

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Syarimo Grouping

Kinabatangan, Sabah, Malaysia



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Assessment Report

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**ANNUAL SURVEILLANCE ASSESSMENT
ON RSPO CERTIFICATION
ASSESSMENT REPORT**

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Syarimo Grouping
Kinabatangan, Sabah, Malaysia

Certificate No:

Issued date:

Expiry date:

RSPO 928388

20 March 2013

19 March 2018

Assessment Type

Initial Certification (Main Assessment)
Annual Surveillance Assessment (ASA-01)
Annual Surveillance Assessment (ASA-02)
Annual Surveillance Assessment (ASA-03)
Annual Surveillance Assessment (ASA-04)
Re-Certification

Assessment Dates

17 – 21 September 2012

18 – 21 February 2014

26 – 29 January 2015

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(188296-W)

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Annual Surveillance Assessment (ASA-02) was conducted on the Plantation Management Unit (PMU) Syarimo Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **26 – 29 January 2015**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (April 2013), Malaysian National Local Indicators (November 2010) and the RSPO Supply Chain Certification Standard (November 2011) for Palm Oil Mill.

This assessment also includes a review of the changes made by the PMU to comply with the requirements of the ratified new RSPO Principles and Criteria (effective 25 April 2013). It was found that the PMU is aware of the new RSPO Principles and Criteria and the necessary changes required have been progressively implemented.

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

Syarimo Grouping consists of one (1) palm oil mill, namely Syarimo Palm Oil Mill and nine (9) own supplying estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The location maps are provided in **Appendix C**.

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

Name	Address	GPS Reference	
		Latitude	Longitude
Syarimo Palm Oil Mill (Capacity: 90 mt/hour)	KM23, Jalan Kinabatangan, Sg. Pin, Kinabatangan, Sabah	05°20.001'N	117°46.875'E
1. Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E
2. Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E
3. Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E
4. Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E
5. Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E
6. Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E
7. Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E
8. Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E
9. Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E

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1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Syarimo Grouping PMU are from the abovementioned 9 estates owned by IOI. Verification done on site during the Main Assessment confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

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

Table 2: Estate Area Summary (FY July 2013 / June 2014)

Estate	Area Summary (ha)	
	Certified Area	Planted Area
1. Syarimo 1	1,914	1,836
2. Syarimo 2	1,987	1,747
3. Syarimo 3	2,442	2,319
4. Syarimo 4	2,378	1,877
5. Syarimo 5	2,149	2,111
6. Syarimo 6	1,741	1,611
7. Syarimo 7	2,080	1,978
8. Syarimo 8	1,889	1,430
9. Syarimo 9	1,756	1,515
Total:	18,336	16,424
Percentage:	100%	89.2%

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. 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. IOI Syarimo PMU is involved in the ongoing Malua Wildlife Conservation project situated on the 'Malua Forest Reserve' which concerns the oil palm plantations, communities and forest use. The project is undertaken jointly with MPOC, New Forest Asia, Sabah Forestry Dept, Yayasan Sabah, Sabah Wildlife Dept; and the oil palm growers bordering the reserve i.e. IOI Corporation Bhd, Kwantas Corporation Bhd; Tung Hup Enterprise Sdn Bhd; Perbadanan Kemajuan Pertanian Selangor.
4. Agreement for the abovementioned conservation project was signed by IOI Corporation Bhd on 4 November 2012 and as at the period of this assessment; the group of oil palm growers involved has held meetings and annual review of progress made on the Malua Wildlife Conservation project.

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1.4 Summary of plantings and cycle

The 9 estates had been developed since 1995 and are all currently in the 1st cycle of planting for the Oil Palms. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (FY July 2013 / June 2014)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below
Syarimo 1 estate	1995	1st	1,836	nil
Syarimo 2 estate	1995	1st	1,747	nil
Syarimo 3 estate	1995, 2000	1st	2,319	nil
Syarimo 4 estate	1995, 2000	1st	1,877	nil
Syarimo 5 estate	1995	1st	2,111	nil
Syarimo 6 estate	1995, 2001	1st	1,611	nil
Syarimo 7 estate	1995, 2002	1st	1,978	nil
Syarimo 8 estate	2001	1st	1,430	nil
Syarimo 9 estate	2001 - 2003	1st	1,515	nil
		Total	16,424	nil

Note: There has been no New Planting in any of the 9 estates at the certified areas since 1995.

1.5 Summary of Conservation and HCV Areas

The summary of Conservation and HCV Areas as identified in Syarimo Grouping during this main assessment in 2012 is as shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	FY 2012/13 (ASA-01) Hectarage - Ha	FY 2013/14 (ASA-02) Hectarage - Ha
1	Planted Area (ha) – Oil Palm		
	- Mature	16,478	16,478
	- Immature	nil	nil
2	Conservation Area (ha)		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	280	280
3	HCV Area (ha)		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	8	8

1.6 Other certifications held and Use of RSPO Trademarks

Currently, the other certification held by IOI-Syarimo Grouping PMU is the ISCC certification which is valid.

1.6.1 The RSPO's trademarks and logo are not being used by the PMU audited. Instructions for use were provided and acknowledged by the PMU through a signed Memorandum during the assessment.

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1.7 Organizational information / Contact Person

At Head Office:
 Mr. Too Heng Liew
 Head of Sustainability (Malaysia/Indonesia)
 IOI Plantation Services Sdn Bhd
 Level 8, Two IOI Square, IOI Resort,
 62502, Putrajaya
 Tel: 603 8947 8888
 Fax: 603 8947 8988
 Email: hltoo@ioigroup.com

At Syarimo Grouping - PMU:
 Mr. Peter Wong Thian Lai
 Plantation Controller
 IOI Plantation Services Sdn Bhd
 Syarimo Palm Oil Mill
 Tel: 089 - 568 700
 Fax: 089- 568 120
 Email: ioisyarimo@gmail.com

1.8 Tonnages Verified for Certification

The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Syarimo Grouping based on the reporting period for FY July 2013 / June 2014 are as per below:

Table 5: FFB Processed Tonnages

#	Estate /Supplier	FFB Processed	Main Receiving Palm Oil Mill	RSPO P&C Certification By CB (year)
1.	Syarimo 1 estate	46,264.50	Syarimo Palm Oil Mill	Intertek (2012)
2.	Syarimo 2 estate	44,742.24	Syarimo Palm Oil Mill	Intertek (2012)
3.	Syarimo 3 estate	61,396.78	Syarimo Palm Oil Mill	Intertek (2012)
4.	Syarimo 4 estate	48,836.11	Syarimo Palm Oil Mill	Intertek (2012)
5.	Syarimo 5 estate	50,500.93	Syarimo Palm Oil Mill	Intertek (2012)
6.	Syarimo 6 estate	40,351.05	Syarimo Palm Oil Mill	Intertek (2012)
7.	Syarimo 7 estate	55,204.49	Syarimo Palm Oil Mill	Intertek (2012)
8.	Syarimo 8 estate	33,262.09	Syarimo Palm Oil Mill	Intertek (2012)
9.	Syarimo 9 estate	40,987.97	Syarimo Palm Oil Mill	Intertek (2012)
	Total (under PMU):	421,546.16		
	Other Suppliers:	-		
	Grand total	421,546.16		

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Total annual volumes / tonnages of FFB supplied from the supply base to Syarimo Grouping POM during the previous, current and projected period are as per the Tables below:

Table 6: Comparison of Processed Tonnages

Estate / Supplier	FFB Processed in FY (Jul 2012 – Jun 2013) - Actual		FFB Processed in FY (Jul 2013 – Jun 2014) - Actual		FFB Processed for FY (Jul 2014 – Jun 2015) - Projected	
	MT	%	MT	%	MT	%
Syarimo Grouping Estates	444,750.43	100	421,546.16	100	458,850	100
Other Suppliers	Nil	Nil	Nil	Nil	Nil	Nil
Total	444,750.43	100	421,546.16	100	458,850	100
SCCS Model for POM	SG		SG		SG	

Table 7: Comparison of Certified Tonnages

POM	FY (Jul 2012 – Jun 2013) - Actual		FY (Jul 2013 – Jun 2014) - Actual		FY (Jul 2014 – Jun 2015) - Projected	
Total certified FFB Processed (MT)	444,750.43		421,546.16		458,850	
Total certified CPO Production (MT)	90,052.54	OER: 20.25%	86,723.98	OER: 20.57%	94,523	OER: 20.60%
Total certified PK Production (MT)	21,844.44	KER: 4.91%	21,470.92	KER: 5.09%	23,401	KER: 5.10%
SCCS Model for POM	SG		SG		SG	

Notes:

- 1) The total FFB produced from Syarimo estates for FY 2013 / 14 was about 437,000 mt. However some 16,000 mt of FFB was diverted to other mills within the other IOI Grouping PMU (between Nov and Dec 2013) due to Syarimo POM shutdown for major repair and maintenance.
- 2) The annual projected increase in FFB crop supply for processing is about 5% for FY 2014 /15. Thus the projected FFB quantity of 458,850 mt is expected to be achievable.

The Syarimo POM has established and maintained procedures for the book keeping and monitoring requirements for the CPO at the mill and was verified to be adopting the 'Segregation – SG' model in accordance with the RSPO Supply Chain Certification Standard (SCCS) requirements. **Refer to activities and checked items for the SCCS of the POM as reported in section 3.1.1.**

1.9 Time Bound Plan for Other Plantation Management Units

IOI Group operates 12 palm oil mills and 77 oil palm estates throughout Malaysia and 2 palm oil mills in Indonesia. The organization is a member of RSPO since 2004 and has been taking an active role in the RSPO certification.

Currently, all the 12 Plantation Management Units in Malaysia have been certified (except IOI Pelita in Sarawak which does not have a palm oil mill and pending resolution of land dispute and decision by RSPO). The 2 PMUs in Indonesia and the 2 acquired PMUs in Sabah are scheduled for certification in 2016/2017 in accordance with its updated time bound plan to achieve RSPO certification for all its Plantation Management Units.

Based on the due diligence conducted on IOI there were no significant land conflicts, no replacement of primary forest or any area containing HCVs since November 2005, no labour disputes that are not being resolved through an agreed process, no evidence of non-compliance with law in any of the non-certified holdings.

Details of the time bound plan as submitted by IOI are as per **Appendix E**.

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1.10 Abbreviations Used

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

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 24 December 2014, 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 Syarimo Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 26 to 29 January 2015, the Assessment team of Intertek conducted the Surveillance Assessment in which 3 out of the 9 estates of Syarimo Grouping namely Syarimo 1, Syarimo 6 and Syarimo 8 estates as well as the palm oil mill were assessed for compliance against the RSPO requirements. The number of estates sampled was based on a minimum sample of $0.8\sqrt{y}$ where y is the number of management sub-units and the selection was made 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.

During the on-site assessment, relevant documents and records, including Standard Operating Procedures (StOP), 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).

Syarimo Grouping POM was also assessed against the requirements for the Segregation (SG) 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 Segregation 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.

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

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

2.2 Date of next scheduled visit

The next scheduled visit will be the next Annual Surveillance Assessment to be carried out within a 12-month period based on the annual certification anniversary date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

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2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming assessment through the websites of RSPO, 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, WP | 10. Environment Protection Department Sabah |
| 2. Department of Environment, WP | 11. Department of Forestry, Sabah |
| 3. Department of Forestry Peninsular Malaysia | 12. Department of Immigration, Sabah |
| 4. Department of Immigration, WP | 13. Department of Irrigation & Drainage, Sabah |
| 5. Department of Irrigation & Drainage, WP | 14. Department of Labour, Sabah |
| 6. Department of Labour, WP | 15. Department of Occupational Safety & Health, Sabah |
| 7. Department of Occupational Safety & Health. WP | 16. Sabah Wildlife Department |
| 8. Department of Orang Asli Affairs, WP | 17. Land and Mines Office, Sabah |
| 9. Department of Wildlife & National Parks, WP | |

Statutory Bodies (by emails)

- | | |
|---|---|
| 18. Malaysian Palm Oil Board (MPOB) | 23. Malaysian Palm Oil Board (MPOB) - Sarawak Region |
| 19. Malaysian Palm Oil Board (MPOB) - Northern Region | 24. Malaysian Palm Oil Board (MPOB) - Sabah Region |
| 20. Malaysian Palm Oil Board (MPOB) - Central Region | 25. Malaysia Palm Oil Association (MPOA) |
| 21. Malaysian Palm Oil Board (MPOB) - Southern Region | 26. Malaysia Palm Oil Association Kuala Lumpur (MPOA) |
| 22. Malaysian Palm Oil Board (MPOB) - Eastern Region | 27. Malaysia Palm Oil Association Sabah (MPOA) |

NGOs (by emails)

- | | |
|---|--|
| 28. All Women's Action Society (AWAM) | 53. R.E.A.C.H. - Regional Environmental Awareness Cameron Highlands |
| 29. BCSDM - Business Council for Sustainable Development in Malaysia | 54. Sabah Wetlands Conservation Society (SWCS) |
| 30. Borneo Child Aid Society (HUMANA) | 55. SEPA - Sabah Environmental Protection Association |
| 31. Borneo Resources Institute Malaysia (BRIMAS) | 56. SUARAM - Suara Rakyat Malaysia |
| 32. Borneo Rhino Alliance (BORA) | 57. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia |
| 33. Center for Orang Asli Concerns COAC | 58. Sustainable Development Network Malaysia (SUSDEN) |
| 34. Centre for Environment, Technology and Development, Malaysia - CETDEM | 59. Tenaganita Sdn Bhd |
| 35. Consumers Association Of Penang - CAP | 60. The Malaysian Forum of Environmental Journalist (MFEJ) |
| 36. EcoKnights | 61. TRAFFIC - the wildlife trade monitoring network |
| 37. Environmental Management and Research Association of Malaysia (ENSEARCH) | 62. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme |
| 38. Environmental Protection Society Malaysia (EPSM) | 63. Transparency International - Malaysian Chapter |
| 39. Friends of the Earth, Malaysia | 64. Treat Every Environment Special Sdn Bhd. (TrEES) |
| 40. Future in Our Hands Society, Malaysia | 65. United Nations Development Programme - UNDP Malaysia |
| 41. Global Environment Centre | 66. Water Watch Penang (WWP) |
| 42. Institute of Foresters, Malaysia (IRIM) | 67. Wetlands International (Malaysia) |
| 43. JUST - International Movement for a Just World | 69. Wild Asia Sdn Bhd |
| 44. Malaysian Environmental NGOs - MENGO | 70. World Wide Fund for Nature (WWF) Malaysia |
| 45. Malaysian National Animal Welfare Foundation - MNAWF | 71. World Wide Fund of Nature (WWF) Sabah |
| 46. Malaysian Plant Protection Society (MAPPS) | |
| 47. Mountaineering and Outdoor Pursuits Association of Negeri Sembilan | |
| 48. National Council of Welfare & Social Development Malaysia - NCWSDM | |
| 49. National Union of Plantation Workers (NUPW) | |
| 50. Partners of Community Organisations (PACOS) | |
| 51. Penang Institute previously known as Socio-Economic & Environmental Research Institute (SERI) | |
| 52. Proforest - South East Asia Regional Office | |

Local community (On-site interviews)

- | | |
|---------------------------------------|---|
| 72. Gender representatives | 74. Suppliers & Contractors representatives |
| 73. Workers & Workers representatives | 75. Village Heads & representatives |

3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1		
<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.1.1 There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Major Compliance</p>	<p>Adequate information on environmental, social and legal issues relevant to RSPO Criteria was made available to relevant stakeholders for effective participation in decision making.</p> <p>The PMU had conducted its stakeholder consultation on 21 Jan 2015 and records of participants and feedback given was minuted and appropriate actions taken.</p> <p>EIA, Management Plans & Continuous Improvement Plans were also reviewed.</p> <p>Date of public notification of this assessment of the PMU was made on 24 Dec 2014.</p> <p>As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.</p>	<p>Complied</p>
<p>1.1.2 Records of requests for information and responses shall be maintained.</p> <p>Major / Minor - TBF</p>	<p>The PMU had established and maintained an updated list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc. The mill and audited estates have maintained their respective 'Correspondence & Stakeholders Meeting file'.</p> <p>Correspondences were updated till latest in 23 January 2015 i.e. with local Government officials, local community associations and leaders. Feedbacks and requests were attended to in a timely manner. It was verified that there were no significant negative issues or grievances at the PMU.</p> <p>Records maintained were easily retrievable and made available upon request during the assessment.</p>	<p>Complied</p>
Criterion 1.2		
<p>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.2.1 Publicly available documents shall include, but are not necessarily limited to:</p> <p>Major Compliance</p> <ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Management documents' relating to environmental, social and legal issues was verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ e.g. website link:</p> <p>http://www.ioigroup.com/business/busi_plantoverview.cfm</p> <p>The following types of mandatory documents are available to the public as required:</p> <ul style="list-style-type: none"> - land titles/user rights, - occupational health and safety plan, - plans and impact assessments relating to environment 	<p>Complied</p>

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	<p>and social impacts,</p> <ul style="list-style-type: none"> - pollution prevention plans, - details of complaints & grievances, - negotiation procedures - continuous improvement plan 	
<p>• Occupational health and safety plans (Criterion 4.7);</p>	<p>Occupational Safety and Health Plan has been established and approved by Group Plantation Director on 4/1/2008. The plan was annually reviewed i.e. in Aug 2014 by the Safety Manager for Mill & Estates and additional activities and action items were implemented such as wearing of PPE by external contractors.</p>	Complied
<p>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</p>	<p>SEIA reports were reviewed by the General Manager (Lahad Datu region), Sustainability Program personnel together with the respective Estate managers in a meeting on Aug 2014 which were evidenced in the minutes of meeting.</p> <p>Management documents relating to environmental and social issues were verified to be maintained and available to the public (notices and websites) and updated.</p>	Complied
<p>• HCV documentation (Criteria 5.2 and 7.3);</p>	<p>The Assessment reports on 'Internal HCV and Conservation Areas' were reviewed on 6 December 2014 with the Management plans for HCV and Conservation areas updated. It is verified that the Management Action Plans were monitored and progressively implemented at the respective Estates.</p> <p>See also findings under C5.2 and C7.3.</p>	Complied
<p>• Pollution prevention and reduction plans (Criterion 5.6);</p>	<p>Pollution Prevention Management Plans were reviewed annually i.e. in Dec 2014. Among action items recorded were the mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters) and domestic wastes disposal, reuse and recycling (paper, glass, plastic) and management of water ponds due to the delayed rainfall experienced for year 2014 and improving water management for 2015.</p>	Complied
<p>• Details of complaints and grievances (Criterion 6.3);</p>	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. ECC (Employees Consultative Committee) representatives interviewed had confirmed that there were no serious issues which warrant major actions from the PMU Management.</p> <p>Logbook entries till Jan 2015 were viewed and among the complaints recorded were issues on repairs needed to the workers housing/quarters facilities such as road maintenance, lighting and water supply which had been satisfactorily attended to.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p>	Complied
<p>• Negotiation procedures (Criterion 6.4);</p>	<p>Negotiation procedure and flowchart was available and maintained since July 2009. Additionally via website link: http://www.ioigroup.com/business/busi_plantoverview.cfm</p> <p>No borders at estates in Syarimo grouping were adjacent to any villages or native land.</p> <p>Presently, there was no conflict/dispute requiring negotiation or compensation pertaining to this criterion.</p> <p>IOI had also uploaded the status on the land dispute/claim at</p>	Complied

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	the IOI Pelita plantation in Sarawak which is publicly available at website link: http://www.ioigroup.com/default.cfm	
• Continual improvement plans (Criterion 8.1);	Continual Improvements Plans in key operations for the mill and estates have been developed which were regularly monitored and reviewed. This includes 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 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. The budget needed for implementation of the improvement plans were submitted to the HQ and made available for verification. See also findings under C8.1	Complied
• Public summary of certification assessment report;	Public summary of certification assessment reports are available from the company upon request. Website link: http://www.ioigroup.com/Content/CI/Corp_Accolades	Complied
• Human Rights Policy (Criterion 6.13).	The Human Rights Policy has been documented and incorporated as part of the Sustainability Policy Statement issued in March 2014, signed by the CEO. 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.	Complied
Criterion 1.3		
Growers and millers commit to ethical conduct in all business operations and transactions.		
Indicators	Findings and Objective Evidence	Compliance
1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Major / Minor (TBF)	The IOI Group's Booklet dated Oct 2012 Code of Business Conduct and Ethics was available with documented policy signed by the CEO. The following are included: <ul style="list-style-type: none"> - Diversity and Respect in the workplace, - Equal Opportunity Employment, - Protecting the Environment, - Safety, Health and Security at Work, - Managing Documents, - Intellectual Property and Information, - Management and Security in our Computing Environment, - Data Privacy - Employee Privacy in the Communication and Computing Environment - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. Whistle blowing policy documented in February 2013, approved by the Audit and Risk Management Committee of BOD.(Dasar Pemberi Maklumat – BM version available) Weblink stated: http://whistleblowing.ioigroup.com/	Complied

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Principle 2: Compliance with applicable laws and regulations

Criterion 2.1		
There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Major Compliance</p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for any relevant updates in Dec 2014.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>The PMU had participated in the Federal Government's 5P registration process for migrant workers.</p> <p>Based on the site observations, interviews and records checking at the field and mill, 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>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Certificates of Fitness for Boilers and diesel generators including competency certificates of personnel i.e. steam engineers, boilermen, electrician were verified and found to be valid.</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>Complied</p>
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained.</p> <p>Minor Compliance</p>	<p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements that the PMU has subscribed to was maintained.</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 Occupational Safety and Health), DID (Dept of Irrigation and Drainage), Forestry Dept and Wildlife Dept were maintained.</p>	<p>Complied</p>
<p>2.1.3 A mechanism for ensuring compliance shall be implemented.</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on</p>	<p>Complied</p>

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Minor Compliance	mechanism of tracking) was implemented.	
<p>2.1.4 A system for tracking any changes in the law shall be implemented.</p> <p>Minor Compliance</p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register. Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure and last performed in August 2014. This was evidenced in the review meetings minuted which was noted to be chaired by the GM (Lahad Datu Region), Sustainability Manager with Mill and Estate Managers in attendance.</p> <p>Operating licenses and permits were displayed, renewed and evidenced to be valid e.g. MPOB (Malaysian Palm Oil Board) licenses for Mill and respective estates were valid i.e. till 31 May 2015 and 31 July 2015 respectively.</p> <p>Statutory returns were settled and receipts filed were sighted.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2</p> <p>The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available.</p> <p>Major Compliance</p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office at Kuala Lumpur. 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>The land has been planted with oil palms since 1995. There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied
<p>2.2.2 Legal boundaries shall be clearly demarcated and visibly maintained.</p> <p>Major Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palms and agricultural use.</p> <p>Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1-meter differential Global Positioning System (GPS).</p> <p>Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary of estates Syarimo 1, Syarimo 6 and Syarimo 8. Neighbouring estates include Tong Hup, Hup Seng and Lamag Oil Palm estates and plantations. Syarimo 6 and Syarimo 8 have boundaries adjacent to the Lamag Forest Reserve land.</p>	Complied
<p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to</p>	<p>There has been no dispute on the land rights in Syarimo PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	Complied

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previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Major / Minor (TBF)		
2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major / Minor (TBF)	There were no land conflicts in Syarimo PMU. The process for conflict resolution verified to be publicly available on company website: http://www.ioigroup.com/Content/S/S_Community There has been no new land acquisition at the PMU since 2005.	Complied
2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). Major / Minor (TBF)	There has been no conflict or dispute over the lands in Syarimo PMU. As such the process of participatory mapping is not available for verification of implementation.	Not applicable
2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. Major / Minor (TBF)	No conflict or dispute over the lands in Syarimo PMU. As such this process is not available for verification.	Not applicable
Criterion 2.3		
Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.		
Indicators	Findings and Objective Evidence	Compliance
2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas. There is no dispute on the land rights in the PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.	Complied
2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications	The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).	Complied

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for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Major / Minor (TBF)	No conflict or dispute over the lands in Syarimo PMU. As such this process is not available for verification.	Not applicable
2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major / Minor (TBF)	No conflict or dispute over the lands in Syarimo PMU. As such this process is not available for verification.	Not applicable

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

Criterion 3.1		
There is an implemented management plan that aims to achieve long-term economic and financial viability.		
Indicators	Findings and Objective Evidence	Compliance
3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	<p>The 5-year Business Management Plan (FY 2013/2014 to FY 2017/2018) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> i. Staff and Labour requirements; ii. Crop projection; FFB yield/ha trends; iii. Mill extraction rates; OER trends; iv. Cost of Production; Cost/mt FFB trends; v. Cost of Production; Cost/mt CPO trends; vi. Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). vii. Budget for Environmental, Social, Safety & Health, Training and Promotions. <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p>	Complied
3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall	A 25 year planting cycle has been adopted by the group. There is no scheduled replanting until 2020/2021 as the oldest palms were planted in 1995.	Complied

be available. Minor Compliance		
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Principle 4: Use of appropriate best practices by growers and millers

Criterion 4.1		
Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	The mill and the estates had maintained their respective copies of their Standard Operating Procedures which were verified to be available and in order.	Complied
4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Major / Minor (TBF)	Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work, and these records would be checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit.	Complied
4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	The records of monitoring and the actions taken had been maintained for more than 12 months on the mill and estates concerned. These records had been verified.	Complied
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major / Minor (TBF)	The mill did not source any FFB from any third-party. The entire crop was supplied by the estates within the company as verified from the records that indicate source origin of FFB.	Complied
Criterion 4.2		
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.		
Indicators	Findings and Objective Evidence	Compliance
4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	Fertiliser inputs were based on the recommendations from IOI Research Station.	Complied
4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance	Records of fertilizer application were maintained and verified to be in order for Syarimo 1 and Syarimo 6 estates. At Syarimo 8 Estate, it was noted that manuring work was completed for Blocks 01D, 01F, 1G, 01H and 01L as recorded in Operation Cost Sheet: Manuring, in accordance with Manuring Programme for year 2014. However, the fertilizer application records were inconsistently maintained. Hence, non-compliance was raised.	Minor NCR: CBK-01
4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Leaf sampling and analysis had been carried out annually. Soil sampling and analysis had been carried out at the rate of 20% of the area each year as planned. Records of the sampling and analysis had been verified to be satisfactory.	Complied

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<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting.</p> <p>Minor Compliance</p>	<p>EFB had been applied to the fields with lower yield in the group estates. Records of application had been verified.</p> <p>POME land irrigation was implemented and maintained Syarimo 3 estate. POME solid obtained through filtration using "Green tube" were bagged at 30 kg each and distributed for application at all the estates under the PMU.</p>	<p>Complied</p>
<p>Criterion 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile soils shall be available.</p> <p>Minor Compliance</p>	<p>There was no fragile soil on Syarimo 1, 6, and 8 Estates based on the soil maps and our field visit.</p>	<p>Complied</p>
<p>4.3.2 A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific).</p> <p>Minor Compliance</p>	<p>Planting terraces had been constructed on slopes >10°, as per policy stated in SOP.</p> <p>Fields were generally covered with soft grasses, ferns, and herbaceous plants.</p>	<p>Complied</p>
<p>4.3.3 A road maintenance programme shall be in place.</p> <p>Minor Compliance</p>	<p>Road maintenance programme had been verified to be implemented on the estates.</p> <p>The estate roads found to be in satisfactory condition.</p>	<p>Complied</p>
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.</p> <p>Minor Compliance</p>	<p>There was some 155 ha of peat soil in Syarimo 1 Estate in Blocks 95A, B, C and D (situated at the North-eastern corner) as was identified in previous assessments.</p> <p>The water level was monitored on a weekly basis and the level controlled through the use of weirs. Monitoring records showed that the controls of water levels were satisfactorily maintained as was verified during field visit.</p> <p>There was no peat soil in Syarimo 6 and Syarimo 8 estates.</p>	<p>Complied</p>
<p>4.3.5 Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing.</p> <p>Minor Compliance</p>	<p>The water tables were maintained between 50 -75 cm at the peat soil area in Syarimo 1 estate. Records of the water table were verified to be maintained.</p>	<p>Complied</p>
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils).</p> <p>Minor Compliance</p>	<p>Verified that there were no fragile or problematic soils at Syarimo 1, 6 and 8 estates and the rest of estates of the PMU (which was reported in previous assessments).</p>	<p>Not applicable</p>
<p>Criterion 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.4.1 An implemented water management plan shall be in place.</p> <p>Major / Minor - TBF</p>	<p>Documented water management plan which includes the monitoring of rainfall data, water sampling tests, water usage and relevant records had been verified to be in order for the palm oil mill and Syarimo estates audited.</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.</p>	<p>There was no main river passing through Syarimo 1, Syarimo 6 and Syarimo 8 Estates.</p> <p>Buffer zones were maintained at the small streams which were sighted at the estates.</p>	<p>Complied</p>

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Major Compliance		
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6).</p> <p>Major / Minor – TBF</p>	<p>Water samples were taken at monthly interval in the palm oil mill at the discharge point of effluent pond. BOD level had been in the range of 8 to 58.7 ppm for the past 12 months. The upper limit currently specified by D.O.E. Sabah is 100 ppm. This upper limit will be changed to 20 ppm in May 2015 as per instructions given by D.O.E.</p> <p>Since 2013, the Palm Oil Mill had taken steps to lower the BOD by desludging the effluent ponds and installing silk curtains. The BOD was monitored and had shown that BOD was controlled at below 20ppm for the months of November and December 2014.</p>	Complied
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored.</p> <p>Minor Compliance</p>	<p>Water usage in the mill for ranged from 1.458 to 1.927 m³/tonne FFB over the 12 month period.</p> <p>The mill has a plan to reduce the water consumption through better maintenance to a baseline of about 1.5 m³ /tonne FFB.</p>	Complied
<p>Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored.</p> <p>Minor Compliance</p>	<p>Records on planting of beneficial plants had been verified on the estates.</p> <p>Pest infestation was minimal on the estates.</p> <p>Programme for planting of beneficial plants such as <i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> implemented. Records of areas planted verified together with the respective maps to be satisfactory</p>	Complied
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated.</p> <p>Minor Compliance</p>	<p>Training records for personnel on IPM implementation were available and was verified on-site to be satisfactory during field assessment at the respective estates.</p>	Complied
<p>Criterion 4.6 Pesticides are used in ways that do not endanger health or the environment</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available.</p> <p>Major Compliance</p>	<p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable.</p> <p>Basta with a.i. Glufosinate ammonium 13.5% had been used for circle spraying in immature palms due to its selective property.</p>	Complied
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided.</p> <p>Major Compliance</p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and being kept for a minimum of 5 years.</p> <p>The monitoring of pesticide usage i.e. a.i used/tonne oil at POM has been performed with data available till Dec 2014. Verified that records of monitoring were satisfactorily.</p>	Complied
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides,</p>	<p>It is the policy of the estates to minimize the use of pesticides in accordance with integrated pest management. No prophylactic use of pesticides had been carried out.</p> <p>Rat baiting would be carried out only if rat damage exceeds</p>	Complied

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<p>except in specific situations identified in national Best Practice guidelines.</p> <p>Major Compliance</p>	<p>5% on FFB. No rat baiting had been carried out at the estates for the period concerned.</p> <p>On the overall, the usage of pesticides has shown a slight decrease over the previous year.</p>	
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances.</p> <p>Major Compliance</p>	<p>Use of paraquat had been eliminated since 31 December 2011 in the IOI Group Estates.</p> <p>Alternatives such as Round up (Glyphosate Isopropylamine), Ally (Metsulfuron Methyl), Starane (Floroxyr), Triclopy Butoxyethyl Esther and 2, 4-D Methylamine had been used to replace paraquat and records of usage were maintained.</p>	Complied
<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).</p> <p>Major Compliance</p>	<p>All pesticide operators had been given training on the handling and application of the pesticides. Appropriate safety and application equipment had been provided and used by the operators.</p> <p>All precautions attached to the products had been observed, applied, and understood by the workers.</p> <p>Programme and training records verified to be in order.</p>	Complied
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3).</p> <p>Major Compliance</p>	<p>Storage of pesticides found to be in accordance with the Occupational Safety and Health Laws and Regulations and local laws on pesticides control.</p> <p>Used chemical containers were disposed of by DOE approved / registered Hazardous waste contractor.</p>	Complied
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts.</p> <p>Major Compliance</p>	<p>Pesticides had been applied using the proven methods (Best Management Practices) that minimize risk and impacts.</p>	Complied
<p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application.</p> <p>Major Compliance</p>	<p>It is the policy of the company not to carry out any aerial application of pesticides. This policy has been adhered.</p>	Complied
<p>4.6.9 Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated; including provision of appropriate information materials (see Criterion 4.8).</p> <p>Major Compliance</p>	<p>Periodic training on pesticide handling had been carried out. Information on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	Complied
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3).</p> <p>Major Compliance</p>	<p>Scheduled waste had been sent for disposal through licensed contractor approved by DOE via the POM.</p> <p>Records of scheduled waste involved verified to be in order.</p>	Complied

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<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated.</p> <p>Major Compliance</p>	<p>Annual medical surveillance for pesticide operators had been carried out as follows:</p> <p style="text-align: center;"><u>08-10-14</u></p> <table style="margin-left: 20px;"> <tr> <td>Syarimo 1</td> <td>15 operators</td> </tr> <tr> <td>Syarimo 6</td> <td>11 “</td> </tr> <tr> <td>Syarimo 8</td> <td>6 “</td> </tr> </table> <p>It was verified that the CHRA recommendations have been satisfactorily followed. On-site interview of workers confirmed that they did not have any symptoms of toxin reactions.</p>	Syarimo 1	15 operators	Syarimo 6	11 “	Syarimo 8	6 “	<p>Complied</p>
Syarimo 1	15 operators							
Syarimo 6	11 “							
Syarimo 8	6 “							
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women.</p> <p>Major Compliance</p>	<p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator.</p>	<p>Complied</p>						
<p>Criterion 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>								
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>						
<p>The health and safety plan shall cover the following:</p> <p>4.7.1 A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>Major Compliance</p>	<p>A safety and health policy verified to be documented.</p> <p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act had been established, documented and implemented.</p> <p>Records on training and analysis on understanding of training by the workers had been maintained and found to be satisfactory.</p> <p>However, repair to the water supply pipeline of the emergency shower at the POM was not carried out in a timely manner.</p> <p>Hence, an Observation was raised (Obs: CBK-01).</p>	<p>OBS: CBK-01</p>						
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>Major Compliance</p>	<p>Risk assessment carried out on all operations where health and safety is an issue (e.g. noise exposure, pesticides/chemicals exposure, accident, fire).</p> <p>Procedures and actions documented and implemented on the issues concerned.</p> <p>All precautions according to MSDS attached to the products found to be observed and applied by the workers.</p> <p>Wearing of proper PPE was seen.</p>	<p>Complied</p>						
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p>	<p>Awareness and training programme had been carried out. All workers involved had been adequately trained in safe working practices.</p> <p>Appropriate PPE had been provided to all workers at the place of work to cover all potentially hazardous operations.</p> <p>Frequent training and briefing on safety practices were conducted. However, it was sighted during field visit in Syarimo 8 Estate, some handlers of sickles had left them exposed while not in use.</p> <p>Hence, an observation was raised (Obs: CBK-02).</p>	<p>OBS: CBK-02</p>						
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at</p>	<p>The responsible person (usually the Mandore or Headman) had been identified.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	<p>Complied</p>						

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these meetings, and any issues raised shall be recorded. Major Compliance		
4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Major Compliance	Accident and emergency procedures had been written and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily. Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH).	Complied
4.7.6 All workers shall be provided with medical care and covered by accident insurance. Major Compliance	Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with RHB Insurance Berhad.	Complied
4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics Major Compliance	Records on Lost Time Accident (LTA) metrics were available and verified to be satisfactory.	Complied
Criterion 4.8 All staff, workers, smallholders and contract workers are appropriately trained.		
Indicators	Findings and Objective Evidence	Compliance
4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	A formal training programme on all aspects of RSPO Principles and Criteria has been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.	Complied
4.8.2 Records of training for each employee shall be maintained. Major Compliance	Records of training for employees were available and maintained and were verified on a sampling basis at the Mill and respective estates visited.	Complied

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

Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
Indicators	Findings and Objective Evidence	Compliance
5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance	Documented aspects and impacts risk assessments including those raised through stake-holder consultations are implemented in accordance with RSPO and legal requirements. These were documented in “Environmental Impact Assessment and Management Action Plans’ for the mill and estates which are reviewed on annual basis. During current assessment, the reviews were done on 14 and 15 Dec 2014 by the Mill and respective Estate Managers at Syarimo 1, 6 and 8 estates.	Complied
5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. Major / Minor -TBF	The changes to any current practices and the resulting impacts and mitigation needed were identified. The POM and estates had continued with the implementation and monitoring of management action plans for continual improvement. Negative impacts monitored by POM include the control of emissions of GHG. Respective estate managers were identified as being responsible for the management plans.	Complied
5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Major / Minor -TBF	Implementation and monitoring of the documented environmental improvement plans were reviewed on an annual basis. The last review was on 6 Jan 2015. The review had considered the mitigation of negative impacts and promotion of positive ones such as the manual clearing of overgrown natural vegetation and debris along the streams and demarcated buffer zones (at estates) and the proper preservation of water sources such as water ponds, which were verified on-site during the assessment. Observation issued : AL-01 Monitoring of conservation areas such as water ponds for domestic cleaning use can be improved. E.g. Syarimo 1, main pond no.1, fencing to be repaired and siltation clean up to be better monitored. Syarimo 8, signages at water pond to be redrawn.	OBS: AL-01
Criterion 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.		
Indicators	Findings and Objective Evidence	Compliance
5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).	The Internal ‘HCV & Conservation Areas’ assessment report(s) for the IOI Syarimo estates reviewed in Jan 2015, had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Sabah, Sabah Wildlife Department, Environmental Protection Dept and Dept of Irrigation and Drainage. The	Complied

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<p>Major Compliance</p>	<p>assessment made was in accordance with the recommended RSPO – ‘HCVF Toolkit’.</p> <p>The overall landscape surrounding the PMU, that includes wildlife corridors, had been considered in the HCV assessment reports.</p> <p>For each estate, the HCV areas are identified e.g. river and tributaries/riparian buffer zones (HCV 4 & 5), worship area (HCV 6), bordering forest reserve (Malua Forest Reserve) (HCV1) at Syarimo 7 and 9.</p> <p>At Syarimo 2, 4 and 5, the location of conservation areas such as the ‘Laran’ trees conservation area (Syarimo 4) and buffer and riparian zones adjacent to the Lamag River tributaries (Syarimo 2 and 4) were adequately identified in the estate maps in previous assessments.</p> <p>During current assessment, the reviews were done between 5 and 16 Jan 2015 by the respective Estate Managers at Syarimo 1, 6 and 8 estates.</p> <p>The updates has included compliance to related laws & legislation, signatory e.g. International Convention for Biodiversity 2003, UN Framework Convention for Climate change; Convention on International Trade on Endangered Species.</p> <p>During current assessment, it is verified that monitoring of identified conservation areas at Syarimo 6 and 8 which have boundaries adjacent to the Lamag Forest Reserve has been implemented and maintained.</p> <p>Actions and activities for monitoring were listed and recorded in text, photographic and mapped documents. Feedback received from Forestry Dept, Sabah confirmed that in their periodic field visits, there has been no presence of any ERTs detected along the boundary with the IOI estates.</p>	
<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan.</p> <p>Major Compliance</p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the ‘HCV & Conservation Areas’ management plans at the respective estates.</p> <p>The HCV reports had reviewed the conservation needed for the wildlife identified such as proboscis monkeys, estuarine crocodiles, pygmy elephants, orang utan, long and short tailed macaque, piped hornbills and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.</p> <p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Regular patrols on a weekly basis within the Syarimo PMU had been carried out and recorded by the respective Estate executives to monitor the HCV and buffer areas. The occasional sightings of various types of wildlife encountered found to have been recorded.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented. Large signages that prohibit hunting, fishing and water polluting activities were verified on-site at Syarimo 6 and Syarimo 8 near boundary with the Lamag Forest Reserve and found to</p>	<p>Complied</p>

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	have been satisfactorily maintained.	
<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated 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>Major Compliance</p>	<p>There is evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signages erected which prohibit such activities.</p> <p>A programme has been established with ongoing consultation with the local Wildlife authorities, to regularly educate the plantation workers and other workforce about the status of RTE species and the consequences in accordance with company rules and national laws of any infringement.</p>	Complied
<p>5.2.4 Where a management plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. <p>Major / Minor -TBF</p>	<p>Management plans were established and monitoring outcomes were reviewed by the estate managers. Ongoing monitoring of the management plan on the status of HCV and RTE is documented and evidences of reporting verified to be available.</p> <p>Observation issued: AL-02</p> <p>Ongoing monitoring at estates with boundary areas near Forest Reserves i.e. weekly patrol adjacent to Lamag Forest Reserve should include some details such as types of wildlife sighted, with photographs attached (if any) and discussion details held occasionally with the Forestry officers and Wildlife Dept officers.</p>	OBS: AL-02
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>Major / Minor -TBF</p>	<p>It was verified that there are no local communities or villages at the Syarimo PMU. So far, there was no instance of HCV set-aside that conflicts with the rights of local communities. Thus negotiated agreement of such nature is not applicable.</p>	Not applicable
<p>Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p>	<p>The following waste products and sources of pollution have been identified and documented at the PMU: scheduled waste, domestic waste, clinical waste, recyclable wastes (metal, plastic, paper, glass) and mill wastes (EFB, carp fibre, boiler ash, POME).</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory. Proper areas were identified for the storage of the recyclable wastes at the estates and mill. All mill and estates also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractors.</p> <p>Scheduled Waste such as spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers / drums (SW 409), used filters (SW 410), clinical waste (SW 404), used batteries (SW 102) were properly labeled and stored.</p> <p>Appropriate secondary containment was verified to be maintained at the scheduled waste storage areas. The scheduled waste storage area had restricted access to authorized personnel only. MSDS/CSDS instructions were available and adhered to.</p>	Complied

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<p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major / Minor -TBF</p>	<p>All scheduled wastes have been disposed by licensed contractors within 180 days as stated. Disposal of scheduled wastes verified to be in compliance with EQ (Scheduled Waste) Regulation 2005.</p> <p>The last disposals of Scheduled wastes were done on 4 and 11 Dec 2014 by Segar Alam Kinabalu (DOE registered) for SW 305, 306, 409 and 410. Clinical wastes (SW 404) collected and transferred to Hospital Kinabatangan for eventual disposal.</p> <p>It was verified on-site that the records i.e. Consignment Notes and related documentation has been satisfactorily maintained at the Mill and respective estates.</p>	<p>Complied</p>
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>Major / Minor -TBF</p>	<p>Waste management and disposal plans were documented and implemented at the POM and estates.</p> <p>The 5-years (2013 to 2018) solid waste management and disposal plan of sanitary landfills was available at the mill and estates.</p> <p>Verified that the 5 years landfill location planning and maps were available. Sampled landfills physically verified on site at the estates. The designated landfill areas at Syarimo 1, Syarimo 6 and Syarimo 8 estates were verified to be at least 50 m away from any streams / water sources and the landfill drain holes were noted to be disconnected and did not reach any of the streams or water sources and about 3 km away from workers quarters / housing areas. Thus the risk of contamination has been observed to be avoided.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME was maintained and implemented.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in the POM and estates and were used for solid waste segregation and recycling.</p>	<p>Complied</p>
<p>Criterion 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p>Minor Compliance</p>	<p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>Monthly records of energy consumption of non-renewable and renewable fuel per metric tonne of palm product at the POM were available.</p> <p>For July 2013/June 2014, diesel usage was 10.89 liters per mt CPO. It was noted that the consumption was high due to the boiler breakdown and repairs over a 3 month period.</p> <p>The direct fossil fuel usage after boiler repair was consistent when compared to previous year data i.e. within 5.40 – 5.49 liters per mt CPO in Nov-Dec 2014</p> <p>For July 2013/June 2014, energy generated from renewable energy ranged at 136.23 – 146.06 kW / mt CPO. Overall, energy usage has consistent compared to previous year data at about 142 kW / mt CPO.</p>	<p>Complied</p>
<p>Criterion 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN</p>		

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guidelines or other regional best practice.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>Major Compliance</p>	<p>The PMU had adhered to the IOI group policy of 'Zero open burning' for any replanting at the estates.</p> <p>No evidence of open burning was found during on-site inspection at Syarimo estates.</p>	Complied
<p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>Minor Compliance</p>	<p>The PMU has a 'zero burning' policy for replanting at the estates. So far, there is no replanting at the PMU.</p> <p>There was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.</p>	Complied
<p>Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions; particulate/soot emissions and effluent (see Criterion 4.4).</p> <p>Major Compliance</p>	<p>Annual review of environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land was done in July 2014. The next annual review has been planned for July/ Aug 2015.</p> <p>Mill gas emissions as monitored online by DOE, Sandakan using the Continuous Emissions Monitoring System (CEMS) verified to be within the permissible limits of DOE.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations. (see also findings under C4.4)</p>	Complied
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p>Major / Minor -TBF</p>	<p>The significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer usage have been documented at the PMU. This has been verified on-site.</p> <p>The PMU has been monitoring the GHG emissions under their ISCC EU certification for sustainable biofuels production.</p> <p>Plans for the reduction or minimization of GHG is being formulated which will be directed from the IOI Group HQ towards the next FY.</p>	<p>New requirement of RSPO P&C (2013) - Follow up action at next ASA.</p>
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Major / Minor -TBF</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available.</p> <p>Dust emission monitoring was done for Boiler 1 & 2 on 21-22 Sep 2014 by Green Environmental consultants as per the EQ (Clean Air) Reg.1978 – Std C, and found to be within permissible limits.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements. It was verified that the POME is treated via ponding system i.e. overall 16 ponds used. (7 ponds being aerobic and anaerobic ponds).</p>	Complied

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	<p>Water samples were taken monthly and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge point. The discharged water is 100% used for land application into Syarimo 3 estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits.</p>	
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Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mills.

Criterion 6.1

Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.

Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>The PMU has documented and implemented a social impact assessment (SIA) with validity period from August 2013 to July 2018.</p> <p>Stakeholders' consultation with the participation of both internal and external stakeholders (including local expertise from Governmental organizations) was conducted on 21 Jan. 2015 at Syarimo POM. This was evident with the list of participants recorded. Invitation letters to the consultation and minutes of meetings as appended to the SIA Report were maintained.</p> <p>The stated objectives of SIA, among others, were:</p> <ul style="list-style-type: none"> • Handling of social issues, such as sexual harassment and gender equality • Maintaining welfare and safety of work, such as sufficient facilities for the workers as well as on time payment and payment scheme as specified by the laws • Grievances handling processes including the receiving complaints from internal stakeholders related to facilities provided as well as from external stakeholders related to the group contribution to the development of local communities and its immediate surroundings. • Being fair, open and transparent to all stakeholders. <p>The discussion covered both the positive and negative impacts. The SIA report covered issues including the following :</p> <ul style="list-style-type: none"> • Signboard for phone coverage within the IOI estates for faster and easier communication with parties outside during emergency. • Request for approval from Suruhanjaya Tenaga for foreign workers assigned as boilermen. DOSH policy is to approve foreign workers assigned as boilermen. • Contractors awarded with electrical maintenance and repair works must have valid registration with Suruhanjaya Tenaga 	Complied
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p>	<p>Verified from the minutes of the stakeholders' consultation conducted on 21 Jan. 2015 that the assessment had been carried out with the participation of affected parties, via; representatives from Governmental agencies, internal management staff and workers, gender and migrant worker</p>	Complied

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Minor Compliance	representatives and local contractors/suppliers. A total of 29 participants attended the consultation.	
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. Major / Minor -TBF	A time-bound action plan based on the stakeholders' consultation was developed by management of each estate to address the issues raised. The plan included issues to be monitored, proposed mitigation, responsible persons, and expected date of completion. Attendance list of the stakeholders consultation mentioned above showed the following official representatives from government agencies such as the police force, internal management staff and workers, as well as contractors/suppliers to the groupings Judging from the issues raised and from interview of stakeholders during audit, attendees of these meetings seemed to be able to freely express their views during the identification of findings, impacts, mitigation plans. It is evident that the estate continued promoting the positive ones which is being monitored regularly.	Complied
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. There shall be evidence that the review includes the participation of affected parties. Major / Minor -TBF	The company policy is to review the SIA plans every year for follow-up and updating to current practices. The review includes the participation of affected parties. During this assessment, the review was noted to be done on 21 Jan 2015. Mitigation actions for issues raised during the stakeholders' consultation were noted to be followed up.	Complied
6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Major / Minor -TBF	The PMU does not have any smallholder schemes and therefore this requirement is not applicable.	Not applicable
Criterion 6.2		
There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.		
Indicators	Findings and Objective Evidence	Compliance
6.2.1 Consultation and communication procedures shall be documented. Major Compliance	Documented Policies and procedures are available for internal and external communication and consultation. Estate managers and their assistants are the nominated persons responsible for communication with the stakeholders. The organization has a list of stakeholders including local authorities, government departments, NGOs, service providers, suppliers and contractors. Interviews with representatives of Gender Committee, internal workers and their dependents and crèche ayahs revealed open and transparent communication and consultation. These interviews confirmed the effectiveness of PMU consultation and communication processes with the internal and external stakeholders.	Complied
6.2.2 A management official responsible for these issues shall be nominated.	Records sighted show evidence of the existence of appointed teams headed by estate managers assisted by assistant managers. E.g. letter to Darwis Laronko as Social Liaison Officer dated 15 Jan. 2015 signed by Kalaiselvan A/L Palanisamy, Mill Manager and Letter of appointment of	Complied

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Minor Compliance	Kasman Badari as Social Liaison Officer dated 2 Jan. 2015 signed by Idris Bedu, Estate Manager, Syarimo 6. The roles and responsibilities of these appointed officials are defined.	
6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	The list of stakeholders, communication and actions taken were maintained in Stakeholders File. E.g list of stakeholders are kept in File No. 3, D. Social File: List of Stakeholders. Latest revision 2015. Verified that consultations with various stakeholders had been held and recorded in the minutes of meeting.	Complied
Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.		
Indicators	Findings and Objective Evidence	Compliance
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. Major Compliance	<p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</p> <p>A mutually agreed and documented system in the form of Grievances Book. Procedures and flow chart has been prepared to deal with complaints, dispute and resolution. So far the record shows the Grievance Books in all estates are still active in recording complaints/requests made by internal workers.</p> <p>Interviews with staff and workers and their representatives revealed knowledge and understanding of the dispute and resolution mechanism. The mechanism provides for open and consensual agreements with relevant affected parties.</p> <p>Another documented system available was 'Stakeholder Request Procedure'. Here, the corporate level stakeholder could check with the IOI Group website www.ioigroup.com, call IOI Group General line 0389478888 or write to Two IOI Square, IOI Putrajaya to lodge a formal request/complaint.</p> <p>Other methods of expressing grievances to the estates managements made available are;</p> <ul style="list-style-type: none"> • Employee Consultative Committee (ECC) meeting • Gender Consultative Committee (GCC) meeting • Weekly linesites inspection by each PMU and monthly line-site inspection by the EHA. <p>The IOI Audit and Risk Management department had issued an internal whistle blowing protection policy with the objectives to give the opportunity to the staff and all parties involved with IOI group to report any misconduct.</p>	Complied
6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. Minor Compliance	<p>A standard record book for IOI Group is used throughout the grouping – IOI Group Complaints and Grievances Book. The complainants need to sign off upon completion of the request/resolution of complaints.</p> <p>For request of house repairs, the "Buku Laporan Kerosakan Perumahan 2013/2014" was verified to be used at the Syarimo POM. Entries were noted to have been attended and general found to be resolved in a timely manner. E.g. latest entry was on 23 Jan. 2015 from Samit Yamang regarding damage toilet door in Syarimo POM, 26 Jan. 2015 from Nasir Nawir regarding broken leaking domestic water</p>	Complied

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	tank in Syarimo 1.	
<p>Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>The IOI group procedure for the handling of grievances and compensation which may arise from any party claiming legal or customary rights is available at the PMU and is also available at the website link: http://www.ioigroup.com/business/busi_millsestates.cfm</p> <p>There were no borders which were adjacent to any villages or native land in the PMU. Therefore no cases requiring any negotiation or compensation pertaining to this criterion. There have been no changes in this status as at the period of verification on site.</p>	Complied
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>	<p>The IOI group procedure was documented in handling this indicator has included the statement of fair and legal compensation in the event of any such claims being made. To date, there is no such dispute by any parties reported at the grouping.</p>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Minor Compliance</p>	<p>To date, there has been no dispute by any parties relating to legal, customary or user rights at the PMU. The procedure for handling compensation claim process is documented and made publicly available upon request.</p>	Complied
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>Documentation of pay and conditions are evident in "Kontrak Pekerjaan" Seksyen 18 Ordinan Buruh Sabah Bab 67 (Pindaan 2005).</p> <p>The contract details all necessary employment terms and conditions including job/assignment, minimum wage per day, OT calculations, allowance, working hours, deductions, sick leave, holiday entitlement, reasons for dismissal, period of notice etc.</p> <p>A review of some field workers' pay slips showed that the calculation of pay is clearly itemised, for example:</p> <ul style="list-style-type: none"> • Normal day field work wage [Daily Rated or Piece Rated] 	Complied

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	<ul style="list-style-type: none"> • Normal working day overtime • Working rest day • Overtime for working rest day • Working public holiday • Overtime for working public holiday • Out-turn incentives [December pay slips only] • Conversion of annual leave into annual payment renewal [December pay slips only] 	
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Minor Compliance</p>	<p>Review of relevant document and interviews with the newly recruited workers of different categories confirmed knowledge and understanding of items stated on employment contract including the following:</p> <ul style="list-style-type: none"> • Pay rates including calculation of over time claims are based on the newly implemented Minimum Wages Order 2012. • Entitlement of 15 paid public holidays, paid annual leave and medical leave. • Other fringe benefits • The migrant workers with valid working permits are covered under Foreign Workers Compensation scheme (FWCS), whilst migrant workers with pending working permits are covered under Workmen's Compensation Insurance Policy from MSIG. Both insurances coverage are valid. E.g. 103 foreign workers are covered under FWCS underwritten by MSIG and valid until 30 Sep. 2015 at Syarimo PO and another 110 foreign workers in Syarimo 6 estate valid until 30 Sep. 2015. Monthly lists of new recruits to be included in the FWCS coverage were also verified. <p>The PMU and estates had ensured compliance to relevant labour laws which was evidenced through random samples check done during assessment.</p> <p>For example, all female estate workers were immediately delisted from active workforce once found pregnant, unused annual leaves were converted into vacation leave paid annually in the month of December.</p> <p>In Syarimo 8, many FFB Checkers [General Workers] were noted to be receiving wages below RM800 per month. Upon checking it is found that the main reason being that majority of the FFB Checkers prefer not to do extra jobs offered by the management in order to reach the minimum wage requirement.</p> <p>For example in 2014, worker- Kastiah had been receiving lower than minimum wage based on her daily wage of RM18.00 as FFB workers. The management offered her consistent piece rated extra jobs each working day in a month to pack POME into gunny sacks and applying the POME as manure. However, Kastiah had taken offered less work days e.g. only 3 days in April and only 2 days in June 2014 out of the 10 days offered per month.</p> <p>There was no similar issue at the Syarimo 1 and Syarimo 6 estates as the workers there had fulfilled the minimum work days needed and were able to receive the minimum wages.</p>	<p>Complied</p>
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies,</p>	<p>The estate management was noted to have complied with Workers' Minimum Standard of Housing and Amenities Act</p>	

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<p>medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>1990 (Act 446).</p> <p>Site visits to workers' homes and interviews with their dependents revealed their general satisfaction with their housing conditions and amenities.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are given a small patch of land to grow vegetables/fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estate are provided with free electricity supply from 4am to 6am and from 5pm to 10pm. Executives and above are supplied with 24 hour electricity supply. Clean water supply comes from treated pond water which is supplied to the workers quarters twice a week to fill the two water tanks located in each house. Monthly water test is conducted and the results are verified. The water test is conducted at the Syarimo POM laboratory. Weekly line-site inspections are also carried out, i.e. first inspection covers the whole workers quarters and second inspection covers only the crèches. In all the estates, rubbish collection is scheduled at least twice a week.</p> <p>Observation issued: JM-01</p> <p>At Syarimo POM, the management is in the process of replacing expired and non-functional fire extinguishers as required by the law. Considering fire hazard is not a main threat at the quarters, the management remove majority of the fire extinguishers at the workers quarters and left only four in case of emergency. These four fire extinguishers however, were also not kept in specific location for emergency use</p> <p>Observation issued: JM-02</p> <p>At Syarimo 6 Estate, linesite inspection is conducted properly and in appropriate frequency. However, emergency exit route obstruction should also be included as an item in the inspection.</p> <p><u>Schools</u></p> <p>The migrant workers' children had received free education in HUMANA schools in the PMU. Two HUMANA schools available for the children in the whole group. The schools are located in Syarimo 2 and Syarimo 7 estates. Teachers of HUMANA schools are paid by HUMANA through contribution from the estates.</p> <p><u>Sundry shops</u></p> <p>The availability of sundry shops within the estates which helped the staff and workers get their sundries nearby. 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 brought in by fresh food suppliers into the estates in food trucks at least twice a week. The group had also developed a contingency plan in the event of flood where the management will provide assistant to the shops owners in order to maintain their stock level are sufficient to supply to the whole community.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>There is a crèche in every estate that provides free baby-</p>	<p>OBS:JM-01</p> <p>OBS: JM-02</p>
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	<p>sitting from 4.30 am to 2.00 pm to workers' children. Free infant formula milk is also provided to those children who are not weaned yet. Visits to all crèches showed that they are in reasonably clean condition. Crèche ayahs are well trained on how to use the medical kits provided in every crèche. Creche at Syarimo 8 is currently in transit situation while waiting for the completion of newly built workers quarters expected in less than two months. Overall the transit crèche is clean and still suitable to be used as temporary nursery.</p> <p><u>Medical clinics</u></p> <p>Clinics are available in Syarimo 2 and Syarimo 7 Estates which is manned by an Estate Hospital Assistant (EHA). The EHA also conduct the linesite inspection and crèche visits for nearby estates. Visiting Medical Officer comes once a month to monitor the services provided and to review the referred cases. Basic medical treatment of minor ailment and first aids such as toilet and suturing (T&S) of small laceration wounds are provided. Sharp bins are available in all clinics and content of the bins are disposed through proper channel, i.e. delivered to IOI Syarimo estate before collected by licensed collector.</p> <p>Medical services provided at the estate clinics are made available for neighbouring plantations and villages for free. For workers or their dependents that has to be hospitalised due to critical conditions or major treatment, monthly wage deduction facility based on negotiation between the workers and the management was provided. This was verified to be satisfactorily implemented.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>Food for the workers provided through sundry shops in each of the PMU estates verified to be adequate and affordable. At the crèches, infant formula milk had been provided for free. The PMU also allows access to the food trucks supplying fresh food to the workers quarters at least twice a week.</p> <p>At Syarimo Mill, there are two retail shops located near the mill to cater for the need of the workers. The management had ensured that these shops are well stocked during the rainy season and periodic flooding encountered.</p>	<p style="text-align: center;">Complied</p>
<p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major / Minor -TBF</p>	<p>PMU has a published statement on "Equal Opportunity Employment & Freedom of Association Policies" recognizing freedom of association in English and Bahasa Malaysia languages, which is displayed in public areas.</p> <p>The estate management had formed the Employee Consultative Committee (ECC) as an alternative mechanism to cater to the collective bargaining needs of the workers.</p> <p>It was verified that the ECC consists of representatives of both male and female and are from the workers and management levels.</p>	<p style="text-align: center;">Complied</p>

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<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Major Compliance</p>	<p>ECC meetings were conducted once in every three months. Minutes of meetings were properly documented and filed. For example: At Syarimo POM was 26 Dec. 2014 and at Syarimo 6 was 19 Dec. 2014. Minutes of these meetings are verified.</p>	<p>Complied</p>
<p>Criterion 6.7 Children are not employed or exploited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p>	<p>The PMU has a policy of not employing child labour (persons below 16 years) in accordance with Labour Act 350, Children and Young Persons (Employment), evident in the "Policy Statement of No Child Labor" available.</p> <p>The age of new hires were verified against their birth dates in their identification cards including those of the foreign workers. It was verified through interviews at the respective estates that the minimum age requirements of the workers were met.</p> <p>Through interviews with the workers dependents at the workers quarters it was confirmed that school age children are no longer occasionally assisting their parents for payment. Efforts have been made by the estate managements together with HUMANA teachers to encourage school age children maintain a good attendance report at the school. Thus Observation JMD-01 issued in the previous year assessment was addressed.</p>	<p>Complied</p>
<p>Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.</p> <p>Major Compliance</p>	<p>IOI Group document on "Equal Opportunity Employment & Freedom of Association Policies" was approved on 20 August 2009 by the IOI Group Plantation Director. The equal opportunity policy includes relevant and affected groups in the local environment. This policy is displayed at the front of POM and estate offices along with the other policies.</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>Minor Compliance</p>	<p>There is a documented "Policy on Foreign Workers". Migrant workers are recruited within the framework of Employment Act 1955, Sabah Labor Ordinance 2005, immigration Act 1959/63 and Workmen's Compensation Act 1952. The employment of foreign workers was implemented without affecting the opportunities for local communities.</p> <p>Local workers are covered under SOCSO scheme and the migrant workers are covered under Foreign Workers Compensation scheme (FWCS).</p> <p>Interviews with migrant workers revealed their satisfaction with the PMU for job opportunities and many welfare amenities like free housing, free water and electricity supplies, medical care, crèche and transportation of school children.</p> <p>Foreign workers are aware of the grievance procedures through the various Committees, including the ECC, Gender Consultative Committee (GCC) and sprayer group</p>	<p>Complied</p>

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	communication through participation at the SIA consultative meetings. It was verified that there has been no issue of discrimination at the PMU.	
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. Major / Minor -TBF	Under the employment process, applicants for field worker positions are usually accepted by the estate management with very minimal requirements due to a shortage of labour supply in the plantation industry. For management and supervisory positions, the PMU has considered the needs of technical and other related skills depending on the nature of the work offered. It was verified that the promotions to higher position at the estates and POM were based on evaluations which considered the skill, capabilities, qualities and medical fitness of the employees. It was evident from interviews with employees and verification of records that there has been no discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age.	Complied
Criterion 6.9		
There is no harassment or abuse in the work place, and reproductive rights are protected.		
Indicators	Findings and Objective Evidence	Compliance
6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	The "Policy on Sexual Harassment" for prevention and eradication of sexual harassment in the workplace is available and verified to be communicated to all employees and implemented in the PMU. Record books for documenting such cases are available and kept under lock and key. A report of sexual harassment was received at the Syarimo POM which was found to be handled in a satisfactory manner without jeopardizing the confidentiality status of such report. The parties involved had voluntarily resigned from Syarimo POM. Interviews with PMU field workers and office staff, both male and female, revealed their knowledge of the policy, their rights as male and female worker, the definition of sexual and other forms of harassment and understanding of the mechanism to lodge a complaint of sexual or other harassment. The Gender Consultative Committee (GCC) meetings are scheduled twice a year. The GCCs comprised of both male and female representatives for both genders to communicate their grievances or complaints related to sexual harassment effectively. Latest meeting-cum-briefing session at the Syarimo POM was on 28 Dec. 2014, at Syarimo 6 was on 26 Nov. 2014 and at Syarimo 8 was on 1 Dec. 2014. Minutes of these meetings were verified.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	Reproductive rights of the workers especially women are fully protected in PMU. Local office staffs are fully aware that they are entitled for two months paid maternity leave. Female estate workers who are handling chemicals also know the right to be assigned to non-chemical / spraying handling jobs while pregnant or breastfeeding their infants. All pregnant local staff and migrant estate workers are provided with free monthly ante-natal check- up in Syarimo 2 clinic conducted by Kinabatangan hospital mobile clinic,	Complied

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	<p>i.e. Klinik Kesihatan Ibu dan Kanak-Kanak (KKIA). All pregnant local staff and female workers in Syarimo POM are offered with paid maternity leave, whilst female estate workers are delisted from active workforce in order to ensure their safety during pregnancy.</p>	
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>Major / Minor -TBF</p>	<p>A "Grievance procedure" is available to manage grievances from internal and external stakeholders and as well as from the general public. The procedure is explained in a flow chart and available in Bahasa Malaysia for easy understanding by the local people.</p> <p>The Grievance Procedure is displayed in the staff offices, muster call stations and at the public areas as verified on-site.</p> <p>Sensitive grievances and complaints are treated as private and confidential thus protecting the anonymity of the complainants such as the sexual harassment reports. The sexual harassment report books are kept under lock and key and accessible only to assigned personnel within the Gender Consultative Committee.</p>	Complied
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>Major Compliance</p>	<p>The current monthly FFB pricing was displayed at the Mill and Estate offices. Data on past prices were maintained in the FFB pricing memos issued from the IOI HQ and were available upon request.</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>Major / Minor -TBF</p>	<p>The interviews conducted with estate field workers confirmed that the workers are aware of FFB pricing and the payment they are entitled for the types of work carried out by them.</p> <p>Data related to inputs/services such as costing incurred by transportation, logistics, maintenance for road and vehicles, social and environmental costs were noted to have been documented in the respective 5-year budget plans of the Mill and estates.</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>Minor Compliance</p>	<p>All parties having contractual agreements with PMU had entered their contracts with adequate understanding of the terms and conditions set between both parties.</p> <p>Evidence was obtained during the viewing of the contracts sampled which among others included the office staff, field workers of both genders; various contractors providing labour, transport and maintenance works at the grouping. On site stakeholder interviews and consultation carried out with the various parties further confirmed their understanding of the contracts entered.</p> <p>Based on the documented contracts sighted, review of meeting minutes with stakeholders as maintained in the respective files, there was no evidence to suggest of any unfair, illegal or non-transparent practices in the grouping dealings with the local community businesses.</p>	Complied
<p>6.10.4 Agreed payments shall be made in a timely manner.</p> <p>Minor Compliance</p>	<p>Payment of wages to office staff as well as the field workers is made no later than seventh day of the following month. Only when the seventh day of the month falls during weekend the payment is made before tenth day of</p>	Complied

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	<p>the month. However, this occurrence is quite rare.</p> <p>Agreed contracts for local business clearly stated that services rendered or purchases made will be paid within 60 days. This is a standard practice and the grouping received no complaints from any local business on delay of payments during the verification visit. It is verified that there were no pending payments to contractors or suppliers beyond the given period at the mill and estates.</p>	
<p>Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated.</p> <p>Minor Compliance</p>	<p>The PMU's contribution towards local communities had been evidenced in several social areas and verified during on site visit as follows:</p> <ul style="list-style-type: none"> • Assisting migrant workers in the renewing their travel documents and permits e.g. appointing Agents to help on documents needed at Foreign Consulates and Sabah Immigration Department. • See also the contributions to local development (positive impacts) by the Estate management following inputs through SIA – a result of participative and consultative with stakeholders including action plans to improve the negative impacts, findings under 6.1.3 & 6.2 • Road repair works commenced on request of nearby Sangau village as students from Syarimo PMU also attended the schools located in the village. 	Complied
<p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity</p> <p>Major / Minor -TBF.</p>	<p>The PMU have not been directly involved with any smallholder schemes. Therefore no records of any particular impacts pertaining to this criterion.</p> <p>No changes in this status as at the period of verification on site.</p>	Not applicable
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>Major / Minor -TBF</p>	<p>New applicants for vacant positions in the estates and Syarimo POM mostly are based on recommendations from the foreign field supervisors. Thus during the verification audit some foreign workers found are still in the process of applying passport after coming in to the country.</p> <p>All procedures of legalizing the migrant workers are required to go through proper channels such as passport application from Indonesian Consulate located in Lahad Datu followed by application of working permits from Malaysian Immigration Office. All these procedures are handled by employment agencies appointed by IOI Lahad Datu Regional Office.</p> <p>Through this rigorous process no evident of trafficked workers were found during the verification audit.</p>	Complied
<p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred.</p> <p>Major / Minor -TBF</p>	<p>No cases of contract substitution have been found and this is confirmed during interviews with workers and relevant-stakeholders.</p>	Complied

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<p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p>Major / Minor –TBF</p>	<p>The policy on ‘Equal Opportunity and Non-Discrimination’ adopted and implemented by PMU had also covered all necessary aspects of migrant workers related issues.</p>	<p>Complied</p>
<p>Criterion 6.13 Growers and millers respect human rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1).</p> <p>Major / Minor -TBF</p>	<p>The policy on ‘Equal Opportunity and Non-Discrimination’ adopted and implemented by PMU had also covered all necessary aspects of migrant workers related issues.</p>	<p>Complied</p>

Principle 7: Responsible development of new plantings

Syarimo PMU has documented procedures for this development but to date has not carried any new plantings after November 2005. Therefore, the requirements of Principle 7 are not applicable during this assessment.

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

<p>Criterion 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>Major / Minor -TBF</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); 	<p>The PMU has identified the social and environmental impacts in the internal SEIA, which was verified to be implemented and monitored. Amongst the continual improvement activities planned and progressively implemented were:</p> <ul style="list-style-type: none"> • Increased planting of beneficial plants as direct bio-control, along the stretches of estate roads to reduce attacks by caterpillars and bag worms. • Maintenance and monitoring of the growth of natural vegetation at the buffer zones and riparian areas and clearance of debris and any clogging of the water flows. • Prompt reporting and disposal of Schedules Waste via e-consignment. • Tighter monitoring of yields from the estates and better planning ahead of seasonal monsoon rains and floods. • Desludging solids to be done on yearly basis and activity to be monitored up to 2m from the bottom of 5m depth. • Upgrading and increase retention time effluent pond – use of green tube for BOD reduction and land application done. • Continuously building new workers quarters and maintaining the old ones into acceptable living standards as required by the law. • New gen-set of 140 KW had been provided to generate electricity for the workers’ quarters for longer hours i.e. from 5.00 p.m. to 6.00 a.m. next morning. • Providing free transport for pregnant office staff and field workers to attend their monthly ante-natal check- 	<p>Complied</p>

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<ul style="list-style-type: none"> • Optimising the yield of the supply base. 	<p>ups and proper child health services.</p> <ul style="list-style-type: none"> • New parking area with shade outside of the mill fence. Completed 1 Dec. 2014. • New SOP for crèche erected under mill management. Completed on 1 Sep. 2014. • Housing quarters under construction in Syarimo POM and estates audited. • Fencing around the mill effluent ponds located near to the housing quarters. Completed in June 2014. • Free two pair of safety shoes per year for mill workers. Previously only one pair or safety shoes per year. • Futsal field under construction and expected will be completed in Mar. 2015. • Request for telecommunication tower submitted to CELCOM by the mill management. • In Syarimo 6 estates each block of the workers quarters are now equipped with fire extinguishers. 28 new cylinders were supplied on 22 Jan. 2015. Previously one street will share only 2 fire extinguishers. • Simultaneous wage payment for the whole Syarimo PMU in the 1st week of the month enforced since June 2014. • Delivery of spring water to workers quarters in Syarimo 8 after the workers are complaining regarding its turbidity level is unsatisfactory. • Evacuation of EFB and application to field at the rate of about 40 mt per hectare. • Data gathering to Agronomist on EFB application and for reduction of fertilizer usage. 	
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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at Syarimo Grouping - POM during this assessment is Module D: Segregation (SG)

Details of findings are as follows:

D.1 Documented procedures		
Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1</p> <p>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements.</p>	<p>Procedure for SG Module is: RSPO/SG/3 issue 03 dated 15 Sep 2012.</p>	<p>Complied</p>
<p>This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The procedure covered the implementation of all elements of SG Module, including all the requirements for controlling the FFB receipt, processing, sales, CPO and PK dispatch, training and claims. The documented procedure and its implementation confirmed to have complied with all the specified requirements of Segregation (SG) Module D.</p>	<p>Complied</p>
<p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and</p>	<p>Mill manager, Mr. Kalai Selvani has the overall responsibility and authority for implementation and compliance with the documented procedure.</p>	<p>Complied</p>

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compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	He and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation.	
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Ref Procedure: RSPO/SG/3 issue 03 dated 15 Sep 2012 - SG Module. The POM received and processed FFB solely from the 9 estates of Syarimo PMU. All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel. The identification and documentation needed for receiving and processing FFB from the supply base are adequately addressed under the procedure for SG Module. Syarimo POM has 4 CPO storage tanks that stored the SG quantities.	Complied
D.2 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional office and weekly to the Head Office at Putrajaya.	Complied
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises.	Complied
D.3 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily.	Complied
D.3.2 Retention times for all records and reports shall be at least five (5) years.	As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.	Complied
D.3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months.	Complied
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should	Product type and supply chain model indicated as RSPO CSPO/SG on relevant documents.	Complied

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be clearly indicated.		
D.4 Sales and good out		
Indicators	Findings and Objective Evidence	Compliance
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:	The company invoices to CPO buyer include the following details: (i) name and address of buyer = IOI Edible Oil, Sandakan; (ii) date of issue of invoice; (iii) CPO or PK as applicable / SG Module; (iv) Quantity (MT) (v) Reference to Weighbridge Ticket and Delivery Order; (vi) CPO Specification / PK Specification.	Complied
a) The name and address of the buyer;		
b) The date on which the invoice was issued;		
c) A description of the product, including the applicable supply chain model (Segregated);		
d) The quantity of the products delivered;		
e) Reference to related transport documentation.		
D.5 Processing		
Indicators	Findings and Objective Evidence	Compliance
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical materials; (up to 5 % contamination is allowed)	Ref Procedure: RSPOSC/SOP/SG/3 issue 03 dated 15 Sep 2012 - SG Module. Confirmed from records that Syarimo POM only received and processed FFB from its own estates since initial RSPO certification in 2012. The processing facility has established and implemented a clear procedure and mechanism for the RSPO CSPO/SG module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the respective modules requirements at the mill including transport and storage. The module implemented is SG i.e. FFB is solely from Syarimo PMU estates.	Complied
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.		
D.5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: a) The crush operator conforms to these requirements for segregation b) The crush is covered through a signed and enforceable agreement		
D.6 Training		
Indicators	Findings and Objective Evidence	Compliance
D.6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	All relevant personnel have been trained on RSPO Supply Chain System and its implementation. Records of refresher training conducted on 22	Complied

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		August 2014 for new personnel were verified.	
D.7 Claims			
Indicators	Findings and Objective Evidence		Compliance
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims.	Based on the records verified at site, there are no claims that can constitute a breach of the RSPO Rules for Communications and Claims as to date. Rules & Regulations for RSPO Certification Scheme given to the organization and Memorandum of Agreement signed.		Complied

3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the Syarimo POM has been able to comply with the requirements of the RSPO SCCS under the 'SG' module and is thus eligible for 'SG' trading for its palm products for year FY 2014/2015.

3.1.3 Monitoring of CSPO and CSPK traded:

Trading of the CSPO and CSPK was monitored by the POM via RSPO eTrace including RSPO GreenPalm and ISCC. The records maintained at the POM relied on internal communications of the trading done by the HQ, Kuala Lumpur on the CSPO delivered to IOI Edible Oils Sdn Bhd (Refinery). The volumes of CSPO traded as verified during assessment are as follows:

	CSPO - Actual Jul 2013 / Jun 2014 (MT)	CSPK - Actual Jul 2013 / Jun 2014 (MT)	CSPO - Actual Jul 2014 till current (MT)	CSPK - Actual Jul 2014 till current (MT)
RSPO	17,254	21,470	15,756	14,400
ISCC	65,968	-	22,332	-
Total Traded	83,222	-	38,088	-
Actual Produced	86,723.98	21,470.92	43,100.58	14,400.73

Notes:

- Based on records maintained at the POM, it was verified that the total volume of CSPO traded has not exceeded the annual certified quantity.
- All PK is delivered out as CSPK to IOI Edible Oils Sdn Bhd, Sandakan (Refinery).

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2012	3 – Minor	1	All NCRs and OBS closed during ASA-01.
Annual Surveillance - 01	2014	Nil	1	All OBS closed during ASA-02.
Annual Surveillance - 02	2015	1 – Minor	6	Next surveillance

Year 2014: ASA-01

Nil – NCR

Year 2015: ASA-02 (1 NCR)

NCR #1	MYNI Indicator	Details of NCR	
Minor NC: CBK-01	4.2.2	Date issued: 29 January 2015	
		Nonconformance: Application of fertilisers (NK and RP) was noted to have been carried out at Syarimo 8 Estate according to Manuring Programme 2014 for Field No. 01D, 01F, 1G, 01H and 01L from July to December 2014. However, fertilizer application records e.g. Operation Cost Sheet: Manuring, for some of the months of 2014 (e.g. July, September and November) were inconsistently maintained.	
		Root Cause and Corrective Action: Root cause - The root cause of the issue was due to the frequent changes in the estate's management team in the previous years. The record were not properly monitored therefore there are a lot of gaps found within the record during the audit. Nonetheless, with the new and current estate management, as well as within the Syarimo plantation group itself, the team has started to stabilize and missing gaps which would include the preparation of the costing record, are progressively being closed,.	
		Corrective Action - The fertilizer costing record has been prepared by the estate's field supervisor as well as the executive by referring and extracting the data from accounts, muster chit, checkroll record and stock book. The record will be continuously monitored by the estate executives to ensure the continuation of the preparation of the costing record.	
		Verification (Corrective Action plan): Corrective action plan with supporting evidence submitted is reviewed and has satisfactorily addressed the non-conformance.	
		NC status verified by auditor: AL	Date closed: 13 Feb 2015
		Verification (for effective closure): Next Surveillance	
NC status verified by auditor:-	Date verified: -		

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3.2.1 Summary of Observations:

The Observations (OBS) identified during current assessment and follow up done on the previous assessment are detailed as per below.

Note: The progress made on the observations listed will be reviewed during the subsequent Annual Surveillance Assessment on the action and implementations taken.

Year 2014: ASA-01 (1 Observation)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
JMD-01	6.7.1	Syarimo 2 and 4 estates	Some of the children at the HUMANA school and housing estates at Syarimo 4 between the ages 10-12 years old had admitted to have occasionally helped their parents in collecting loose fruits in the field when they skipped lessons at school. Estate management should have more communication with the teachers of the HUMANA schools and the parents of the children who are foreign workers, to improve monitoring of the children's attendance at the schools available.	21 Feb 2014	29 Jan 2015	Verified that adequate actions were taken.

Year 2015: ASA-02 (6 Observations)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
AL-01	5.1.3	Syarimo 1 and Syarimo 8 estates	Monitoring of conservation areas such as water ponds for domestic cleaning use can be improved. E.g. Syarimo 1, main pond no.1, fencing to be repaired and siltation clean up to be better monitored. Syarimo 8, signages at water pond to be redrawn.	29 Jan 2015	Next ASA	
AL-02	5.2.4	Syarimo 6 and Syarimo 8 estates	Ongoing monitoring at estates with boundary areas near Forest Reserves i.e. weekly patrol adjacent to Lamag Forest Reserve should include some details such as types of wildlife sighted, with photographs attached (if any) and discussion details held occasionally with the Forestry officers and Wildlife Dept officers.	29 Jan 2015	Next ASA	
CBK-01	4.7.1	Hazardous Chemical Store at POM	Repair to the water supply pipeline of the emergency shower was not carried out in a timely manner.	29 Jan 2015	Next ASA	
CBK-02	4.7.3	Syarimo 8	Health and safety training and	29 Jan	Next	

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			briefing session were frequently conducted. However, it was sighted during field visit some handlers of sickles had left them exposed while not in use.	2015	ASA	
JM-01	6.5.3	Syarimo Mill	The management is in the process of replacing expired and non-functional fire extinguishers as required by the law. Considering fire hazard is not a main threat at the quarters, the management remove majority of the fire extinguishers at the workers quarters and left only four in case of emergency. However, the said four fire extinguishers were also not kept in specific location for emergency use.	29 Jan 2015	Next ASA	
JM-02	6.5.3	Syarimo 6	Linesite inspection is conducted properly and in appropriate frequency. However, emergency exit route obstruction should also be included as an item in the inspection.	29 Jan 2015	Next ASA	

3.2.2 Identified Positive Elements

- 1) IOI Syarimo is actively involved in the ongoing Malua Wildlife Conservation program.
- 2) IOI Corporation Berhad is one of the largest contributors to the Borneo Child Aid (HUMANA) organisation. Over 60 teachers in engaged under HUMANA are paid by IOI and another 20 teachers are paid by the Government of Indonesia. HUMANA has provided education assistance for more than 2000 children of estate migrant workers.
- 3) Natural vegetation is seen to be returning at the riparian and buffer zones near watercourses which are within and bordering the IOI Syarimo 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 Syarimo 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:

Stakeholders' Feedback	PMU Response	Intertek verification / comment on further action (if any)	Further action from PMU (if any)
Government Agencies			
ASA-01: Communication done via email on 21 Jan 2014. See list under para 2.5. Feedback on 3 March 2014 from the Environmental Protection Dept, Sabah via letter stated as follows: <ul style="list-style-type: none"> • IOI Syarimo should continue to maintain compliance with the Environmental Protection Act & Regulations 2005. • Should there be any new development, the Proposal of Mitigation Measures (PMM) 	Ongoing consultations with the EPD, Sabah will be maintained and no PMM is applicable presently.	Verified during on-site assessment that the PMU has been implementing the appropriate measures needed with regards to consultations with EPD, Sabah. Verified that there is no PMM applicable during current	Measures taken and monitoring of implementation is adequate.

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should be submitted.		assessment.	
<p>ASA-02: Communication done via email on 24 Dec 2014. See list under para 2.5.</p> <p>Feedback via letter dated 28 Jan 2015 from Forestry Dept Sabah. Contents include:</p> <ul style="list-style-type: none"> • Lamag FR and Malua FR are Class 1 Forest Reserve Areas • Buffer zone of 50m to be maintained along boundary of FR with Syarimo estates. • Riparian of 30m to be preserved along rivers and restoration done by planting of forest pioneer species eg Binuang and Laran • Illegal hunting is prohibited and to be monitored. • Open burning is prohibited at boundary near FR areas. 	<p>Requirements by Forestry Dept, Sabah will be adhered to. Ongoing consultations with the Forestry Dept, Sabah will be maintained.</p>	<p>Verified during on-site assessment that the PMU has been implementing the appropriate measures needed. See report details under P&C 4, 5, 6 & 8.</p>	<p>Measures taken and monitoring of implementation is adequate.</p>
Non-Governmental Organizations			
<p>ASA-01: Communication done via email on 21 Jan 2014. See list under para 2.5. No feedback received.</p>	No response needed	No response needed.	Nil
<p>ASA-02: Communication done via email on 24 Dec 2014. See list under para 2.5. No feedback received.</p>	No response needed	No response needed.	Nil
Local Communities			
<p>ASA-01: Concerns and suggestions received during interviews and stakeholder consultations include:</p> <ul style="list-style-type: none"> • Contractors confirmed that payments for contracts were done in timely manner and need to be continued. • PMU can improve on road building & maintenance and waste management activities. • Improvement for HUMANA school e.g. better building and to contribute some computers which the company may not need after a few years of their office use. 	<p>Further improvement on road building & maintenance and waste management and Improvement for HUMANA School at the estate will be progressively made. Ongoing consultations will be maintained.</p>	<p>Verified during on-site assessment that the PMU has a mid and long term management plan for the improvement of infrastructure, social and environmental needs of the local community. See report details under P&C 4, 5, 6 & 8.</p>	<p>Measures taken and monitoring of implementation is adequate. See report details under P&C 4, 5, 6 & 8)</p>
<p>ASA-02: Concerns and suggestions received during interviews and stakeholder consultations include:</p> <ul style="list-style-type: none"> • Some sharp corners on the road between neighbouring plantation towards Syarimo PMU are between Syarimo 4 to the mill are 	<p>Suggestions will be considered in Management meetings.</p>	<p>Verified during on-site assessment that the PMU has a mid and long term management plan</p>	<p>To be followed up during ASA-03</p>

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<p>dangerous for those unfamiliar with the area.</p> <ul style="list-style-type: none"> • Tree fronds towering the estate roads should be removed to expedite drying process during rainy season. • Residents of Sangau Village should be exempted from paying toll at Syarimo 1 main entrance. • Residents of Sangau Village also should not be restricted to use Syarimo 1 main gate if necessary during weekend and public holidays. 	<p>Improvements needed will be taken accordingly.</p> <p>Ongoing consultations will be maintained.</p>	<p>for the improvement of infrastructure, social and environmental needs of the local community. See report details under P&C 4, 5, 6 & 8)</p>	
Other Interested parties			
<p>ASA-01: Communication done via email on 21 Jan 2014. See list under para 2.5. No feedback received</p>	<p>No response needed</p>	<p>No response needed.</p>	<p>Nil</p>
<p>ASA-02: Communication done via email on 24 Dec 2014. See list under para 2.5. No feedback received.</p>	<p>No response needed</p>	<p>No response needed.</p>	<p>Nil</p>

3.4 Follow up on NGO - Finnwatch Report on IOI Plantations Group

Prior to the assessment, Intertek made aware via web search and communication made with IOI on the report issued by Finnish NGO Finnwatch against IOI Group in Sept 2014 relating to alleged violations of labour rights at IOI palm plantations at Johor and Negeri Sembilan, Malaysia.

RSPO investigated the issues raised in the report and in the made announcement in Dec 2014 concluded that there was no evidence of infringement of the RSPO Principle and Criteria or National Legislation.

The RSPO recommendations and subsequent statement of commitment and improvement actions taken by IOI Group are publicly available via the following web links:

1) IOI Corporation Berhad's response to RSPO findings on the Finnwatch Report
<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=75>

2) IOI's Time Bound Action Plan on Finnwatch report and RSPO recommendations
http://www.ioigroup.com/Content/NEWS/pdf/Action%20Plans%20Re%20FinnWatch%20with%20annex%20Final%20Draft_DL.pdf

Intertek as one of the Certification Bodies for the IOI Group of plantations had also reviewed and followed up on the related actions which may need to be taken at other IOI plantations / PMUs under our certification. Verification of the actions taken by IOI in relation to the above issue was covered during ASA-02 at Syarimo grouping and these had been accordingly incorporated into the report findings.

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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Syarimo Grouping had been able to demonstrate its compliance with the RSPO Principles and Criteria (April 2013), Malaysian National Interpretation (MY-NI 2010) and the RSPO Supply Chain Certification Standard (November 2011) for Palm Oil Mill.

Therefore, it is recommended that the certification of IOI Syarimo Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd



Mr. Augustine Loh
Lead Assessor
Date: 13 February 2015

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. Peter Wong
Plantation Controller, Syarimo PMU
Date: 15 February 2015

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4.2 INTERTEK- RSPO P&C Certificate details for Syarimo Grouping

Certificate No:	RSPO 928388
Original Issue date:	20 March 2013
New issue date (ASA-02):	20 March 2015
Expiry date:	19 March 2018
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Syarimo Grouping
Address of POM:	KM23, Jalan Kinabatangan, Sg. Pin, Kinabatangan, Sabah
Standards:	RSPO Principles and Criteria (April 2013); Malaysian National Interpretation (November 2010); RSPO Supply Chain Certification Standards (November 2011) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernels
Supply Chain model for CPO & PK:	Segregation (SG)

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

Name	Address	GPS Reference	
		Latitude	Longitude
Syarimo Palm Oil Mill (Capacity: 90 mt/hour)	KM23, Jalan Kinabatangan, Sg. Pin, Kinabatangan, Sabah	05°20.001'N	117°46.875'E
Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E
Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E
Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E
Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E
Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E
Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E
Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E
Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E
Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E

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The annual certifiable tonnages of CPO and PK production by Syarimo Grouping from the supply base/suppliers as assessed and verified during the current assessment and projected for next FY period are detailed as follows:

POM	FY (Jul 2012 – Jun 2013) - Actual		FY (Jul 2013 – Jun 2014) - Actual		FY (Jul 2014 – Jun 2015) - Projected	
Total certified FFB Processed (MT)	444,750.43		421,546.16		458,850	
Total certified CPO Production (MT)	90,052.54	OER: 20.25%	86,723.98	OER: 20.57%	94,523	OER: 20.60%
Total certified PK Production (MT)	21,844.44	KER: 4.91%	21,470.92	KER: 5.09%	23,401	KER: 5.10%
SCCS Model for POM	SG		SG		SG	

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Appendix A:

Qualifications of Lead Assessor and Assessment Team

Mr. Augustine Loh (AL) Lead Assessor/ Team Leader / Technical Expert

(Palm Oil Mill, Environment, Social, HCV area, 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 9001:2008, ISO 14001:2004, OHSAS 18001:2007, ISO 22000, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification and International Sustainable Carbon Certification (ISCC) Lead Auditor course. He has also completed the RSPO training on RSPO P&C (2013), RSPO Palm GHG tool and RSPO RED requirements. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Brunei, Thailand and Cambodia. He is currently the RSPO Program Manager in Intertek, Malaysia and has performed over 700 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 in 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 Internal Review Panel for RSPO Assessment reports 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 5 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 is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.

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

(Good Agriculture Practice and Social)
– Bachelor in Social Science (International Studies)

Mr Jumat bin Majid (JMD) 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 the Intertek In House training on RSPO P&C and MYNI Assessor courses. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2010.

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
26/01/2015 Day 1	8.00 am – 1.00 pm	Travel to Syarimo grouping Palm Oil Mill (POM) Office		
	1.00 pm - 2.00 pm	Lunch Break		
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at Syarimo grouping POM Office (to be attended by representatives from the Estates as well)		
	2.30 pm – 5.00 pm	Document Review & Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		AL	CBK	JMD
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation including HCV • P8 Continual Improvement • Supply Chain for POM (SCCS) 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill & Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	<ul style="list-style-type: none"> • Review of changes for compliance to revised P&C 2013 • Review of Time Bound Plan • Verification for compliance with rules on partial certification • Verification & follow up on NCs & Obs issued in previous assessment. 			
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	JMD
27/01/2015 Day 2	8.30 am – 12.30pm	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P5 Environmental, Conservation including HCV • P8 Continual Improvement • Supply Chain for POM (SCCS) 	Site assessment at Syarimo 6 estate <ul style="list-style-type: none"> • P4 Best Practices at Mill & Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at Syarimo 6 estate <ul style="list-style-type: none"> • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
		Lunch Break		
	1.30 pm - 5.00 pm	Site assessment at Syarimo 6 estate <ul style="list-style-type: none"> • P3 Economic & Financial Viability • P5 Environmental, Conservation including HCV • P8 Continual Improvement 	Site assessment at Syarimo 6 estate <ul style="list-style-type: none"> • P4 Best Practices at Mill & Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at Syarimo 6 estate <ul style="list-style-type: none"> • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
	6.00 pm – 7.00 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		AL	CBK	JMD
28/01/2015 Day 3	8.30 am – 12.30 pm	Site assessment at Syarimo 8 estate <ul style="list-style-type: none"> • P1 Transparency 	Site assessment at Syarimo 8 estate <ul style="list-style-type: none"> • P4 Best Practices at Mill & 	Site assessment at Syarimo 8 estate <ul style="list-style-type: none"> • P6 Employees, Individuals &

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	<ul style="list-style-type: none"> • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation including HCV • P8 Continual Improvement 	<ul style="list-style-type: none"> • P7 New Plantings • P8 Continual Improvement 	<ul style="list-style-type: none"> • P8 Continual Improvement
12.30 pm – 1.30 pm	Lunch		
1.30 pm - 5.00 pm	<p>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below):</p> <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community • Settlers, in the case of independent and organized smallholders. <p>Notes</p> <p>1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment.</p> <p>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.</p>		
5.00 pm – 6.00 pm	Break		
6.00 pm – 7.00 pm	Team meeting and discussion		

Date	Time	Assessors and Assessment Activity		
		AL	CBK	JMD
29/01/2015 Day 4	8.30 am – 12.00pm	<p>Site assessment at Syarimo 1 estate</p> <ul style="list-style-type: none"> • P5 Environmental, Conservation including HCV • P8 Continual Improvement 	<p>Site assessment at Syarimo 1 estate</p> <ul style="list-style-type: none"> • P4 Best Practices at Mill & Estates • P7 New Plantings • P8 Continual Improvement 	<p>Site assessment at Syarimo 1 estate</p> <ul style="list-style-type: none"> • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.00 pm – 1.00 pm	Lunch Break		
	1.00 pm – 3.00 pm	<p>Site assessment at Syarimo grouping Palm Oil Mill</p> <ul style="list-style-type: none"> • P2 Laws & regulations • P3 Economic & Financial Viability • Supply Chain for POM (SCCS) • P8 Continual Improvement 	<p>Site assessment at Syarimo grouping estate to follow up on any specific criteria/areas</p> <ul style="list-style-type: none"> • P4 Best Practices at Mill & Estates • P7 New Plantings • P8 Continual Improvement 	<p>Site assessment at Syarimo grouping estate to follow up on any specific criteria/areas</p> <ul style="list-style-type: none"> • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	3.00 pm – 4.00 pm	Preparation for Closing Meeting		
	4.00 pm – 5.00 pm	Team Meeting and Discussions with Syarimo grouping Management Representative		
	5.00 pm – 6.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office		

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Appendix C-1:

Location Map of IOI Syarimo Grouping, Kinabatangan, Sabah
Scale 1: 200 km



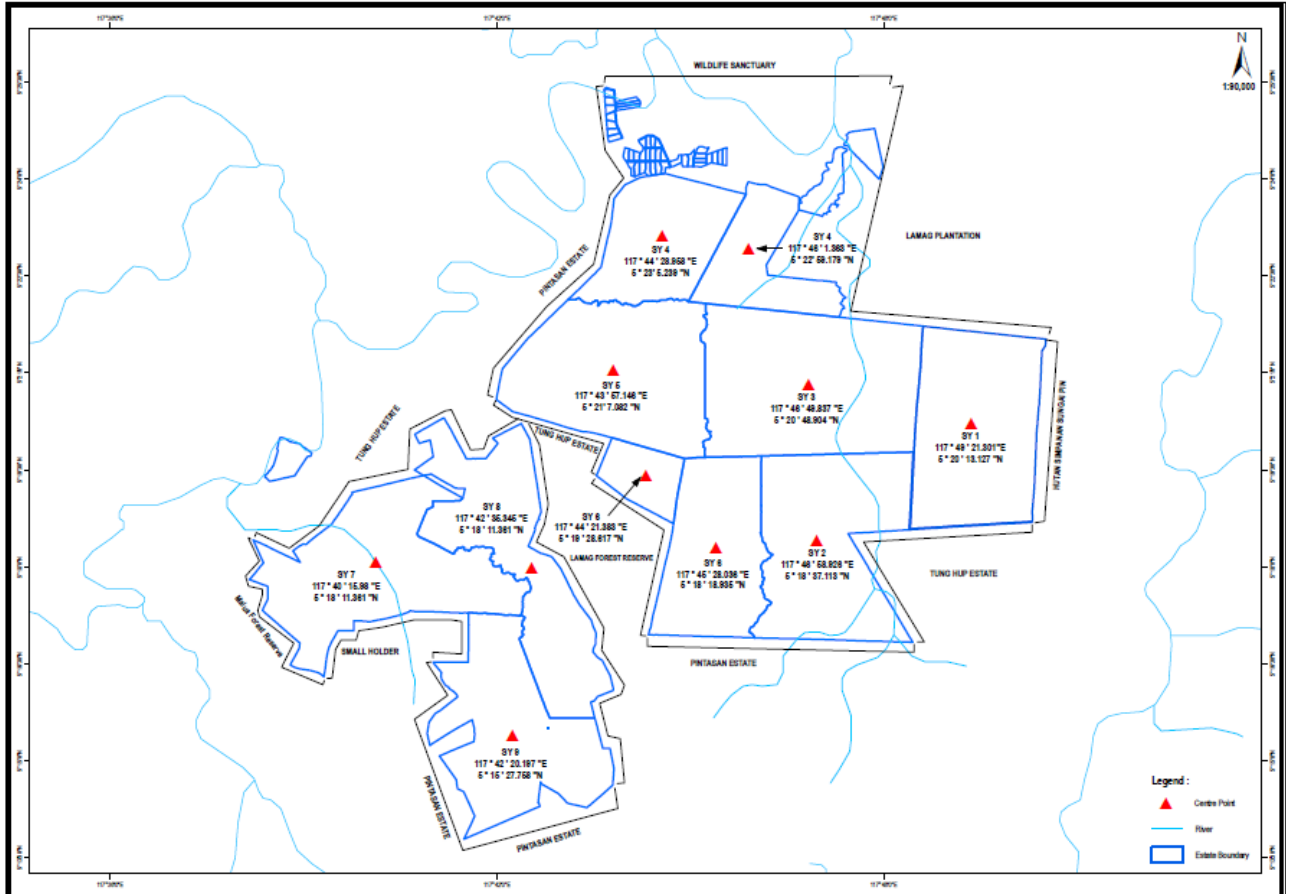
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Appendix C-2:

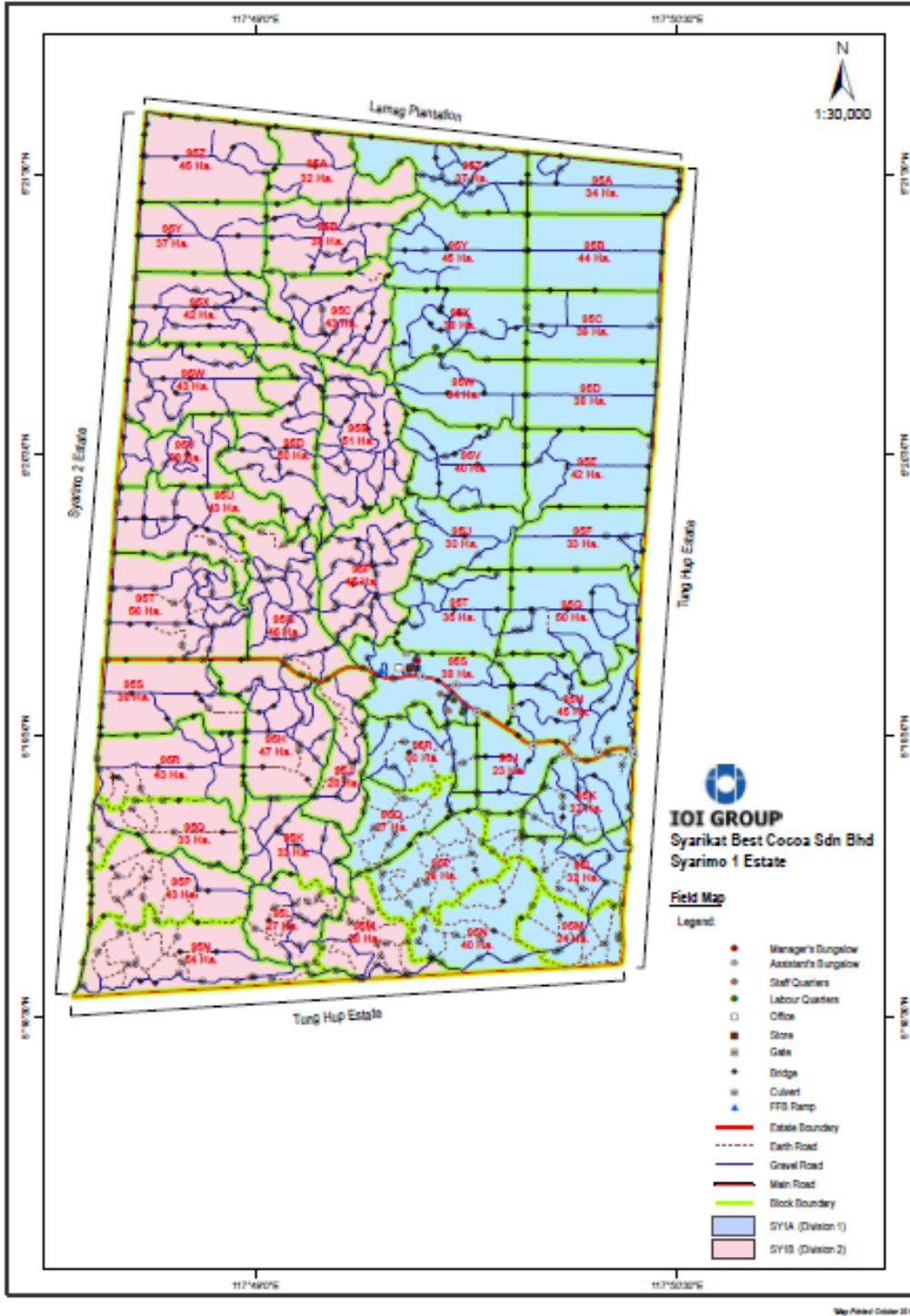
Location Map of IOI Syarimo Grouping (Estates), Kinabatangan, Sabah



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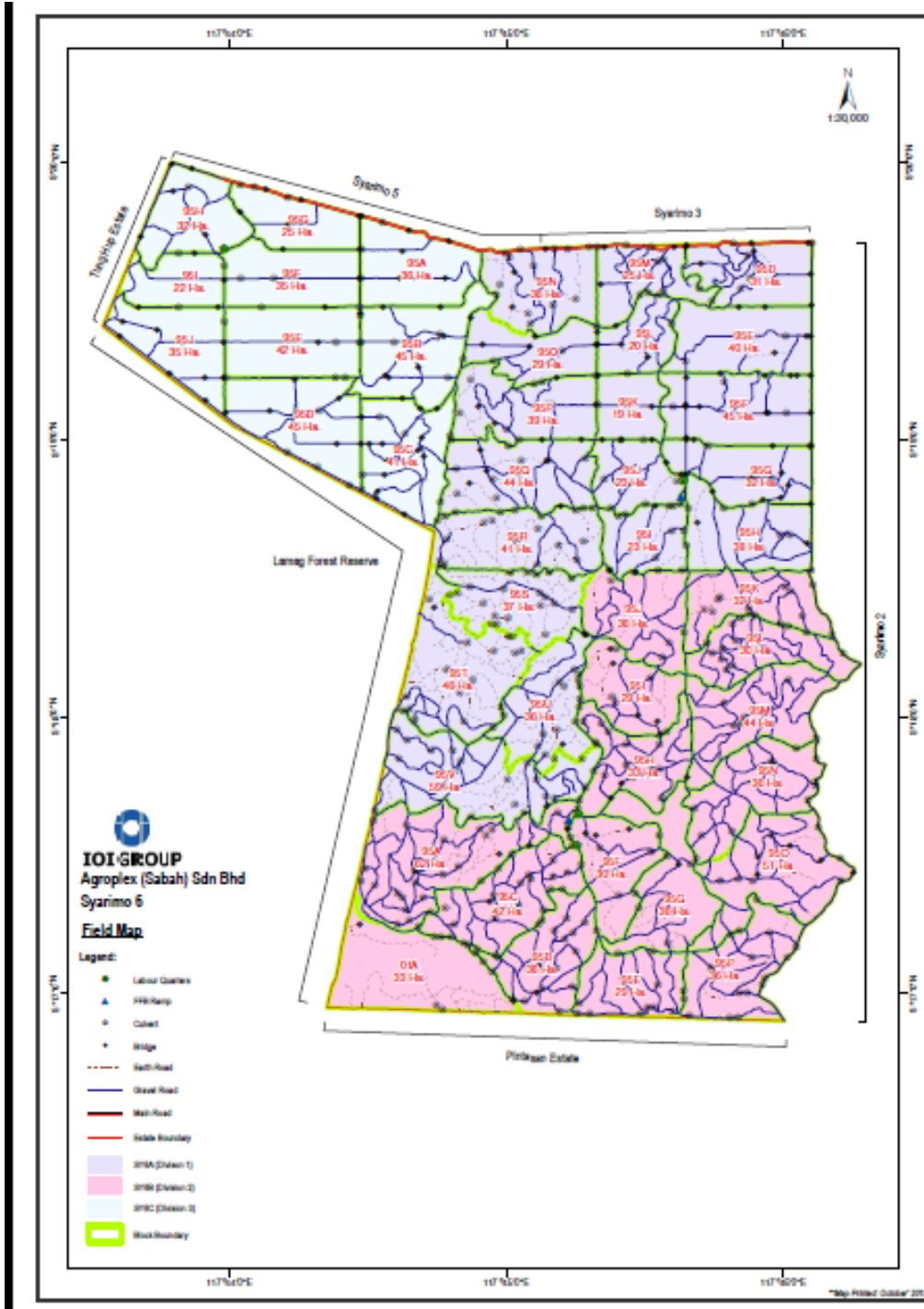
Appendix C-2-1: Map of Syarimo 1 estate



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Appendix C-2-2: Map of Syarimo 6 estate



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Appendix D:

Photographs of Assessment findings at Syarimo PMU

<p>At POM: Green Kinetic Tube used</p>	<p>At POM effluent ponds: Filtration curtains used</p>
<p>At POM: Hazardous chemical storage & signages</p>	<p>Boundary stone at Syarimo 6 estate</p>
<p>Erected signage at Syarimo 6 estate boundary with Lamag Forest reserve.</p>	<p>Erected signage at Syarimo --- estate, boundary with Lamag FR</p>

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Erected signage at Syarimo 8 estate boundary with Lamag Forest reserve.



PPE signages and beneficial plants i.e. *Cassia cobanensis* and *Antigonon leptopus*



Wearing of PPE during field work



Chemical mixing store and signages.

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Appendix E:

Time Bound Plan as submitted by IOI Corporation Berhad (updated for 2015 – 2017)

No	PMU	Main / Assessment	Certification Status	Current Status
1.	Pamol Sabah POM	May 2008	Certified in Feb 2009	Re-Certified in 2014
			Re-Certified in Feb 2014	ASA-01 planned in 2015.
2.	Sakilan POM, Sabah	Nov 2008	Certified in Mar 2010	ASA-04 done. Re-Certification planned for 2015
3.	Pamol Kluang POM	March 2009	Certified in Mar 2010	ASA-04 done. Re-Certification planned for 2015
4.	Gomali POM, Sabah	August 2009	Certified in Aug 2010	ASA-04 done. Re-Certification planned for 2015
5.	Baturong POM	Sept 2009	Certified in Oct 2010	ASA-04 done. Re-Certification planned for 2015
6.	Bukit Leelau POM	April 2010	Certified in Nov 2010	ASA-04 done. Re-Certification planned for 2015
7.	Mayvin POM	August 2010	Certified in Dec 2010	ASA-04 done. Re-Certification planned for 2015
8.	Pukin POM	Dec 2010	Certified in Jun 2012	ASA-03 done. ASA-04 planned for 2015.
9.	Leepang POM	Aug 2012	Certified in Dec 2013	ASA-01 done. ASA-02 planned for 2015.
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	ASA-01 done. ASA-02 planned for 2015.
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	ASA-01 done. ASA-02 planned for 2015.
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-01 done. ASA-02 planned for 2015.
13.	IOI-Pelita, Sarawak	Planned – Dec 2016	-	<i>New certification for IOI, Pelita (Sarawak) is pending resolution of land dispute and RSPO decision.</i>
14.	IOI-Unico POM-1, Sabah	Planned – Oct 2016	-	-
15.	IOI-Unico Desa POM-2, Sabah	Planned – Oct 2017	-	-
16.	PT SKS, Indonesia	Planned – Dec 2017	-	-
17.	PT BNS, Indonesia	Planned – Dec 2017	-	-

---End---