management Plans for FY 2016/2017 to FY 2020/2021 at the PMU which was available and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> <li>(1) Staff and Labour requirements;</li> <li>(2) Crop projection; FFB yield/ha trends;</li> <li>(3) Mill extraction rates; OER trends;</li> <li>(4) Cost of Production; Cost/mt FFB trends;</li> <li>(5) Cost of Production; Cost/MT CPO trends;</li> <li>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.);</li> <li>(7) Budget for Environmental, Social, Safety &amp; Health, Training and Promotions.</li> </ol> <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>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 22 of 76

	<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><b>3.1.2</b> 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><b>Minor Compliance</b></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: Replanting is expected in year 2021 onwards only.</p> <p>Ladang Asas estate: Replanting had started since 2015 and is progressively ongoing and expected to complete in 2019.</p>	<p style="text-align: center;">Complied</p>

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

<b>Criteria 4.1</b> Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>4.1.1</b> Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p><b>Major Compliance</b></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"> <li>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. This was revised i.e. Doc No IOI/StOP/A on 01 July 2017 (Issue 02).</li> <li>2. Quality, Environmental and Occupational Health &amp; Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling.</li> <li>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.</li> <li>4. SOP for Supply Chain: RSPO/SOP/COC/3, Issue 5, dated 1 Jan 2018 (revised)</li> </ol> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at POM.</p> <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> <li>1. Group SOP for Estate Operation. The SOP describes operational procedure for oil palm DxP seed production, planting density, pre-nursery seedlings, land clearing &amp;</li> </ol>	<p style="text-align: center;">Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 23 of 76

	<p>preparation, oil palm planting technique, leguminous cover plant, fertilizer application for immature &amp; 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.</p> <p>2. SOP for riparian zone management with specified buffer zones.</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control at Estates.</p>	
<p><b>4.1.2</b> A mechanism to check consistent implementation of procedures shall be in place. <b>Minor Compliance</b></p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records were checked by the respective Assistant Managers and Managers regularly.</p> <p>These records were satisfactorily maintained during the on-site visit.</p>	<p style="text-align: center;">Complied</p>
<p><b>4.1.3</b> Records of monitoring and any actions taken shall be maintained and available, as appropriate. <b>Minor Compliance</b></p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits.</p>	<p style="text-align: center;">Complied</p>
<p><b>4.1.4</b> The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). <b>Major Compliance</b></p>	<p>The POM had monitored and maintained records of all FFB received for processing including those from 3<sup>rd</sup> parties which have been supplying FFB over the past 12 months.</p> <p>Verified that records of the 3<sup>rd</sup> party FFB has been properly maintained. The quantity from these 3<sup>rd</sup> parties only constituted about 17.6% 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 2017, informing 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 style="text-align: center;">Complied</p>
<p><b>Criteria 4.2</b> Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.2.1</b> 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. <b>Minor Compliance</b></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 style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
**Unico (Sabah) Grouping: Main Assessment**

Page 24 of 76

	Fertilizer application at the estate fields had adhered to the recommendations at all estate levels.	
<b>4.2.2</b> Records of fertiliser inputs shall be maintained. <b>Minor Compliance</b>	Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.	Complied
<b>4.2.3</b> There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. <b>Minor Compliance</b>	Leaf sampling and analysis had been carried out annually. Soil sampling and analysis were carried on a 5 year cycle to determine the nutrient levels.  Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.  Records of the sampling and analysis had been verified to be satisfactory.	Complied
<b>4.2.4</b> 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. <b>Minor Compliance</b>	Geotubes were used to filter the solid from the POME and the solid were used by the estates for field application as organic fertilizer.  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.  EFB Mulching Application and field maps indicate the amounts and locations of EFB application in the estates.  Records of EFB delivery, mulching quantities and field locations were well maintained.	Complied
<b>Criteria 4.3</b> Practices minimise and control erosion and degradation of soils.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>4.3.1</b> Maps of any fragile/marginal soils shall be available. <b>Major Compliance</b>	Soil maps for all the estates were available. Verified that there were no fragile/marginal soils at the estates.	Complied
<b>4.3.2</b> A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. <b>Minor Compliance</b>	Planting terraces had been constructed along contours on slopes of >10°. There were stop bunds to control water flow along terraces.  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.  Generally, the Best Management Practices was followed to control and minimize soil erosion and degradation during replanting activities.	Complied
<b>4.3.3</b> A road maintenance programme shall be in place. <b>Minor Compliance</b>	Road maintenance programme and maintenance records had been verified at the estates.	Complied
<b>4.3.4</b> Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. <b>Major Compliance</b>	Based on soil maps and visits to the fields, there was no peat soil in all the estates.	Complied
<b>4.3.5</b> 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. <b>Minor Compliance</b>	There was no peat soil in all the estates.	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad

Page 25 of 76

### Unico (Sabah) Grouping: Main Assessment

<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). <b>Minor Compliance</b></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><b>Criteria 4.4</b> Practices maintain the quality and availability of surface and ground water.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>4.4.1 An implemented water management plan shall be in place. <b>Minor Compliance</b></p>	<p>Documented Water Management Plan verified to be in place for the palm oil mill and estates, The plan was respectively reviewed on 15 September 2017.</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>Complied</p>
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. <b>Major Compliance</b></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>Noncompliance finding: <b>Location: TAS Estate.</b> <b>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.</b></p> <p><b>At all estates:</b> <b>There were insufficient signages to indicate the riparian areas to be maintained.</b></p>	<p><b>Major NC:</b> <b>SH-01</b></p>
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). <b>Minor Compliance</b></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 2017 to March 2018 had been in the range of 14.3 ppm (lowest) to 69.4 ppm (highest) with an average of 30.5 ppm.</p> <p>The current upper limit as permitted by D.O.E. Sabah is stated at 100 ppm.</p>	<p>Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. <b>Minor Compliance</b></p>	<p>Water usage in the POM over past 12 months were monitored. From January to December 2017 usage ranged from 1.71 to 2.32 m<sup>3</sup>/MT FFB with an average of 1.96 m<sup>3</sup>/MT FFB.</p>	<p>Complied</p>
<p><b>Criteria 4.5</b></p>		

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 26 of 76

Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>4.5.1</b> Implementation of Integrated Pest Management (IPM) plans shall be monitored. <b>Major Compliance</b></p>	<p>Verified that IPM Plans were monitored at the estates audited and that pest infestation was minimal. Programmes for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, and <i>Antigonon leptopus</i> were established and records on areas planted had been verified together with the respective maps.</p> <p>Rat baiting was carried out based on the census of rat attack on FFB. The threshold limit was set at 5% prior to any rat baiting, which was found to have occasionally occurred. Rat baiting was applied and the records of the rat baiting performed were verified to have been properly maintained.</p>	Complied
<p><b>4.5.2</b> Training of those involved in IPM implementation shall be demonstrated. <b>Minor Compliance</b></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><b>Criteria 4.6</b> Pesticides are used in ways that do not endanger health or the environment.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>4.6.1</b> 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. <b>Major Compliance</b></p>	<p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable.</p> <p>The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows:</p> <ol style="list-style-type: none"> <li>(1) Glyphosate isopropyl amine (41% a.i.)</li> <li>(2) Metsulfuron methyl (20% a.i.)</li> <li>(3) Triclopyr butoxy ethyl ester (32.1% a.i.)</li> <li>(4) 2, 4 Dimethylamine (60% a.i.)</li> <li>(5) Glufosinate ammonium (13.5% a.i.)</li> <li>(6) Cypermethrin (16% a.i.)</li> <li>(7) Monosodium methanearsonate acid MSMA (39.5% a.i.)</li> </ol> <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p> <p>Verified that the pesticides were selected to deal with specific species of weeds or pests as listed in the SOP.</p> <p>These were reflected in the weed and pest control records maintained.</p>	Complied
<p><b>4.6.2</b> 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. <b>Major Compliance</b></p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for 4 years.</p> <p>Verified that the records of monitoring were satisfactorily maintained.</p>	Complied
<p><b>4.6.3</b> 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. <b>Major Compliance</b></p>	<p>The policy to minimize the use of pesticides in accordance with IPM plan is maintained at the Estates.</p> <p>Verified that no prophylactic use of pesticides had been carried out at the estates.</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 27 of 76

<p><b>4.6.4</b> 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). <b>Minor Compliance</b></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 style="text-align: center;">Complied</p>
<p><b>4.6.5</b> 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). <b>Major Compliance</b></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 4<sup>th</sup> Schedule). Verified that portable signboard were displayed at areas of spraying activity (as per 5<sup>th</sup> Schedule).</p>	<p style="text-align: center;">Complied</p>
<p><b>4.6.6</b> 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. <b>Major Compliance</b></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.</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 28 of 76

	Verified that there was no improper reuse of the chemical containers by the workers at the fields.	
<p><b>4.6.7</b> Application of pesticides shall be by proven methods that minimise risk and impacts. <b>Minor Compliance</b></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>	Complied
<p><b>4.6.8</b> Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. <b>Major Compliance</b></p>	<p>The policy of the company was not to carry out any aerial application of pesticides. This was verified to be maintained during on-site field inspection.</p>	Complied
<p><b>4.6.9</b> 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). <b>Minor Compliance</b></p>	<p>Verified that the Annual Training Plan 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. 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. However, an Observation was raised as follows: <b>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.</b></p>	<b>OBS:CBK-01</b>
<p><b>4.6.10</b> Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). <b>Minor Compliance</b></p>	<p>Used pesticides containers were triple-rinsed and punctured at the bottom and stored in a designated store before being disposed of through a licensed contractor approved by the Department of Agriculture.</p>	Complied
<p><b>4.6.11</b> Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. <b>Major Compliance</b></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</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 29 of 76

	<p>abnormalities were stated in the reports and the workers were individually found to be fit for the work with pesticides.</p> <p>Other health issues such as hypertension, diabetic or poor eyesight are occasionally noted in the report of several individuals. When these are reported, the individual worker is closely monitored in the monthly health checks done at the Estates clinics by the Estate Health Assistants (EHA).</p> <p>Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Verified that monthly clinical tests were carried out by the Estate Health Assistant on all sprayers and manurers.</p> <p>Records of the health checks were maintained. Verified that there were occasional cases of mild illness in which workers were accordingly given medical leave and rest. In more severe cases, the workers were sent to the nearest Hospital for the proper medical treatment.</p> <p>It is also verified that there were no reported cases of any blood poisoning amongst the workers at the PMU estates over the past 12 months.</p>	
<p><b>4.6.12</b> No work with pesticides shall be undertaken by pregnant or breast-feeding women. <b>Major Compliance</b></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><b>Criteria 4.7</b> 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><b>4.7.1</b> 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. <b>Major Compliance</b></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 &amp; Health Officers for the workers were available and verified.</p>	<p>Complied</p>
<p><b>4.7.2</b> 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. <b>Major Compliance</b></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 2018.</p>	<p>Complied</p>





## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 30 of 76

	<p>Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>Precautions as attached to the products via the MSDS had been observed to be complied 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 in 25 May 2017. The audiometric reports revealed that 14 workers has mild to moderate hearing impairment and were recommended to wear hearing protector. Two (2) workers were retested in Oct 2017 and noted to fit to continue work with proper PPE worn. There was no severe hearing impairment case noted.</p> <p>Baseline audiogram and occupational and medical history records of workers were maintained.</p> <p>Sample of employees exposed to high noise levels were interviewed and they are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers are also aware of the complaints process and mechanism available.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided and being used by the workers.</p> <p>Internal Safety audit was done to ensuring compliance with the minimum standards needed for the types of PPE used.</p> <p>Fire extinguishers and hose reels found to be located at strategic locations and noted in functioning conditions. Location map of fire extinguishers is available at POM.</p> <p>First Aid equipment was available at POM, estates and at worksites and weekly checked. Samples of First Aid boxes checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKKP8 regulations was submitted to JKKP on Jan 2018.</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><b>4.7.3</b> 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>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>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 31 of 76

<b>Major Compliance</b>		
<p><b>4.7.4</b> 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. <b>Major Compliance</b></p>	<p>The persons nominated to be responsible for health, safety and welfare were Mill Manager and Estate Managers. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	Complied
<p><b>4.7.5</b> Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. <b>Minor Compliance</b></p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily. The respective Safety &amp; Health Committees chaired by the Mill Manager and the Estate Managers reviewed accident cases during the Safety Committee meeting every three months.</p>	Complied
<p><b>4.7.6</b> All workers shall be provided with medical care, and covered by accident insurance. <b>Minor Compliance</b></p>	<p>Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance.</p>	Complied
<p><b>4.7.7</b> Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. <b>Minor Compliance</b></p>	<p>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.</p>	Complied
<p><b>Criteria 4.8</b> All staff, workers, smallholders and contract workers are appropriately trained.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>4.8.1</b> 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. <b>Major Compliance</b></p>	<p>The formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.</p>	Complied
<p><b>4.8.2</b> Records of training for each employee shall be maintained. <b>Minor Compliance</b></p>	<p>Records of training for each employee, including new employees were maintained.</p>	Complied

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

<p><b>Criteria 5.1</b> Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.1.1</b> An environmental impact assessment (EIA) shall be documented. <b>Major Compliance</b></p>	<p>The Environmental Aspect and Impacts Assessment were documented in September 2017 for the Mill and reviewed on 10 January 2018, while for the estates it was documented in December 2017 and reviewed between 2</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 32 of 76

	<p>and 4 February 2018. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. 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.</p>	
<p><b>5.1.2</b> Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons.</p> <p><b>Minor Compliance</b></p>	<p>The POM and estates continued with the implementation and monitoring of management action plans and continuous improvement programmes. Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were identified. Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the Unico POM. Data were collected and it ensured compliance with relevant regulations. The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were adequately followed up by the Estate managers and being implemented.</p>	<p style="text-align: center;">Complied</p>
<p><b>5.1.3</b> 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><b>Minor Compliance</b></p>	<p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis. For the audit period, it was documented in December 2017 for the estates and March 2018 for the mill.</p> <p>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 along the streams and ponds for the intended purpose as determined.</p> <p><b>Note: Refer to NC issued under indicator 4.4.2 related to the Buffer areas and signages.</b></p>	<p style="text-align: center;">Complied</p>
<p><b>Criteria 5.2</b> The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>5.2.1</b> 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><b>Major Compliance</b></p>	<p>HCV assessment was conducted by the IOI Sustainability Palm Oil personnel and documented in a report dated 22<sup>nd</sup> November 2017. 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 style="text-align: center;">Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad

Page 33 of 76

### Unico (Sabah) Grouping: Main Assessment

	Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored.	
<p><b>5.2.2</b> 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><b>Major Compliance</b></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 &amp; Supercrop / Fasgro &amp; Topcrop / Zube and UP1 estate) and Ladang Asas estate (Tas &amp; Halusah) and found to have been satisfactorily erected and maintained.</p> <p>Interview with the staff showed that they had never encounter any wildlife, especially the rare, threatened, endangered species roaming in their plantation.</p>	Complied
<p><b>5.2.3</b> 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><b>Minor Compliance</b></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 24<sup>th</sup> January 2018 and 16<sup>th</sup> February 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><b>5.2.4</b> Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>• Outcomes of monitoring shall be fed back into the action plan.</li> </ul> <p><b>Minor Compliance</b></p>	<p>Management plans were established and ongoing monitoring is conducted by the estate personnel and also Auxiliary patrols.</p> <p>Verification were also made during on-site assessment and found to be satisfactory recorded the outcome of the monitoring activities.</p> <p>The overall management plan on the status of HCV/RTE of the Unico plantation group was collated, reviewed and monitored by the HQ sustainability team in consultation with other stakeholders, especially the Forestry and Wildlife Departments and the community.</p>	Complied
<p><b>5.2.5</b> 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><b>Minor Compliance</b></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><b>Criteria 5.3</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 34 of 76

<p><b>5.3.1</b> All waste products and sources of pollution shall be identified and documented.</p> <p><b>Major Compliance</b></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> <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>Complied</p>
<p><b>5.3.2</b> All chemicals and their containers shall be disposed of responsibly.</p> <p><b>Major Compliance</b></p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned and in line with the regulation as required.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Legenda Bumimas Sdn Bhd). Latest disposal was recorded on 19<sup>th</sup> February 2018. Inventory on the schedule waste was properly recorded and up to date.</p> <p>At the plantations, records on the disposal and recycle of chemical containers and fertiliser bags was also made available during the audit.</p>	<p>Complied</p>
<p><b>5.3.3</b> A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p><b>Minor Compliance</b></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.</p>	



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 36 of 76

<p>controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. <b>Minor Compliance</b></p>	<p>During the audit, there were replanting activities carried out earlier in the IOI Ladang Asas estate. However, it was evident that the old trees were chipped and left to rot on the ground.  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>	
<p><b>Criteria 5.6</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>5.6.1</b> An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).  <b>Major Compliance</b></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.  POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations. 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 report on the stack monitoring was documented by Multiserve Enterprise on December 2017.  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 23<sup>rd</sup> January 2018. The results of the analysis for treated water is within the water quality standard.  Water for the POM was sourced from tributary of Sungai Segama pumped to the mill for further processing and water treatment.</p>	<p>Complied</p>
<p><b>5.6.2</b> Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.  <b>Major Compliance</b></p>	<p>Identification of significant pollutants and greenhouse gas (GHG) emissions has been done e.g. POME, diesel / fuel, fertilizer etc. Their usage have been recorded and documented at both the POM and estates.  GHG emissions data was verified to be using the RSPO GHG calculator version 3.01.</p>	<p>Complied</p>
<p><b>5.6.3</b> 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.  <b>Minor Compliance</b></p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.  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  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.  The water samples from streams were sent for analysis. This was conducted by Dynakey Laboratories Sdn Bhd. Records are maintained and verified on-site to have met</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 37 of 76

	the permissible regulatory limits (Domestic Water Discharge Quality Report dated 24 <sup>th</sup> March 2018.	
--	---	--

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

<b>Criterion 6.1</b>		
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.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p><b>Major Compliance</b></p>	<p>At the PMU, the respective Social Impact Assessment reports and Management Plans at all estates and mill were individually documented by the Sustainability Team of IOI. The SIA contains inputs from external stakeholders' consultation with the local communities and employees which was held on 28 Aug 2017 involving Morisem, Unico, Permodalan as well as Leepang groupings held in LDRO. Participation of external stakeholders were verified, including 67 participants from contractors, suppliers, government agencies, police, neighbouring estate, etc. Internal stakeholders meetings were conducted separately by each operating unit, e.g. in Unico 6 estate it was conducted on 26 Oct 2017 and in Unico POM on 29 Oct 2017. Workers participation in the meetings were verified through signed attendance lists, issues raised in recorded in the meeting minutes as well as through interview with workers. Among others, some of the issues raised during the meetings are request for security patrol at night time.</p>	<p>Complied</p>
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p><b>Major Compliance</b></p>	<p>The group has considered issues of social impact to employees and communities affected by their activities. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns as stated in C6.1.1.</p> <p>In all meeting minutes of ECC and Gender Committee, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. Through verification of entries made in the Complaints &amp; Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</p>	<p>Complied</p>
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p><b>Major Compliance</b></p>	<p>A time table of activities identified was sighted with time frame on implementation plans. Site inspection carried out confirmed that the implementation was completed. Latest Social Plans sighted are for the period of May 2016-Jun 2017 at both estates audited and from Jan-Dec 2017 for the POM. Complaints submitted through ECC meetings, grievance book, etc., received by the management were recorded and also indicated with status either continuous, completed or pending.</p> <p>Observation raised: <b>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. However, the SIA data and results</b></p>	<p><b>OBS: JMD-01</b></p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 38 of 76

	<b>compilation can be improved for further mitigation and improvement.</b>	
<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><b>Minor Compliance</b></p>	<p>The plans are reviewed annually together with affected parties as mentioned especially the workers were consulted during the ECC meetings, daily morning muster and individual reports made in the Grievance Books maintained.</p>	Complied
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p><b>Minor Compliance</b></p>	<p>There are no smallholders at the PMU. Thus this is not applicable.</p>	Not applicable
<p><b>Criterion 6.2</b></p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p><b>Major Compliance</b></p>	<p>IOI's Group consultation, communication and grievance procedures are available via website links:</p> <ol style="list-style-type: none"> <li>1. Grievance Procedure – IOI Group <a href="http://www.ioigroup.com/Content/S/PDF/30%20sept%202016%20Grievance%20Mechanism%20FINAL.pdf">http://www.ioigroup.com/Content/S/PDF/30 sept 2016 Grievance Mechanism FINAL.pdf</a></li> <li>2. Whistleblowing Policy - IOI Group <a href="http://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf">http://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf</a></li> </ol> <p>The PMU has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p>	Complied
<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p><b>Minor Compliance</b></p>	<p>Records sighted show evidence of appointed teams headed by Estate Managers assisted by Assistant Managers. E.g. Mr. Mohd Sabri Bahri, AM for the POM, Mr. Abdullah Bakri, AM in Asas/Halusah Estate and Mr. Muhamma Adi, in Unico 6 Estate.</p>	Complied
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p> <p><b>Minor Compliance</b></p>	<p>The list of stakeholders, communication and actions taken were maintained in Stakeholders File. Consultations with various stakeholders held and meeting minutes have been verified during the audit.</p>	Complied
<p><b>Criterion 6.3</b></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>		



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 39 of 76

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><b>Major Compliance</b></p>	<p>All estates in the PMU have established complaints and grievances procedures and they were all well implemented. Complaints and Grievances logbooks were sighted in all audited estates and actively used by workers.</p> <p>Timelines for response to complaints and grievances are either indicated in the logbook or ECC representatives are appropriately established and implemented. Generally respond time for minor requests will be within 2-3 days.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For reports which are related to private matters such as sexual harassment reports separate logbooks are prepared and always kept under lock and key locations. Complainants are given the option whether to make the report personally or through nominated workers' representatives.</p> <p>It is verified during on-site interviews that there were no incidents of dispute or grievance of a serious nature.</p>	Complied
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p><b>Major Compliance</b></p>	<p>The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.</p>	Complied
<p><b>Criterion 6.4</b></p> <p>Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p><b>Major Compliance</b></p>	<p>There are borders of Unico 6 Estate adjacent to Mile 13<sup>th</sup> of Kg. Lituk Pulau or also known as Simpang Jeroco.</p> <p>Based on the minutes of meeting held between villagers and the estate management on 21 Nov 2017 as well as interviews conducted by the auditors throughout the audit period it was concluded the no issues related to legal, customary or user rights over the land developed by the estate.</p>	Complied
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p><b>Minor Compliance</b></p>	<p>The IOI Group has a procedure for calculating and distributing compensation which is available. To the date, there has been no dispute by any parties reported at the PMU.</p>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the</p>	<p>To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 40 of 76

participation of affected parties, and made publicly available. <b>Major Compliance</b>		
<b>Criterion 6.5</b> 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.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.5.1 Documentation of pay and conditions shall be available.  <b>Major Compliance</b>	Offer letters and work contracts for local staff and foreign workers are verified. The contracts met the industry minimum standards including included extra pays under the statutory fringe benefits.  The pay slips for workers at the estates and mill were verified to contain all necessary information and can easily be understood by the workers, e.g. type and rate of works completed, days offered, days worked, days absent, total deduction, etc.  Review of field workers' pay slips showed that the calculation of pay is clearly itemised, for example: <ul style="list-style-type: none"> <li>• Normal working day rate</li> <li>• Normal working day overtime rate</li> <li>• Rest day work</li> <li>• Rest day work overtime</li> <li>• Public holiday work</li> <li>• Public holiday work overtime</li> <li>• Annual leave pay in December</li> <li>• Sick leave pay</li> <li>• Deductions</li> </ul> All contracts between the management and the workers are in Bahasa Malaysia, even for foreign workers from Indonesian and Filipino workers. Through interviews it was verified that the contracts were clearly understood by the foreign workers when they were able to give correct responds on daily minimum rate, medical entitlement, public holiday entitlement and pay for work during public holiday, etc.	Complied
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.  <b>Major Compliance</b>	On 20 Jun 2016, a memorandum has been distributed to IOI PMUs in Sabah including Unico PMU with regards to the revised wages in accordance with Minimum Wages Order 2016. According to this memorandum monthly minimum wage is RM920/month or RM35.38/day. The employment contracts used are approved by the Sabah Human Resources Department, i.e. Jabatan Tenaga Kerja Sabah. The agreement covers all aspects such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, and reasons for dismissal, period of notice made available in Bahasa Malaysia which is understood by the workers.  The obligatory Foreign Workers Compensation Scheme [FWCS] for foreign workers were issued by MSIG which is valid till 30 Sep 2018 in the POM and all estates audited.  At the estates audited a number of field workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism,	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

Page 41 of 76

	<p>long holidays and low productivity. These reasons were verified as sufficiently accurate during the audit.</p> <p>Workers receiving below minimum wages are identified, counselled and if there is no improvement in the achievement the workers will be offered to take on additional jobs or to work on less difficult tasks.</p> <p>There is clear evidence that the workers who reached the daily target and working the whole month without being absent had received above the minimum wages.</p> <p>All relevant payment as prescribed by the laws, i.e. public holiday, annual leave, sick leave, are paid accordingly.</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><b>Minor Compliance</b></p>	<p>The PMU has provided adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities Act 1990 to the workers. This act is yet to be enforced by Sabah.</p> <p><b><u>Housing, electricity and water supply</u></b></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estates near to the Unico POM are provided with free electricity and treated pond water 24 hours daily. Line site inspection is conducted weekly by the RSPO Field Supervisor and once a month by Health Assistant (HA).</p> <p><b><u>Schools</u></b></p> <p>The migrant workers' children received 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 estate management. Furthermore, foreign teachers originally from Indonesia are paid by the estate management through HUMANA. Children attending the schools are provided with free school bag and stationery annually.</p> <p><b><u>Sundry shops</u></b></p> <p>Sundry shops available outside at each estate audited. From interviews with the workers in PMU it was found that most household sundries, including frozen foodstuffs were available on sale. Fresh food, such as fish, chicken, vegetable and meat are also brought in by fresh food suppliers into the estates in food trucks at least twice a week. Price in the sundry shops are still affordable and appropriate for the location of the group.</p> <p><b><u>Crèche ( Rumah Asuhan Kanak-kanak)</u></b></p> <p>Crèche is available in each estate and they are well maintained. The crèche care takers are well trained on procedures of using the first aid kits.</p> <p>At the crèche visited, it is noted that the management had provided sufficient supply of infant milk powder for the children.</p> <p>Crèche inspections were recorded to be conducted weekly by the Social Liaison Officer and jointly done on fortnightly basis together with the Visiting Medical Officer.</p> <p><b><u>Medical clinics</u></b></p> <p>Clinics are available in the estates audited and at the POM. The clinics are managed by experienced HA with sufficient</p>	

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 42 of 76

	<p>number of health assistants. Medical and ambulance services for the PMU is free of charge. Record of visiting medical officer were also sighted. Medical fees for workers sent to local hospital are also covered by the management.</p> <p><b>Noncompliance finding:</b> <b>However, it was found that two workers were confirmed by the VMO with severe hypertension and diabetic conditions. However, this vital medical information were not recorded in the workers case notes at the estate clinic.</b></p> <p>Observation: <b>There is no clear procedure sighted during the audit that the medical records will follow transferred workers to his/her new place of work within IOI group.</b></p>	<p><b>Minor NC:</b> <b>JMD-01</b></p> <p><b>OBS:</b> <b>JMD-02</b></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><b>Minor Compliance</b></p>	<p>The PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within their compounds.</p> <p>The estates visited are located far from the main town such as Lahad Datu and Kampung Paris, especially Some divisions of Unico 6 Estate, i.e. Zuba, TopCrop, Segaco and Fasgro divisions. However, these towns are still reachable by local transportations for the workers in the divisions mentioned above.</p>	<p>Complied</p>
<p><b>Criterion 6.6</b></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><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p><b>Major Compliance</b></p>	<p>The published statements of policy which recognises employee's freedom of association, was noted to be available and widely displayed in Bahasa Malaysia.</p> <p>Each of the estates audited in the PMU had formed the ECC as a mechanism to cater the collective bargaining needs of the workers. Results of ECC meetings were minuted and available for verification. For example latest ECC meeting in Tas/Halusah Estate was on 21 Feb 2018. Representatives in the ECC is elected based on group categories and involving both male and female workers.</p>	<p>Complied</p>
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p><b>Minor Compliance</b></p>	<p>The PMU has published a statement (in local languages) recognizing freedom of association at the POM office.</p> <p>The representation from the different levels of workers is through the Employees Consultative Council (ECC). These representatives are elected by the workers.</p> <p>In all meetings, minutes of ECC, list of attendance and photos of the sessions were kept in file showing evidence of participation of affected parties. Inputs and request raised during ECC meetings were verified to be included in the continual improvement plans of the mill and estates.</p>	<p>Complied</p>
<p><b>Criterion 6.7</b></p> <p>Children are not employed or exploited.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 43 of 76

<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p><b>Major Compliance</b></p>	<p>There was no evidence of any child labor being used at the PMU.</p> <p>The Child Labour Policy adopted by estate managements had stated that the minimum age of workers is 19 years. Site inspection of the employment records in all estates confirmed that this has been complied.</p> <p>HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which is also managed by HUMANA but built with the help of the PMU.</p> <p>Inspection of the employment records including site visit to the estates confirmed that this criterion was complied.</p>	<p>Complied</p>
<p><b>Criterion 6.8</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.</p> <p><b>Major Compliance</b></p>	<p>The policy statements which recognize Equal Job Opportunity were widely available and displayed in local languages and English. Inspections including interviews in the estates of the PMU, checking of the employment records including migrant workers, pay slips and deductions of wages (according to law) confirmed that this criteria have been maintained.</p>	<p>Complied</p>
<p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p><b>Major Compliance</b></p>	<p>Based on interviews and feedback from the employees, foreign workers and review of ECC meeting minutes and Grievance Book, it is verified that there has been no issue of discrimination at the PMU.</p>	<p>Complied</p>
<p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p><b>Minor Compliance</b></p>	<p>The PMU demonstrated that staff are hired and promoted based on specific criteria. However, promotion to higher position sometime take a longer period due to the position sought is not yet vacant.</p> <p>For foreign workers, hiring is based mainly on mandore recommendations. However, it was evident that no discrimination on promotion as both male and female, local and foreign workers have equal opportunity to be promoted.</p>	<p>Complied</p>
<p><b>Criterion 6.9</b> There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<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><b>Major Compliance</b></p>	<p>The established social policy covered aspects on sexual harassment, gender and women reproductive rights.</p> <p>There are gender committees specifically to address areas of concerns to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. For example, in Tas/Halusah latest Gender Consultative Committees (GCC) meeting, was conducted on 16 Mar 2018.</p> <p>The policy statements on prevention of sexual harassment, protection of gender and women reproductive rights were</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 44 of 76

	widely available and displayed in local languages and English. Briefing sessions were conducted together with the GCC meetings in all estates audited as well at the POM for both male and female workers.	
<p>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><b>Major Compliance</b></p>	<p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche. However, in most cases based on the advice from the management, female workers found to be voluntarily resigned from work due to her pregnancy. Letter from the Visiting Medical Officer dated 12 Mar 2015 also recommended the same practice as high occurrences of habitual abortion were found. The letter stated these incidents were found exceptionally high in Cantawan Estate in Baturong grouping but also true in all other IOI groupings in Sabah as well.</p> <p>Protection of reproductive rights also carried out by providing free ante-natal services at the estate clinics and ambulance ride to nearest hospital. If the workers delivered their child at the quarters, the estate HA will collect all necessary data and fill in relevant forms to be submitted to the authorities, i.e. government hospital.</p>	Complied
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p><b>Minor Compliance</b></p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept.</p>	Complied
<p><b>Criterion 6.10</b> Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p><b>Minor Compliance</b></p>	<p>FFB prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available publicly access at MPOB website.</p>	Complied
<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><b>Major Compliance</b></p>	<p>Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB.</p>	Complied
<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><b>Minor Compliance</b></p>	<p>Based on employee contracts and meeting minutes (between the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored during work in progress to follow safety requirements.</p> <p>With regards to the outgrowers, no formal contractual agreements are required with the POM. All sales made by</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 45 of 76

	the outgrowers are on voluntary basis and transactions are noted to be legal and transparent. There was no evidence of any complaint made from the outgrowers on the price of the FFB delivered and payment period.	
6.10.4 Agreed payments shall be made in a timely manner. <b>Minor Compliance</b>	The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of a 60-day grace period.	Complied
<b>Criterion 6.11</b>		
Growers and millers contribute to local sustainable development where appropriate.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. <b>Minor Compliance</b>	<p>Main contribution of the estates to the local development can be demonstrated in the provision of facilities, services and where feasible, monetary. For example, based on cooperation with Sabah Immigration Department and Indonesian consulate, IOI has been assisting and sponsoring its foreign workers and their independents to acquire proper travelling documents (if they do not have any).</p> <p>With regards to HUMANA school, the PMU has been replacing old HUMANA buildings with the new ones for the past few years. The Community Learning Centre (CLC) was also built by the PMU in collaboration with HUMANA management in order to provide children completing primary school to still acquire necessary education suitable for their age. Free transport are provided by the office management for children to the schools.</p> <p>Records of annual donations by IOI e.g. school bags and stationery to HUMANA students were sighted.</p> <p>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 small business area is offering the business rubbish collection services. This is to ensure the businesses are also taking part in maintaining the cleanliness of the area.</p> <p>Based on consultation with relevant stakeholders, Unico Mill was had taken necessary actions from time to time to assist in the lodging of complaints raised pertaining to the poor road condition along kilometer 40 of the Jeroco Road (Government gazetted) by requesting Public Works Department in Lahad Datu to promptly conduct road maintenance works and repairs in the interest of the commuting safety of the local community there.</p>	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 <b>Minor Compliance</b>	Currently there are no scheme smallholders that are associated with the IOI group. All the external suppliers supplying FFB to the POM are independent smallholders and are not included in the certification scope of the PMU. The 3 <sup>rd</sup> party FFB sources are considered as non-certified FFB in accordance with the Mass Balance Model of the supply chain.	Complied
<b>Criterion 6.12</b>		
No forms of forced or trafficked labour are used.		
6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.	Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Region office [LDRO]. All procedures of bringing in foreign workers are with the	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 46 of 76

<b>Major Compliance</b>	<p>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.</p> <p>In fact, IOI through its newly revised SPOP has been releasing the passports back to the workers throughout the group. The workers however were reminded they are responsible if any untoward incidents happened with the passport in their custody. The management however, would still assist the workers to monitor the passport and work permit expiry dates, sending them for FOMEMA test until collecting work permit from the Immigration. This temporary transfer of custody is recorded in log books available in the POM and in the estates audited.</p>	
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. <b>Minor Compliance</b>	No issue of contract substitution has been found and this was confirmed through interviews mainly with internal stakeholders.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. <b>Major Compliance</b>	A policy on Equal Opportunity was adopted and implemented by the PMU and verified to have covered all necessary aspects of migrant workers related issues.	Complied
<b>Criterion 6.13</b> Growers and millers respect human rights.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
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). <b>Major Compliance</b>	<p>Clauses pertaining to Human Rights Policy were stated in the Equal Opportunity and Non-Discrimination Policy. Adoption of the Special Labour Policy and Procedures issued 01 Mar 2016 covers majority of the principles in UN Guiding Principles on Business &amp; Human Rights 2011.</p> <p>Based on the newly revised SPOP, the IOI Group had released the passports back to the foreign workers which was verified during audit at this PMU.</p>	Complied

### Principle 7: Responsible development of new plantings

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

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

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The record of submission made to the RSPO Secretariat for the current year was done in Dec 2017 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, 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 (Year 2017: Jan - Dec)**



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 47 of 76

Emissions per Product	tCO <sub>2</sub> e/tProduct
CPO	0.41
PK	0.41

Production	t/yr
FFB processed	91809.34
CPO Produced	17950.55

Extraction	%
OER	19.55
KER	5.03

**GHG Table 2: Summary of Net GHG Emissions**

Land use	ha
OP planted area	3996
OP planted on peat	0
Conservation (forested)	0
Conservation (non-forested)	30.98
<b>Total</b>	<b>4026.98</b>

**GHG Table 3: Summary of Field Emissions and Sinks**

	Own Crop		Group		3rd Party		Total	
	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha
<b>Emissions</b>								
Land Conversion	2488.74	2.85	0	0	0	0	2488.74	2.85
*CO <sub>2</sub> Emissions from Fertiliser	908.9	0.68	0	0	0	0	908.9	0.68
**N <sub>2</sub> O Emissions	1123.37	0.68	0	0	0	0	1123.37	0.68
Fuel Consumption	459.01	0.37	0	0	0	0	459.01	0.37
Peat Oxidation	0	0	0	0	0	0	0	0
<b>Sinks</b>								
Crop Sequestration	-10887.27	-8.53	0	0	0	0	-10887.27	-8.53
Conservation Sequestration	0	0	0	0	0	0	0	0
<b>Total</b>	<b>-5907.25</b>	<b>-3.95</b>					<b>-5907.25</b>	<b>-3.95</b>

**GHG Table 4a: Summary of Mill Emissions and Credits**

	tCO <sub>2</sub> e	tCo <sub>2</sub> e/tFFB
<b>Emissions</b>		



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 48 of 76

POME	14827.7	0.16
Fuel Consumption	948.52	0.01
Grid Electricity	0	0
Utilisation		
<b>Credits</b>		
Export of Grid Electricity	-555.18	-0.01
Sales of PKS	0	0
Sales of EFB	0	0
<b>Total</b>	15221.03	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**

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**

<b>Criterion 8.1</b>		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>8.1.1</b> 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"> <li>• Reduction in use of pesticides (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> </ul>	<p>The POM has identified and implemented the following Continual Improvement Action Plans for 2017/2018:</p> <ul style="list-style-type: none"> <li>• Use of Geotubes for continuous de-sludging of effluent ponds.</li> <li>• Burning of EFB into the incinerator for the ash which later used in the plantation as fertiliser.</li> <li>• Use of shell and fibre for the boiler to reduce consumption of diesel.</li> </ul> <p>The estates have identified and implemented the following Continual Improvement Action Plans:</p> <ul style="list-style-type: none"> <li>• Increase planting of beneficial plants (<i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>) along the roads;</li> <li>• Fertilizer bags are to be recycled and empty pesticide containers to be returned to supplier.</li> <li>• In addition, waste will also be segregated accordingly to the plastic and organic materials.</li> </ul> <p>For Social improvements:</p>	Complied

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 49 of 76

<p>• Encourage optimising the yield of the supply base.</p> <p><b>Major Compliance</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• In UP1 Division which is directly bordering with Simpang Jeroco (Jeroco road junction) small businesses stalls has provided rubbish collection services. This is to ensure the said business stalls are able to take part in maintaining the cleanliness of the area.</li> <li>• Based on stakeholders' feedback, Unico Mill continued to highlight the poor road condition near KM 40 stretch of Jeroco Road by requesting the Public Works Department in Lahad Datu to conduct more frequent road maintenance and repair works.</li> </ul> <p>Evidence of results was available for the above continuous improvement action plans.</p>	
--	--	--

### 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:

5. General chain of custody requirements for the supply chain		
	Findings and Objective Evidence	Compliance
<b>5.1 Applicability of the general chain of custody requirements for the supply chain</b>		
5.1.1 Legal ownership and physical handling of RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	Yes	Complied
5.1.2 Trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable	Complied
5.1.3 Member of the RSPO and shall register on the RSPO IT platform.	Yes	Complied
5.1.4 Processing aids do not need to be included within an organization's scope of certification.	No processing aids	Complied
<b>5.2 Supply chain model</b>		
5.2.1 Same supply chain model as its supplier	Mass Balance (MB)	Complied
5.2.2 Combination of supply chain models	MB only	Complied
<b>5.3 Documented procedures</b>		
5.3.1 Written procedures and/or work instructions	Yes	Complied
5.3.2 Internal audit procedure and internal audit conducted to determine compliance.	Yes	Complied
<b>5.4 Purchasing and goods in</b>		
5.4.1 Purchases of RSPO certified oil palm products with all the specified information.	Not applied yet	Complied
5.4.2 Mechanism for handling non-conforming oil palm products and/or documents.	Yes	Complied
<b>5.5 Outsourcing activities</b>		
5.5.1 Outsourcing of activities	Not applicable	Complied
5.5.2 Outsourcing within the scope of its RSPO SC certificate	Not applicable	Complied
5.5.3 Names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.	Not applicable	Complied
5.5.4 Names and contact details of new contractor used for the processing or physical handling of RSPO certified oil palm products.	Not applicable	Complied
<b>5.6 Sales and goods out</b>		
5.6.1 Sales of RSPO certified oil palm products with all the specified information.	Not applied yet	Complied
<b>5.7 Registration of transactions</b>		
5.7.1 Transaction registered in the RSPO IT platform and confirmed upon receipt.	Not applied yet	Complied
5.7.2 RSPO IT Platform: Shipping Announcement, Traceability, Confirming Shipping Announcements.	Not applied yet	Complied
<b>5.8 Training</b>		
5.8.1 Training plan on RSPO SC Standards requirements and records of the training.	Yes	Complied
5.8.2 Appropriate training shall be provided	Yes	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 50 of 76

<b>5.9 Record keeping</b>		
5.9.1 Accurate, complete, up-to-date and accessible records and reports maintained.	Yes	Complied
5.9.2 Retention times for all record and reports.	Yes	Complied
5.9.3 Volume purchased (input) and claimed (output) over a period of twelve (12) months.	Yes	Complied
<b>5.10 Conversion factors</b>		
5.10.1 Conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs.	Not applicable	Complied
5.10.2 Conversion rates shall be periodically updated.	Not applicable	Complied
<b>5.11 Claims</b>		
5.11.1 Claims shall be in compliance with the RSPO Rules on Market Communications and Claims.	Not applied yet	Complied
<b>5.12 Complaints</b>		
5.12.1. Documented procedures for collecting and resolving stakeholder complaints.	Yes	Complied
<b>5.13 Management review</b>		
5.13.1 Appropriate frequency of management review.	Yes	Complied
5.13.2 All the specified inputs for the management review.	Yes	Complied
5.13.3 All the specified outputs from the management review.	Yes	Complied

<b>E.1 Definition</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
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.	The POM had processed FFB from its own supply base and also from some external suppliers of FFB crop ( <b>see report under Section 1.3</b> ). 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.	Complied
<b>E.2 Explanation</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
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	The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report.  This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year.  The actual tonnage produced has been reported in <b>Section 1.8.2 Table 6 and Section 1.8.3 Table 7</b> .	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 51 of 76

<p>recorded in each subsequent annual surveillance report.</p>		
<p><b>E.2.2</b> 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><b>E.3 Documented procedures</b></p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>E.3.1</b> The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for Supply chain is: RSPO/SOP/CoC/3 issue 05 dated 01 Jan 2018 covered the implementation of all elements of Supply chain modules. The documented RSPO Supply Chain procedure RSPO/SOP/CoC/3 Issue 05 dated 01 Jan 2018 stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements. The SOP had covered the Market Communications and Claims requirements including:</p> <ol style="list-style-type: none"> <li>(1) General corporate communications</li> <li>(2) Business to business communications</li> <li>(3) Business to consumer communication</li> <li>(4) Identity Preserved Specific Rules</li> <li>(5) Labelling and trademark</li> <li>(6) Messaging</li> </ol>	<p style="text-align: center;">Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Mass Balance (MB) Module E.</p>	<p style="text-align: center;">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.</p> <p>POM Mill Manager, Mr. Muslimin Sakta has been appointed as the person in charge for the overall responsibility and authority for implementation and compliance with the documented supply chain procedure. 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 style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 52 of 76

	<p>The latest RSPO SC Training based on SCCS June 2017 was conducted on 2 Nov 2017 with total of 18 personnel in attendance including the POM Manager.</p> <p>Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p>	
<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. All supplies of FFB were subjected to verification of documents (delivery notes) to determine the origin, quantity and quality of the FFB. The Weighbridge Ticket for FFB indicated the date, vehicle number, estate &amp; field number, harvesting date, security seal number and weight. All Storage tanks at the POM are designated as Mass Balance CPO and PK. Monthly FFB and CPO/PK Report and YTD Report for Jan - Dec 2017 were verified to have complied with requirements of the MB Module whereby the Palm Oil Mill received and processed FFB from its own estates and Outside Crop Producers.</p>	Complied
<b>E.4 Purchasing and goods in</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<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 on a daily basis. Daily and monthly reports are submitted to the Regional Office and Head Office (Putrajaya) through the Mill Performance Report (MPR) system. The production reports from Jan – Dec 2017 were verified to follow the MB module. Satisfactory performance of deliveries of FFB made by transport contractors hired by the estates. It is additionally verified that the FFB received from external 3<sup>rd</sup> parties which are also processed by the POM, has been considered as non-certified FFB and products via the MB module.</p>	Complied
<p>E.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The documented Supply Chain SOP has specified that POM Manager shall check production quantity against the certified amount and notify RSPO, the CB and Sustainability Department of any projected overproduction of certified tonnage. As at todate, there is no projected overproduction.</p>	Complied
<b>E.5 Record keeping</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>E.5.1 a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a</p>	<p>It is verified that the Production Reports for the quantities in the related records (i.e. FFB Delivery Note, Weigh Ticket, FFB &amp; Truck Daily Summary, Production Report, CPO &amp; PK Storage Report, and CPO &amp; PK Delivery Orders.) were done</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 53 of 76

<p>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>on a real time basis. Inventory balance on 3 monthly basis is available for verification.</p> <p>Transaction documents and bookkeeping of CPO and PK are done daily and monthly summary report of FFB receipt, FFB processed, CPO production, PK production and balance stocks submitted to the Regional Office and Kuala Lumpur Head Office. Noted that the POM weighbridges were duly calibrated with valid certificates.</p> <p>All volumes of CPO and PK produced are delivered and sold to another entity i.e. IOI Edible Oils Sdn Bhd (refinery) at Sandakan, Sabah. Noted that there is no Palm Kernel mill for production of PKO at the POM.</p> <p>Deduction and conversion ratios for the volumes of CPO and PK delivered from the Palm Oil Mill have been appropriately done and recorded.</p> <p>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>	
--	--	--

### 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 2018/2019** upon certification achievement.

### 3.1.3 Monitoring of Certified Sustainable Products traded:

Not applicable as this is currently a Main Assessment.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2018	3 (1 Major & 2 Minor)	5	Next Surveillance (ASA - 01)

### 3.2.1 Year 2018: 3 NCRs (1 Major, 2 Minor)

NCR	MYNI Indicator	Details of NCR
Major: SH-01	4.4.2	Date issued: 13 April 2018
		Requirement:



# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

Page 54 of 76

		<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.</p>
		<p><b>Nonconformance:</b></p>
		<p><b>Location: TAS Estate.</b></p> <p><b>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.</b></p> <p><b>At all estates:</b>  <b>There were insufficient signages to indicate the riparian areas to be maintained.</b></p>
		<p><b>Root Cause and Corrective Action(s): by Auditee representative</b></p>
		<p><b>Root cause:</b>          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.</p> <p>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.</p> <p><b>Corrective Action:</b>          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.</p> <p>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.</p>
		<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>
		<p><b>MAJOR NC:</b>          Off-site Verification on date: 23 - 24 May 2018          Corrective actions taken: As stated by Auditee in their RC &amp; CA          Supportive evidences:</p> <ol style="list-style-type: none"> <li>1. Pictorial evidence of signboard and marked red zone (field drain)</li> <li>2. Record of programme and work done in remarking the red zone</li> <li>3. List name of workers for the work</li> <li>4. Training for the workers (manurer &amp; Sprayer) regarding the red zone area</li> <li>5. Briefing for all workers regarding the newly demarcated red zone area.</li> </ol> <p>Location of signboards indicated in the Estate maps</p> <ol style="list-style-type: none"> <li>1. Including yearly addition/maintenance of signboard inside the future Continuous Improvement Plan</li> </ol> <p><b>Conclusion:</b>          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>
		<p>Minor NC: -</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 55 of 76

		<b>NC status verified by auditor: Closed by SH &amp; AL</b>	<b>Date closed: 4 June 2018</b>
Verification of effectiveness: Next assessment			
NC status verified by auditor:-			Date verified:-

NCR	MYNI Indicator	Details of NCR
<b>Minor: SH-02</b>	<b>5.3.3</b>	<b>Date issued: 13 April 2018</b>
		<b>Requirement:</b>
		5.3.3. A waste management and disposal plan to avoid or reduce pollution shall be documented and Implemented.
		<b>Nonconformance:</b>
		<b>Location: UPI Estate.</b> <b>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.</b> <b>In addition this waterway was also not indicated in the estate map.</b>
		<b>Root Cause and Corrective Action(s): by Auditee representative</b>
		<b>Root cause:</b> 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.
		<b>Corrective Action:</b> 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).
<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>		
MAJOR NC: -		

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 56 of 76

		<p><b>Minor NC:</b>  <b>Off-site Verification on date: 23 May 2018</b>            Corrective Actions taken: As stated above            Supportive evidences: As received are:</p> <ol style="list-style-type: none"> <li>1. Pictorial evidence of cementing of the sides/banks near the junction &amp; railing fixed</li> <li>2. Pictorial evidence for cleaning the waterways</li> <li>3. Inspection schedule for the UP1 waterways</li> <li>4. Record book for inspection at the area and cleaning done</li> <li>5. Signboard at site and office to indicate the cleaning done and next cleaning schedule.</li> <li>6. Signboard "Dilarang Membuang Sampah"</li> <li>7. Location drainage in map</li> </ol> <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%;"><b>NC status verified by auditor: Closed by SH &amp; AL</b></td> <td style="width: 30%;"><b>Date closed: 23 May 2018</b></td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next assessment</td> </tr> <tr> <td>NC status verified by auditor:-</td> <td>Date verified:-</td> </tr> </table>	<b>NC status verified by auditor: Closed by SH &amp; AL</b>	<b>Date closed: 23 May 2018</b>	Verification of effectiveness: Next assessment		NC status verified by auditor:-	Date verified:-
<b>NC status verified by auditor: Closed by SH &amp; AL</b>	<b>Date closed: 23 May 2018</b>							
Verification of effectiveness: Next assessment								
NC status verified by auditor:-	Date verified:-							

NCR	MYNI Indicator	Details of NCR
<b>Minor: JMD-01</b>	<b>6.5.3</b>	<b>Date issued: 13 April 2018</b>
		<b>Requirement:</b>
		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.
		<b>Nonconformance:</b>
		<b>Location: UNICO 6 estate</b>
		<b>Two workers were confirmed by the VMO with severe hypertension and diabetic conditions. However, this vital medical information were not recorded in the workers case notes at the estate clinic.</b>
		<b>Root Cause and Corrective Action(s): by Auditee representative</b>
		<p><b>Root cause:</b>            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><b>Corrective Action:</b>            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 &amp; Health Officer to inform all EHA on IOI Lahad Datu clinic practice regarding medical case note.</p>
<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>		

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 57 of 76

		MAJOR NC: -	
		<p><b>Minor NC:</b>  <b>Off-site Verification on date: 23 May 2018</b>                  Corrective Actions taken: As stated above                  Supportive evidences: As received are:</p> <ol style="list-style-type: none"> <li>1. Evidence of medical case note</li> <li>2. VMO visiting report book</li> <li>3. EHA letter recommendation from VMO to the workers that having medical problems.</li> <li>4. Memo issued by Senior Safety &amp; Health Officer to EHA</li> </ol> <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>	
		<b>NC status verified by auditor: Closed by JMD &amp; AL</b>	<b>Date closed: 23 May 2018</b>
		Verification of effectiveness: Next assessment	
		NC status verified by auditor: -	Date verified: -

### 3.2.2 Year 2018: 5 Observations (OBS)

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AL-01	2.1.3	<p><b>Location: Unico 6 estate</b>  <b>Mechanism for ensuring compliance:</b>                      The status of Legal Permits and Licenses maintained need to show complete details of expiry dates and for all units / divisions.</p>	13 April 2018	-	Follow up in next assessment
OBS: CBK-01	4.6.9	<p><b>Location: Estates</b>                      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.</p>	13 April 2018	-	Follow up in next assessment
OBS: SH-01	5.3.3	<p><b>Location: POM</b></p> <ol style="list-style-type: none"> <li>1. Although an area has been demarcated for storage of waste materials, such as metal waste, the arrangement was improperly managed.</li> <li>2. Lack of information on the layout of the effluent ponds, its location and functions.</li> <li>3. The construction or condition of the steps leading to the effluent pond area pose a safety hazard to users.</li> </ol>	13 April 2018	-	Follow up in next assessment

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 58 of 76

OBS# JMD-01	6.1.3	<b>Location: POM and Estates</b> <b>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.</b> <b>However, the SIA data and results compilation can be improved for further mitigation and improvement.</b>	13 April 2018	-	Follow up in next assessment
JMD-02	6.5.3	<b>Location: POM and estates</b> <b>There is no clear procedure sighted during the audit that the medical records will follow transferred workers to his/her new place of work within IOI group.</b>	13 April 2018	-	Follow up in next assessment

### 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)
<b>Government Agencies:</b> 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.	Monitoring to continue during next surveillance
<b>Non-Governmental Organizations:</b> Feedback received from National Union of Plantation Workers (NUPW) via email on 9 March 2018. Recommendations made include:	The recommendations made by NUPW are considered for continual improvement.	Verified during on-site assessment that most of the NUPW recommendations	Monitoring to continue during

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 59 of 76

<p>Need for consistent implementation of ILO guidelines decent work and decent work agenda by Malaysian companies on:</p> <ol style="list-style-type: none"> <li>1) No employment discrimination</li> <li>2) Fair, decent wages and benefits</li> <li>3) Adherence to Collective agreements</li> <li>4) Proper standards of housing and transport services to nearest town.</li> <li>5) Proper community services for health and education.</li> <li>6) Compliance within employment legislation</li> </ol>	<p>IOI continues to implement fair working conditions as per the ILO guidelines.</p>	<p>were implemented under the findings made under RSPO Principles 1, 2, 3, 4, 5 and 6.</p>	<p>next surveillance.</p>
<p><b>Local Communities - Stakeholders' Consultation:</b> 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:</p> <ol style="list-style-type: none"> <li>a) Outgrower and smallholders representatives proposing more guidance, briefing and training on the implementation of RSPO requirements</li> <li>b) More gatherings to foster better rapport between local communities and the PMU.</li> <li>c) Continued assistance the general rubbish disposal at KM 40 Jeroco road junction, roadside stalls.</li> </ol>	<p>Ongoing consultations with the respective stakeholders will be maintained.</p>	<p>Findings were reported during the current audit.</p>	<p>Monitoring to continue during next surveillance.</p>
<p><b>Local Communities - Interviews:</b> 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 &amp; issues has been allowed, properly recorded and attended to by the Mill &amp; Estate management.</p>	<p>Ongoing consultations via ECC, Safety &amp; Heath, Gender committee meetings etc. will be maintained.</p>	<p>Findings were reported during the current audit. No further response needed.</p>	<p>Monitoring to continue during next surveillance.</p>





**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad**  
**Unico (Sabah) Grouping: Main Assessment**

Page 60 of 76

No further new issues raised by the sampled staff and workers.			
<b>Other Interested parties:</b> No feedback received.	No response needed.	No response needed.	Nil

**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

**Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment**

Page 61 of 76

**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.

Signed for and on behalf of  
Intertek Certification International Sdn Bhd

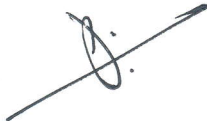


Augustine Loh  
Lead Assessor  
Date: 18 June 2018

**4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings**

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

Signed for and on behalf of  
IOI Plantation Services Sdn Bhd



Mr. Hiew Yin Foh  
Plantation Controller (Unico Group)  
Date: 22 June 2018

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 62 of 76

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

Certificate No:	<b>RSPO 931688</b>
Original Issue date:	1 July 2018
Expiry date:	30 June 2023
Parent Organization	IOI Corporation Berhad
Address of Head Office:	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		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"	4,285.61
Unico 6 Estate	MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	N 5°11'44.77"	E 118°18'07.32"	
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"	

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

Unico (Sabah) POM	Annual Tonnages (MT)
Certified FFB	86,800
Certified CPO	17,360
Certified PK	4,340
Supply chain module	Mass Balance (MB)

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 63 of 76

## 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.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 64 of 76

### Appendix B:

#### Assessment Plan

Date	Time	Assessors and Assessment Activity			
		Assessment Team			
9 Apr 2018 (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	<b>Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)</b>			
	2.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM			
		<b>AL</b>	<b>CBK</b>	<b>SH</b>	<b>JMD</b>
		<b>Site assessment at Mill</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P8 Continual Improvement</li> <li>• SCC for POM</li> </ul>	<b>Site assessment at Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Mill</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	<ul style="list-style-type: none"> <li>• Verification of effectiveness of corrective actions for non-conformances</li> <li>• Review of Time Bound Plan</li> <li>• Verification for compliance with rules on partial certification</li> </ul>				
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 2018 (Day 2)	8.30 am – 12.30pm	<b>Site assessment at Unico 6 Estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Unico 6 Estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estate</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Unico 6 Estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Unico 6 Estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
		Lunch Break			
	1.30 pm - 5.00 pm	<b>Continue site assessment at Unico 6 Estate</b>			
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 65 of 76

Date	Time	Assessors and Assessment Activity			
		AL	CBK	SH	JMD
11 Apr 2018 (Day 3)	8.30 am – 12.30pm	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estate</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estate</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Ladang Asas Estate (Tas &amp; Halusah)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	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
12 Apr 2018 (Day 4)	8.30 am – 12.30pm	<b>Site assessment at Outgrowers/ Smallholders (selected)</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Outgrowers/ Smallholders (selected)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estate</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Outgrowers/ Smallholders (selected)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Outgrowers/ Smallholders (selected)</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	Continued - As above	Continued - As above	Continued - As above	Continued - As above
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 66 of 76

Date	Time	Assessors and Assessment Activity			
		AL	CBK	SH	JMD
13 Apr 2018 (Day 5)	8.30 am – 10.30 am	<b>Site assessment at Mill</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• SCC for POM</li> </ul>	<b>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below):</b> <ul style="list-style-type: none"> <li>• <b>Contractors</b></li> <li>• <b>Suppliers</b></li> <li>• <b>Transporters</b></li> <li>• <b>NGOs</b></li> <li>• <b>Government Department / Agencies</b></li> <li>• <b>Local Community</b></li> </ul>		
	10.30 am – 11.00 am		Notes 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders prior 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 Site assessment at POM or estates to follow up on any specific criteria/areas		
	11.00 pm – 12.00 pm	Preparation for Closing Meeting			
	12.00 pm – 12.30 pm	Team Meeting and Discussions with POM Management Representative			
	12.30 pm – 1.00 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>			
	1.00 pm onwards	Travel and flight back to Kuala Lumpur			

### 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	√		√	
6.	Social - Employees, Individuals & Communities incl. Gender issues	√			√
7.	New Plantings	√	√		
8.	Continual Improvement	√	√	√	√
	Supply Chain Certification (SCC) for POM	√			

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

### Appendix C-1:

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

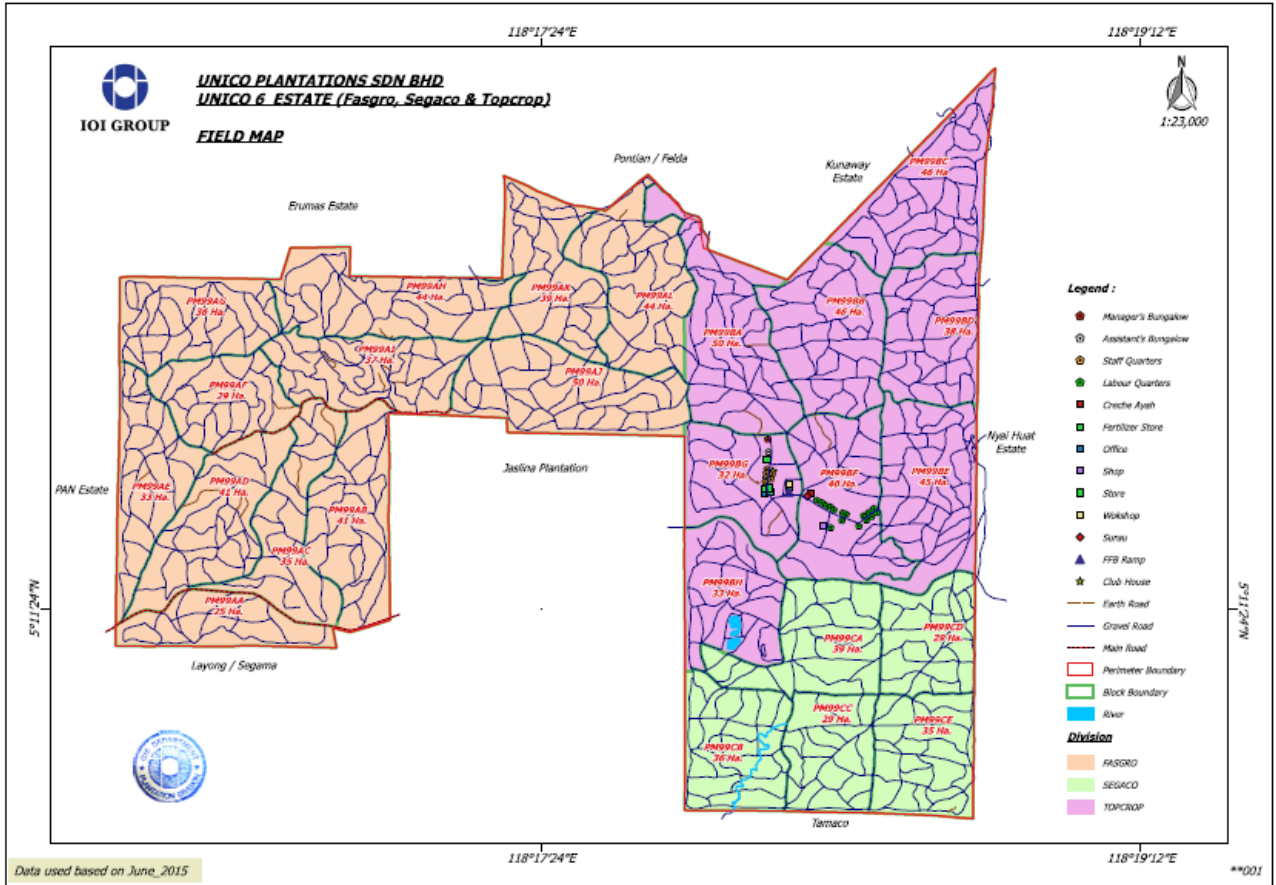


# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

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

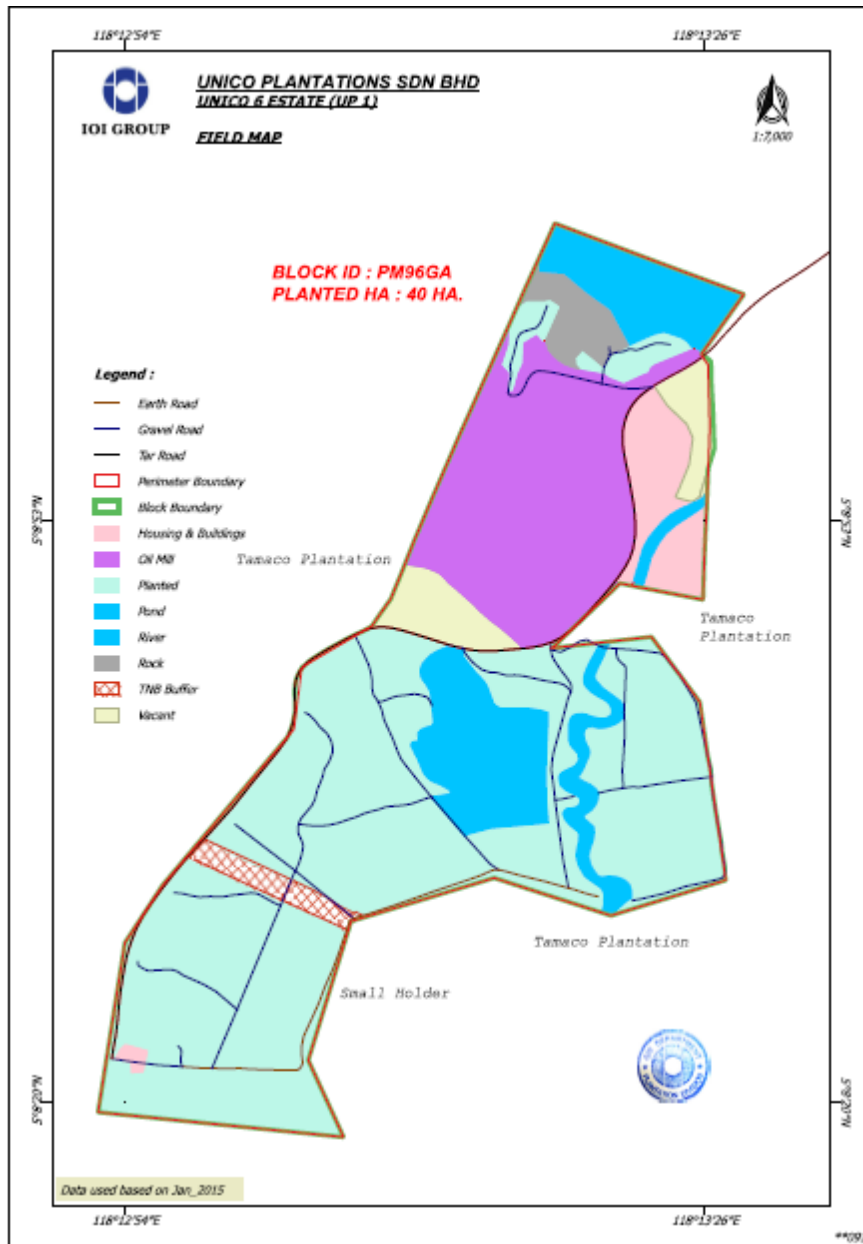


# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

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

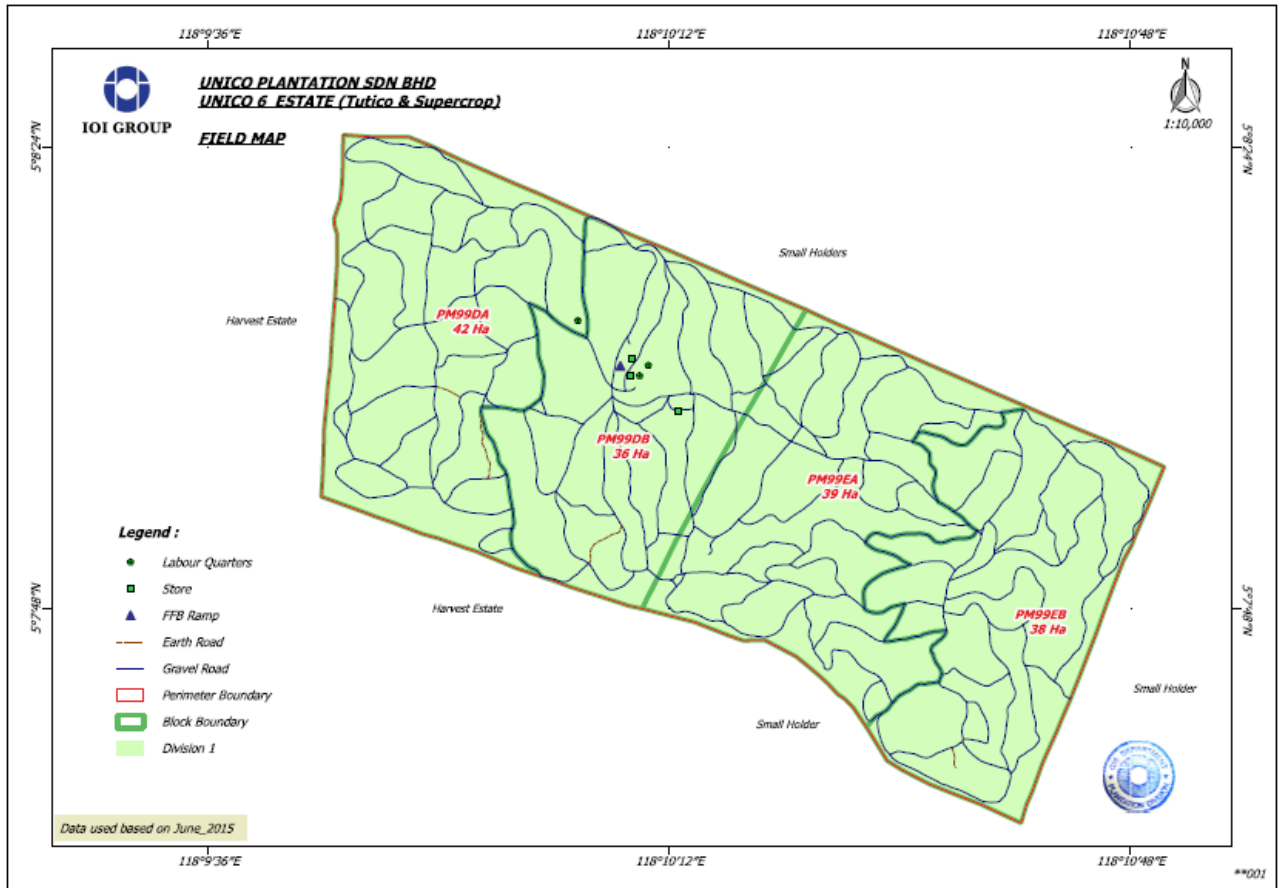


# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

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

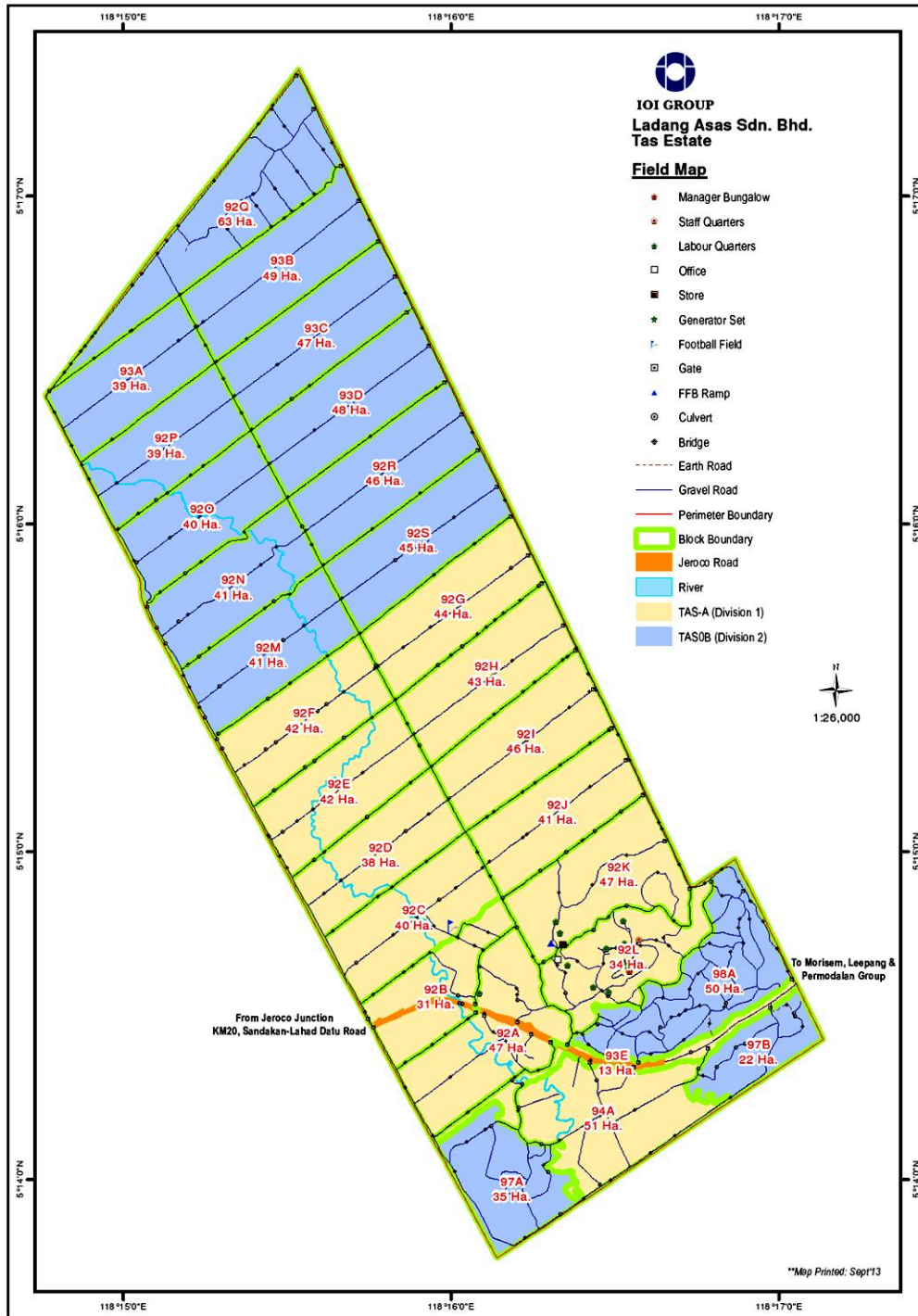


# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

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



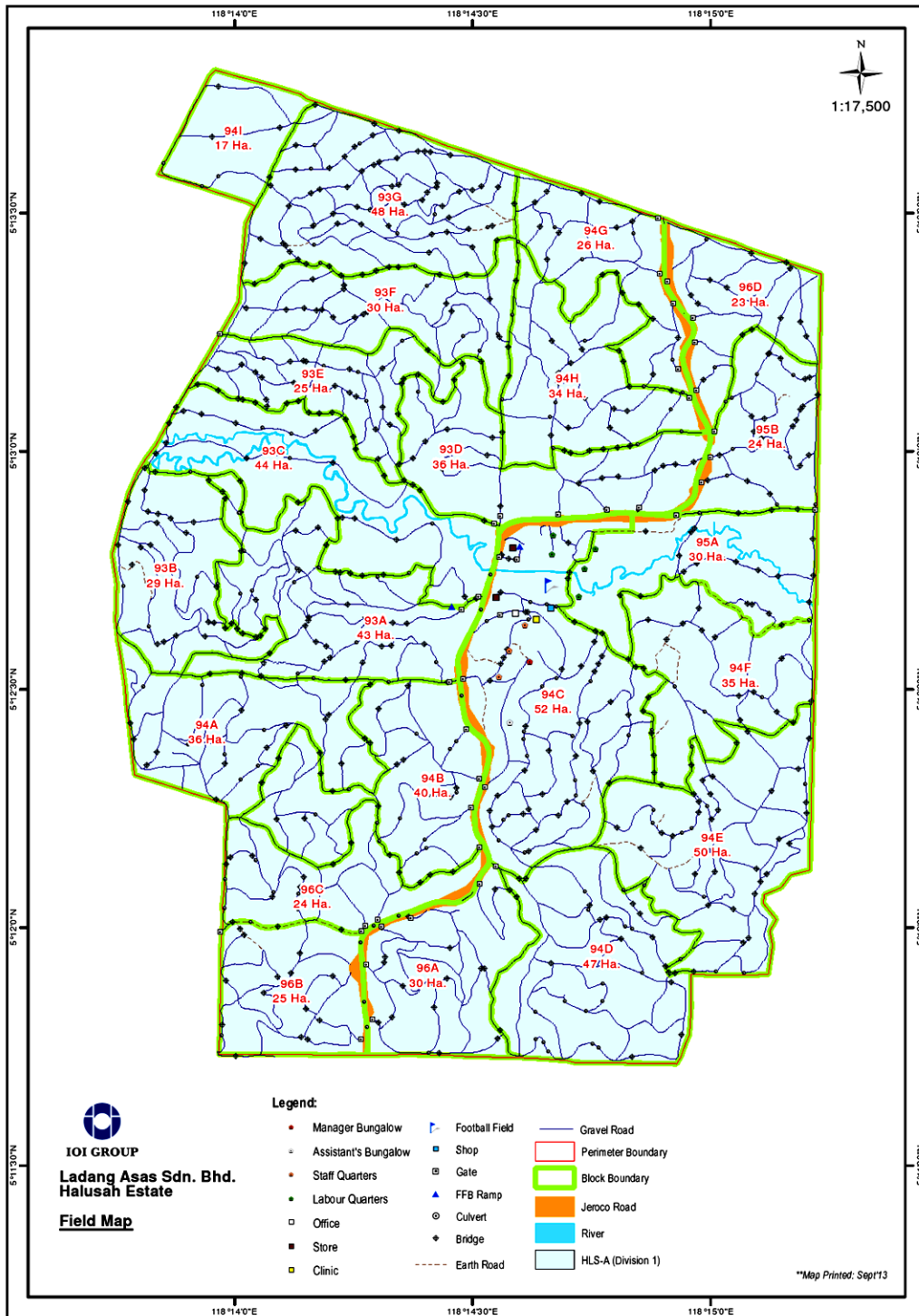


# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
 Unico (Sabah) Grouping: Main Assessment

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



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

**Appendix D:**

**Photographs of Assessment findings at Unico (Sabah) PMU - Apr 2018**



Unico POM – Effluent ponds



Unico POM – Schedule waste store



Auditing the crèche at Unico 6 estate



Recycling program signage at Unico 6 estate



Stakeholders consultation

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 74 of 76

### Appendix E:

#### Time Bound Plan

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

No	PMU	Main Assessment	Certification Status	Current Status	Updated Information for Multiple Management Units as per RSPO Certification Systems for Principles & Criteria (approved on 14 <sup>th</sup> June 2017) - revised clause 4.5.3 & 4.5.4 for Certified and Uncertified Units.
1.	Pamol (Sabah) POM, Sabah	May 2008	Re-Certified in Dec 2016	ASA-01 cum extension completed in Sept 2017	Sugat estate (uncertified) has been included for audit into the Pamol (Sabah) grouping. The estate is now certified under the PMU. No outstanding issues
2.	Sakilan POM	Nov 2008	Re-Certified in Mar 2015	ASA-02 completed in Dec 2017	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Re-Certified in 2015	ASA-02 is completed in Dec 2017	No outstanding issues
4.	Gomali POM	Aug 2009	Re-Certified in Aug 2015	ASA-02 completed for Jun 2018	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-02 completed in Jul 2017	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Re-Certified in Nov 2015	ASA-01 completed in Sept 2017	No outstanding issues
7.	Mayvin POM	Aug 2010	Re-Certified in Dec 2015	ASA-02 completed in Oct 2017	No outstanding issues
8.	Pukin POM, Johor	Dec 2010	Certified in June 2012	ASA -01 completed in Mar 2018	No outstanding issues
9.	Leepang (Sabah) POM	Aug 2012	Certified in Dec 2013	ASA-04 completed in Oct 2017	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	Re-Certified in Jan 2018	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	Re-Cert done in Jan 2018	Transferred to new CB (BSI) in Jan 2018. Certification in progress
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-04 completed in Sept 2017	No outstanding issues
13.	IOI – Pelita, Sarawak	Planned - 2019	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is pending resolution of land dispute and RSPO decision. No POM yet.	<p>Settlement Discussion with local community is presently still ongoing.</p> <p>Statement in regards of divestment of its 70% equity &amp; IOI commitments on the resolution for the Pelita case can be accessed at <a href="http://www.ioigroup.com">www.ioigroup.com</a></p> <p>Dispute settlement in IOI-Pelita is intensively done together with the ground team. Participatory mapping within IOI-Pelita landscape among the respective communities are planned to be conducted. A mediation process together with Grassroots and other social NGO will be conducted in March 2018 involving Land District Office and Pelita. In addition, Corporate Social Responsibility (CSR) activities is actively being conducted on the ground such as road repairs and providing construction materials to the main local communities in Long Teran Kanan and Long Jegan.</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 75 of 76

14.	Unico POM-1, Sabah	Planned - 2018	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005).	Audited in April 2018. Certification in progress.
15.	Unico Desa POM-2, Sabah	Dec 2017	Certified in May 2018	ASA-01 planned in 2019	No outstanding issues.
16.	PT SKS, Indonesia	Planned - 2017	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) application in progress	Update on the RSPO Suspension and complaint by Aidenvironment –Final verification by RSPO CP was conducted in end of January 2018.  Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018  Certification preparations in progress.  Pending issuance of HGU
17.	PT BNS, Indonesia	Planned - 2017	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental HGU application in process.	Update on the RSPO Suspension and complaint by Aidenvironment –Final verification by RSPO CP was conducted in end of January 2018.  Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018  Certification preparations in progress.  Pending issuance of HGU
18.	PT BSS, Indonesia	Planned - 2019	Uncertified Unit	Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.	Update on the RSPO Suspension and complaint by Aidenvironment –Final verification by RSPO CP was conducted in end of January 2018.  Final report on the feedback from the verification visit is expected to be shared to IOI in March 2018  Certification preparations in progress.  Pending issuance of HGU
19.	PT KPAM, Indonesia	Planned - 2020	Uncertified Unit	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	HCV Assessment report has been sent to HCVRN on 20 <sup>th</sup> November 2017. Received Letter of Satisfactory from HCVRN on 25 <sup>th</sup> November 2017  Currently at the stage of final verification by Certification Body before the final submission to RSPO.



# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9316/18-1 IOI Corporation Berhad  
Unico (Sabah) Grouping: Main Assessment

Page 76 of 76

## Appendix F:

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

#### 1) Monitoring by RSPO Complaints Panel (CP)

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

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

**i) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group**

Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>

**24 January 2018 (CP Meeting):**

The verification exercise is taking place on 25 – 29 January 2018. Secretariat to follow up with the verification team. The Secretariat will also be having a post verification meeting with the team on 31<sup>st</sup> January 2018.

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

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

**24 January 2018 (CP Meeting):**

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

#### 2) Updated IOI Group Newsletters and Corporate Communications

Weblink: [http://www.ioigroup.com/Content/NEWS/N\\_Archive](http://www.ioigroup.com/Content/NEWS/N_Archive)

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

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

IOI Corporation further updates its Sustainability Palm Oil Policy

12/06/2017, Corporate Communications

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

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

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

**Sept 2017: IOI submitted its Sustainability Report**

[http://www.ioigroup.com/Content/S/S\\_Policy](http://www.ioigroup.com/Content/S/S_Policy)

IOI uploaded the Social Responsibility report by BSR

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

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

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

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

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

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

[http://www.ioigroup.com/Content/S/PDF/20180126\\_Quarterly%20Sustainability%20Update\\_F.pdf](http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf)

- End of Report -