

**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 1 of 46

**MAIN ASSESSMENT ON RSPO CERTIFICATION**  
**PUBLIC SUMMARY REPORT**

**IOI CORPORATION BERHAD**

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

**PLANTATION MANAGEMENT UNIT**  
**Syarimo Grouping**  
Kinabatangan, Sabah, Malaysia

**Certificate No:** RSPO 928388  
**Issued date:** 20 March 2013  
**Expiry date:** 19 March 2018

<b>Assessment Type</b>	<b>Assessment Dates</b>
Initial Certification	17 – 21 September 2012
(Main Assessment)	
Surveillance 1	
Surveillance 2	
Surveillance 3	
Re-Certification	



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 2 of 46

**TABLE OF CONTENTS**

Section	Content	Page No
<b>1.0</b>	<b>SCOPE OF MAIN ASSESSMENT</b>	<b>3</b>
1.1	Introduction	3
1.2	Location (address, GPS and map) mill, estates and hectarage	3
1.3	Description of supply base (fruit sources)	4
1.4	Year of plantings and cycle	5
1.5	Summary of Land Use – Conservation and HCV Areas	5
1.6	Other certifications held and Use of RSPO Trademarks	5
1.7	Organizational information/contact person	6
1.8	Tonnages Verified for Certification	6-8
1.9	Time Bound Plan	7
1.10	Abbreviations Used	8
<b>2.0</b>	<b>ASSESSMENT PROCESS</b>	<b>8</b>
2.1	Assessment Methodology, Plan & Site Visits	8-9
2.2	Date of next scheduled visit	9
2.3	Qualifications of the Lead Assessor and Assessment Team	9
2.4	Certification Body	9
2.5	Process of Stakeholder consultation	9
<b>3.0</b>	<b>ASSESSMENT FINDINGS</b>	<b>11</b>
3.1	Summary of findings	11-42
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	42-43
3.3	Feedback Received from Stakeholders and Findings	44-45
<b>4.0</b>	<b>ASSESSMENT CONCLUSION AND RECOMMENDATION</b>	<b>46</b>
4.1	Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings	46
<b>APPENDICES</b>		<b>Appendix Page</b>
Appendix A	Qualifications of the Lead Assessor and Assessment Team	1-2
Appendix B	Assessment Plan	3-6
Appendix C	Maps of location – Mill, Estates, Conservation and HCV areas	7
Appendix D	Photographs of Assessment findings at Syarimo Grouping	18-21
Appendix E	Stakeholders' feedback, PMU response and MICM verification / comments	22-23
Appendix F	Time Bound Plan for Other Plantation Management Units	24
Appendix G	MICM RSPO Certification Details for Syarimo Grouping	25



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188298-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 3 of 46

**1.0 SCOPE OF MAIN ASSESSMENT**

**1.1 Introduction**

This Initial Certification (main assessment) was conducted on the Plantation Management Unit (PMU) Syarimo Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from 17 to 21 September 2012, to assess if the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (October 2007), Malaysian National Local Indicators (November 2010) and the RSPO Supply Chain Certification Standard (November 2011) for Palm Oil Mill.

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



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 4 of 46

**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 and FFB Production**

Estate	Area Summary (ha) – 2011 / 2012	
	Certified Area	Planted Area
1. Syarimo 1 (assessed in Main Assessment)	1,914	1,836
2. Syarimo 2 (to be assessed in ASA-01)	1,987	1,750
3. Syarimo 3 (assessed in Main Assessment)	2,442	2,326
4. Syarimo 4 (to be assessed in ASA-01)	2,378	1,877
5. Syarimo 5 (to be assessed in ASA-01)	2,149	2,110
6. Syarimo 6 (to be assessed in ASA-01)	1,741	1,611
7. Syarimo 7 (assessed in Main Assessment)	2,080	1,978
8. Syarimo 8 (to be assessed in ASA-01)	1,889	1,475
9. Syarimo 9 (assessed in Main Assessment)	1,756	1,515
Total:	18,336	16,478
Percentage:	100%	89.9%

**Notes:**

1. This Main 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 Main 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. A Malua Wildlife Conservation project on the 'Malua Forest Reserve' concerning the oil palm plantations, communities and forest use had been undertaken jointly by 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 scheduled to be signed by IOI Corporation Bhd on 2 November 2012.



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 5 of 46

**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 (2011/12)**

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	1,750	nil
Syarimo 3 estate	1995, 2000	1st	2,328	nil
Syarimo 4 estate	1995, 2000	1st	1,877	nil
Syarimo 5 estate	1995	1st	2,110	nil
Syarimo 6 estate	1995, 2001	1st	1,611	nil
Syarimo 7 estate	1995, 2002	1st	1,978	nil
Syarimo 8 estate	2001	1st	1,475	nil
Syarimo 9 estate	2001 - 2003	1st	1,515	nil
		Total	16,478	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)	2011/12 (Main Assessment) Hectarage - Ha
1	<b>Planted Area (ha) – Oil Palm</b>	
	- Mature	16,478
	- Immature	nil
2	<b>Conservation Area (ha)</b>	
	- comprising buffer zones along small streams, hilly areas, swampy and unplantable areas	58.8
3	<b>HCV Area (ha)</b>	
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	7.6

**1.6 Other certifications held and Use of RSPO Trademarks**

There are currently no other certifications held by IOI-Syarimo Grouping PMU.

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.



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 6 of 46

**1.7 Organizational Information / Contact Person**

At Head Office:  
Mr. Too Heng Liew  
Head of Sustainability (Malaysia/Indonesia)  
IOI Corporation Berhad  
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. Poo Liong Chai  
Plantation Controller / Assistant General Manager  
IOI Corporation Berhad  
Syarimo Palm Oil Mill  
Tel: 089 - 568 700  
Fax: 089- 568 120  
Email: pcs\_office@yahoo.com.my

**1.8 Tonnes 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 2011/2012 are as follows:

#	Estate /Supplier	FFB Processed (Complied)	Main Receiving Palm Oil Mill	RSPO P&C Certification By CB (date)
1.	Syarimo 1 estate	48,537.92	Syarimo Palm Oil Mill	Covered under this report.
2.	Syarimo 2 estate	42,296.44	Syarimo Palm Oil Mill	Covered under this report.
3.	Syarimo 3 estate	58,910.36	Syarimo Palm Oil Mill	Covered under this report.
4.	Syarimo 4 estate	48,698.17	Syarimo Palm Oil Mill	Covered under this report.
5.	Syarimo 5 estate	39,582.81	Syarimo Palm Oil Mill	Covered under this report.
6.	Syarimo 6 estate	39,614.09	Syarimo Palm Oil Mill	Covered under this report.
7.	Syarimo 7 estate	48,319.47	Syarimo Palm Oil Mill	Covered under this report.
8.	Syarimo 8 estate	30,848.35	Syarimo Palm Oil Mill	Covered under this report.
9	Syarimo 9 estate	36,939.86	Syarimo Palm Oil Mill	Covered under this report.
	Total (under PMU):	<b>393,747.49</b>		
	Other Suppliers:	Nil		
	<b>Grand total</b>	<b>393,747.49</b>		



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188298-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 7 of 46

Total annual volumes / tonnages of FFB supplied from the supply base to Syarimo Grouping POM during the current Main Assessment period and projected period are as follows:

Estate / Supplier	FFB Processed in FY2011/12		FFB Processed for FY2012/13 - Projected	
	MT	%	MT	%
Syarimo Grouping Estates	393,747.49	100	409,496.80	100
Other Suppliers	NII	NII	NII	NII
Total	393,747.49	100	409,496.80	100
* SCCS Model for POM	SG		SG	

The annual certifiable tonnages of CPO and PK production by Syarimo Grouping from the supply base/suppliers as assessed and verified during the current Main Assessment (based on 2011/12 data) are detailed as follows:

POM	FY2011/12		FY2012/13 - projected	
Total FFB Processed (MT)	393,747.49		409,496.80	
Total CPO Production (MT)	81,741.98	OER: 20.76%	85,175.33	OER: 20.80%
Total PK Production (MT)	18,939.25	KER: 4.81%	20,065.34	KER: 4.90%

\* Note: Currently, the 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. Verified activities and checked items for the SCCS of the POM are reported in section.3.1.1.

### 1.9 Time Bound Plan for Other Plantation Management Units

IOI Corporation Berhad has been a member of RSPO since 18 May 2004 and is committed to full compliance with the RSPO P&C and full certification in all aspects of its operations. IOI Corporation Berhad owns and operates 12 palm oil mills and 77 estates throughout Malaysia and Indonesia.

To-date a significant number of its Plantation Management Units (PMUs) have undergone the RSPO certification process in accordance with its revised and updated time bound plan which is to achieve RSPO certification for all its PMU's by year 2016.

Currently, the Time Bound Plan as submitted by IOI Group is subject to certain conditions as set by the RSPO Secretariate. Details of the updates on this are covered under Appendix E.

The information pertaining to IOI's plantation activities and status are also available at the following website link:  
[http://www.ioigroup.com/business/busi\\_plantoverview.cfm](http://www.ioigroup.com/business/busi_plantoverview.cfm)  
[http://www.ioigroup.com/business/busi\\_millsestates.cfm](http://www.ioigroup.com/business/busi_millsestates.cfm)



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 8 of 46

**1.10 Abbreviations Used**

CHRA	Chemical Health & Risk Assessment	MAPA	Malaysian Agriculture Producers Association
CPO	Crude Palm Oil	MICM	Moody International Certification (Malaysia) Sdn Bhd
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
ECC	Employee Consultative Committee	NGO	Non-Government Organization
EFB	Empty Fruit Bunch	NUPW	National Union Plantation Workers
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	PKO	Palm Kernel Oil
HCV	High Conservation Values	PMU	Plantation Management Unit
IOI	IOI Corporation Berhad	POM	Palm Oil Mill
IPM	Integrated Pest Management	POME	Palm Oil Mill Effluent
ISCC	International Sustainability & Carbon Certification	PPE	Personal Protective Equipment
IUCN	International Union for Conservation of Nature	SCCS	Supply Chain Certification Standard
KER	Kernel Extraction Rate	SOCISO	Social Security Insurance
LTA	Lost Time Accidents	StOP	Standard Operating Procedures

**2.0 ASSESSMENT PROCESS**

**2.1 Assessment Methodology, Plan and Site Visits**

Since 16 August 2012, MICM 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 Syarimo Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 18 to 22 September 2012, the Assessment team of MICM conducted the Main Assessment in which 4 out of the 9 estates of Syarimo Grouping namely Syarimo 1, Syarimo 3, Syarimo 7 and Syarimo 9 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





## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188298-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 9 of 46

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, MICM 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 MICM Internal Evaluation Panel prior to submission of the Public Summary Report to RSPO Secretariat for approval.

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 Annual Surveillance Assessment (ASA-01) which will be carried out within a 12-month period after RSPO acceptance of this report.

### 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 Moody is the Trading / Branding Name for Moody International Certification (Malaysia) Sdn Bhd. The Intertek Moody Group 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, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of-Custody and ISCC certification in applicable industry sectors including the agricultural and forestry sectors. Intertek Moody operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Our Management Systems Certification business is ranked among the top 10 worldwide, and is offering certification across a wide range of industries globally.

### 2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming assessment through the websites of RSPO, IOI and MICM. E-mails, facsimiles and letters of the same were sent to applicable stakeholders including government agencies, NGOs and local communities. 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; suppliers and contractors. Details on stakeholders' feedback, PMU response and MICM verification / comments are provided in Appendix E

Among the list of key stakeholders consulted was the following:

#### Government Agencies

- |   |  |
|---|--|
| 1. Department of Lands And Mines              | 10. Department of Environment Protection Sabah       |
| 2. Department of Environment                  | 11. Department of Forestry Sabah                     |
| 3. Department of Forestry Peninsular Malaysia | 12. Department of Immigration Sabah                  |
| 4. Department of Immigration                  | 13. Department of Irrigation & Drainage Sabah        |
| 5. Department of Irrigation & Drainage        | 14. Department of Labour Sabah                       |
| 6. Department of Labour                       | 15. Department of Occupational Safety & Health Sabah |



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 10 of 46

- |   |  |
|---|--|
| 7. Department of Occupational Safety & Health | 16. Ministry Sabah – Secretary Office (Orang Asli Affairs) |
| 8. Department of Orang Asli Affairs           | 17. Sabah Wildlife Department                              |
| 9. Department of Wildlife & National Parks    | 18. Land and Mines Office Sabah                            |

Statutory Bodies

- |  |  |
|--|--|
| 19. Malaysian Palm Oil Board (MPOB)                | 21. Malaysia Palm Oil Association (MPOA)       |
| 20. Malaysian Palm Oil Board (MPOB) - Sabah Region | 22. Malaysia Palm Oil Association Sabah (MPOA) |

NGOs

- |  |   |
|--|---|
| 23. All Women's Action Society (AWAM)  | 47. Partners of Community Organisations (PACOS)   |
| 24. BCSDM - Business Council for Sustainable Development in Malaysia         | 48. Penang Institute previously known as Socio-Economic & Environmental Research Institute (SERI) |
| 25. Borneo Child Aid Society (Humana)  | 49. Proforest - South East Asia Regional Office   |
| 26. Borneo Resources Institute Malaysia (BRIMAS)                             | 50. Sabah Wetlands Conservation Society (SWCS)  |
| 27. Borneo Rhino Alliance (BORA)   | 51. SEPA - Sabah Environmental Protection Association   |
| 28. Center for Orang Asli Concerns COAC                                      | 52. SUARAM - Suara Rakyat Malaysia  |
| 29. Centre for Environment; Technology and Development; Malaysia – CETDEM    | 53. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia              |
| 30. Consumers Association Of Penang – CAP                                    | 54. Sustainable Development Network Malaysia (SUSDEN)   |
| 31. EcoKnights   | 55. Tenaganita Sdn Bhd  |
| 32. Environmental Management and Research Association of Malaysia (ENSEARCH) | 56. The Malaysian Forum of Environmental Journalist (MFEJ)  |
| 33. Environmental Protection Society Malaysia (EPSM)                         | 57. TRAFFIC - the wildlife trade monitoring network   |
| 34. Friends of the Earth; Malaysia   | 58. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme                    |
| 35. Future In Our Hands Society; Malaysia                                    | 59. Transparency International - Malaysian Chapter  |
| 36. Global Environment Centre  | 60. Treat Every Environment Special Sdn Bhd. (TrEES)  |
| 37. Institute of Foresters; Malaysia (IRIM)                                  | 61. United Nations Development Programme - UNDP Malaysia  |
| 38. JUST - International Movement for a Just World                           |   |
| 39. Malaysian Environmental NGOs – MENGO                                     | 62. Wetlands International (Malaysia)   |
| 40. Malaysian National Animal Welfare Foundation – MNAWF                     | 63. Wild Asia Sdn Bhd   |
| 41. Malaysian Nature Society (MNS) Kuala Lumpur                              | 64. World Wide Fund for Nature (WWF) Malaysia   |
| 42. Malaysian Nature Society Sabah   | 65. World Wide Fund of Nature (WWF) Sabah   |
| 43. Malaysian Plant Protection Society (MAPPS)                               |   |
| 44. National Council of Welfare & Social Development Malaysia – NCWSDM       | 66. Malaysian CropLife & Public Health Association (MCPHA)  |
| 45. National Union of Plantation Workers (NUPW)                              | 67. Pesticide Action Network Asia and the Pacific (PAN AP)  |



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 11 of 46

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of findings

##### Principle 1: Commitment to transparency

Criterion 1.1			
Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	1.1.1 Records of requests and responses must be maintained Major compliance.	<ul style="list-style-type: none"> <li>Records of requests for information by stakeholders were maintained i.e. letters, correspondences and minutes of meetings held with the local authorities, employee consultative committees and local community leaders.</li> <li>The mill and audited estates have maintained their respective 'Correspondence &amp; Stakeholders Meeting file'.</li> <li>Correspondences were updated till latest in August 2012 e.g. with local officials from NREB and local community associations and leaders. Requests were attended to, and no negative remarks or complaints/grievances were found.</li> <li>Records maintained were easily retrievable upon request.</li> </ul>	Complied
	<b>Criterion 1.2</b> Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that must be publicly available include, but are not necessarily limited to: Major compliance 1.2.1 Land titles/user rights (C2.2).	<ul style="list-style-type: none"> <li>No changes to the organization's policies and the 7 types of mandatory documents (land titles, health and safety plan, plans and impact assessments relating to environment and social impacts, pollution prevention plans, details of complaints &amp; grievances, negotiation procedures and continuous improvement plan) are available to the public as required. Copies of all the land titles were available and have been maintained at the Mill and estates.</li> <li>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: <a href="http://www.ioigroup.com/business/busi_planoverview.cfm">http://www.ioigroup.com/business/busi_planoverview.cfm</a></li> <li>Copies of all the land titles were available and have been maintained at the Mill and estates audited.</li> </ul>	Complied
	1.2.2 Safety and health plan (C4.7).	<ul style="list-style-type: none"> <li>Safety and Health Plan was annually reviewed i.e. In June 2012 by the Safety Manager for Mill &amp; Estates and additional activities and action items were implemented such as wearing of</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 12 of 46

		PPE by external contractors.	
	1.2.3 Plans and impact assessments relating to environmental and social impacts (C5.1, 6.1, 7.1, 7.3)	<ul style="list-style-type: none"> <li>SEIA reports were reviewed by Sustainability Manager together with feedback by respective Estate managers in a meeting on 22 June 2012 and were evidenced in the minutes of meeting.</li> </ul>	Complied
	1.2.4 Pollution prevention plans (C 6.6)	<ul style="list-style-type: none"> <li>Pollution Prevention Management Plans were reviewed in June 2012. Among action items recorded was the mitigation needed potential floodwaters during the heavier rainfalls period expected during mid-year i.e. June/July, and handling of landfills for domestic wastes during the said period.</li> </ul>	Complied
	1.2.5 Details of complaints and grievances (C 6.3)	<ul style="list-style-type: none"> <li>The mill and respective estates had maintained the Complaints and Grievances Logbook. ECC representatives interviewed had confirmed that there were no serious issues which warrant major actions from the PMU Management.</li> <li>Logbook entries till August 2012 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.</li> </ul>	Complied
	1.2.6 Negotiation procedures (C 6.4)	<ul style="list-style-type: none"> <li>Negotiation procedure and flowchart was available and maintained since July 2009. Additionally via website link: <a href="http://www.ioigroup.com/business/busf_plantoverview.cfm">http://www.ioigroup.com/business/busf_plantoverview.cfm</a></li> <li>The Syarimo group of estates are sharing boundaries with several other privately own plantations, smallholders and forest reserves i.e. the Malua Forest reserve adjacent to Syarimo 7 and 9 estates. There was no dispute from any of the neighbouring plantations and smallholders or complaints from the local Forestry Department.</li> <li>There were no villages or native land within or adjacent to the PMU boundaries as was verified on-site. Therefore not required for records of any negotiation or compensation pertaining to this criteria.</li> <li>The IOI HQ had also uploaded the status on the land dispute/claim at their plantation at Sarawak which is publicly available at website link: <a href="http://www.ioigroup.com/default.cfm">http://www.ioigroup.com/default.cfm</a></li> </ul>	Complied
	1.2.7 Continuous Improvement plan (C 8.1).	<ul style="list-style-type: none"> <li>Continuous Improvements plans in key operations have been developed at the Syarimo Grouping-PMU which were regularly monitored and reviewed. This has included 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; and environmental and social programs i.e. the introduction of waste pollution and reduction including the recycling of materials i.e. via central collection and disposal of scrap iron collected from the renovations of older buildings and structures.</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188298-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 13 of 46

		<ul style="list-style-type: none"> <li>• The continuous improvement plans have been reviewed. It was noted that the growers are actively seeking to identify alternatives to paraquat and a joint study with BASF (an agrochemical manufacturer) was in progress (refer also section 4.6).</li> <li>• Overall long term improvement plans were also viewed via the website link: <a href="http://www.ioigroup.com/business/busi_agritech.cfm">http://www.ioigroup.com/business/busi_agritech.cfm</a></li> <li>• Monitoring and implementation of the Continuous Improvement Plans is progressive. Reviews were done by the Mill and Estate managers and Sustainability Manager in July 2012 (see also details of findings on C 8.1).</li> </ul>	
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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.

Assessment	Indicators	Findings and Objective Evidence	Compliance
<b>Main Assessment</b> R9283/12-1	2.1.1 Evidence of compliance with relevant legal requirements. Major compliance	<ul style="list-style-type: none"> <li>• At Syarimo Grouping - PMU, a Legal Register covering the applicable local and international laws and regulations were available at the mill with the Mill Manager and at each estate with the Estate Managers.</li> <li>• The Mill and Estate Managers had maintained the tracking for any changes in legal requirements. These were reviewed on yearly basis and updated (when necessary) with the compliance status indicated. The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage and storage, schedule waste management.</li> <li>• Based on the site observations, interviews and records checking at the field and mill, there was sufficient evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates.</li> <li>• Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). Fomema fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</li> <li>• Permits for Hiring of Foreign Workers (under Section 118, Sabah Labour Ordinance – Chapter 67), has was renewed and valid till September 2013 for the POM and all the estates.</li> <li>• The PMU had participated in the Federal Government's 5P registration process for migrant workers. Based on the site observations, interviews and records checking at the field and mill, there was sufficient evidence of compliance with the relevant laws, regulations, local and international laws. There</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 14 of 46

		<p>were no cases of any violation or actions imposed by relevant authorities.</p> <ul style="list-style-type: none"> <li>• Evaluation of legal requirements was done by respective Estate Managers, Mill Manager and Sustainability Manager in June 2012. Licenses and permits were renewed and evidenced to be valid till 2013.</li> </ul>	
2.1.2 A documented system, which includes written information on legal requirements. <b>Minor compliance</b>		<ul style="list-style-type: none"> <li>• The assessment team found that the Social Impact Assessments and Management Plans were made available at all the estates. The listing of laws and regulations that were being monitored for changes had also made reference to the Sabah Labour Ordinance (Chapter 67).</li> <li>• The documented system for identifying, determining, reviewing and updating applicable legal and other requirements that the PMU has subscribed to was maintained.</li> <li>• List of laws and circulars received from regulatory bodies such as from DOE and DOSH were maintained and complied with.</li> </ul>	Complied
2.1.3 A mechanism for ensuring that they are implemented. <b>Minor compliance</b>		<ul style="list-style-type: none"> <li>• The mechanism involved an annual review and updating (when necessary) with the compliance status indicated in the Legal Register. The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage and storage, schedule waste management.</li> <li>• The annual review of the legal requirements had been performed on July 2012 with the appropriate updates and compliance status indicated. It is verified that the review had covered and evaluated items such as safety and health, environmental and pollution management, chemical handling, usage and storage, schedule waste management.</li> <li>• Evidence sampled include: Foreign workers having valid work</li> <li>• All boilers and generators have the necessary permits, licenses and certificates</li> <li>• Boiler is registered and inspected. Last inspection was in Feb 2012</li> <li>• Mill complied with the respective regulation. Noise monitoring has been carried out</li> </ul>	Complied
2.1.4 A system for tracking any changes in the law. The systems used should be appropriate to the scale of the organization. <b>Minor compliance</b>		<ul style="list-style-type: none"> <li>• 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. The PMU managers subsequently ensure the updating of changes and tracking done is complete. Based on the site observations, interviews and records updated, the system are appropriate to the operations at Syarimo PMU.</li> <li>• Monitoring of changes to the applicable laws and regulations carried out through periodical</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 15 of 46

		<p>review in accordance with the documented procedure and last performed in June 2012 by the Sustainability Manager. Review meetings minuted were noted to be chaired by the GM of Lahad Datu region with Mill and Estate Managers in attendance.</p> <ul style="list-style-type: none"> <li>Operating licenses and permits were displayed, renewed and evidenced to be valid e.g. MPOB license for Mill – valid till 31 July 2013. Statutory returns were settled and receipts filed were sighted. Taxes such as quit rents had been paid to the Land Office.</li> </ul>	
<p><b>Criterion 2.2</b> The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</p>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<p><b>Main Assessment</b> R9283/12-1</p>	<p>2.2.1 Evidence of legal ownership of the land including history of land tenure. <b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>Copies of the land titles of all estates were sighted and were legally owned by the IOI Group. The original copies are maintained by the Corporate Head office at Kuala Lumpur.</li> <li>The palm oil mill (POM) is located at the Syarimo 1 Estate. The land has been planted with oil palms since 1995 and 2001. There have been no recorded instances of dispute over the ownership of the land.</li> </ul>	Complied
	<p>2.2.2 Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2] <b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>The land titles were specifically designated for the plantation of agricultural crops of economic value. It is verified that there has been no change to the stated land titles and designated use is complied.</li> </ul>	Complied
	<p>2.2.3 Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained. <b>Minor compliance</b></p>	<ul style="list-style-type: none"> <li>Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1- metre differential Global Positioning System (GPS).</li> <li>Locations of boundary stones as was shown in the land surveyed maps of the titles were visited. At a number of locations, new pole markers were found to have been erected next to the land surveyor stones for easier visibility, identification and traceability. The identification numbers of the stones were verified to have matched with those indicated in the surveyed maps.</li> <li>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary of the estates. There were no existing land disputes at the PMU.</li> </ul>	Complied
	<p>2.2.4 Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. Cross ref. to 2.3.3, 6.4.1 and 6.4.2. <b>Minor compliance</b></p>	<ul style="list-style-type: none"> <li>The process for conflict resolution is verified to be publicly available via website link: <a href="http://www.ioigroup.com/business/busi_plantoverview.cfm">http://www.ioigroup.com/business/busi_plantoverview.cfm</a></li> <li>It is verified that there has been no land disputes arising.</li> </ul>	Complied
<p><b>Criterion 2.3</b></p>			



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 16 of 46

Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	2.3.1 Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights. Major compliance	<ul style="list-style-type: none"> <li>The estate lands at the PMU are legally owned by IOI and no other users were identified in the land area. There has been no dispute on the land rights in the areas assessed.</li> <li>The existing estates are not encumbered by any customary land rights and therefore participatory mapping is not required.</li> </ul>	Complied
	2.3.2 Map of appropriate scale showing extent of claims under dispute. Major compliance	<ul style="list-style-type: none"> <li>Not applicable as there has been no land disputes.</li> </ul>	Complied
	2.3.3 Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6) Minor compliance	<ul style="list-style-type: none"> <li>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.</li> </ul>	Complied

**Principle 3: Commitment to long-term economic and financial viability**

Criterion 3.1 There is an implemented management plan that aims to achieve long term economic and financial viability.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	3.1.1 Annual budget with a minimum 2 years of projection Major compliance	<ul style="list-style-type: none"> <li>Annual budget up to 5 years i.e. until June 2017 had been prepared at all the estates including the FFB yield/ha, OER, CPO yield/ha and cost of production.</li> <li>Work programmes for the financial year had been planned for all field operations.</li> <li>Costs on all field operations had been recorded daily for monitoring against the budget provisions by the management staff in addition to close supervision on field operations to ensure work efficiency of the workers. These include preventive maintenance of roads, vehicles, machinery etc</li> </ul>	Complied
	3.1.2 Annual replanting programme projected for a minimum of 5 years with yearly review. Minor compliance	<ul style="list-style-type: none"> <li>Overall replanting programme projected for the next 5 years was available for all the estates in the Syarimo PMU. The oldest planting in the Syarimo Grouping was 1995. Replanting was planned at Syarimo 1, 2, 3, 4, 5, 6 and 7 between 2016/17 and 2018/19. No replanting was planned at Syarimo 8 and 9 as the planting there was done in 2001 and 2003 i.e. age of palms being less than 15 years.</li> </ul>	Complied

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

Criterion 4.1 Operating procedures are appropriately documented and consistently implemented and monitored.			
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## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 17 of 46

Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	4.1.1 Documented Standard Operating Procedures (SOP) for estates and mills. Major compliance	<ul style="list-style-type: none"> <li>The documented Standards Operating Procedures (StOP) for the estates and the mill have been documented and found to be consistently implemented, monitored and reviewed for effectiveness.</li> <li>The procedures included those for GAP, IPM, Chemical Monitoring &amp; Handling, Pollution Mitigation and Safety Practices.</li> <li>IOI's HQ Manual is comprehensive and all the 'Operating Procedures' for plantation management are available and consistent in their PMUs. As for implementation, there is a section on use of PPE in the SOP within IOI Safety Manual. The mill does have a permit to work system for specific jobs such as those requiring access to confined spaces. Permit to work system also used for contractors.</li> <li>Hard copies of procedures are available and controlled. Interviews with the employees and contractors indicated a satisfactory level of understanding and application in relation to their respective job functions.</li> <li>There are SOP's for the management of riparian zones. Implementation includes the monitoring checks on the condition, wildlife sightings (if any) and any intrusions into the zones which are recorded.</li> </ul>	Complied
	4.1.2 Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months. Minor compliance	<ul style="list-style-type: none"> <li>Records of monitoring and actions taken have been maintained and kept for more than 12 months.</li> <li>Records and actions taken such as for the circle spraying, selective spraying, road maintenance, POME application, pest control and manuring were verified to be satisfactorily maintained.</li> </ul>	Complied
<b>Criterion 4.2</b> Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	4.2.1 Monitoring of fertilizer inputs through annual fertilizer recommendations. Minor compliance	<ul style="list-style-type: none"> <li>Annual fertilizer recommendations have been implemented and monitored. Fertilizer inputs were based on recommendations from IOI Research Station.</li> </ul>	Complied
	4.2.2 Evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor compliance	<ul style="list-style-type: none"> <li>The estates have monitored changes in nutrient efficiency through leaf and soil sampling and analysis taking into consideration the palms' age and soil conditions.</li> <li>Leaf sampling and analysis had been carried out annually.</li> <li>Soil sampling and analysis had been carried out at the estates i.e. in Nov. and Dec. 2009 for Syarimo 1, Dec. 2008 for Syarimo 3, Dec. 2009 for Syarimo 7, and Nov. 2008 for Syarimo 9.</li> </ul>	Complied
	4.2.3 Monitor the area on which EFB, POME and zero-burn	<ul style="list-style-type: none"> <li>EFB was mainly shredded and used as fuel in the refinery plant in Sandakan. Any surplus would be</li> </ul>	Complied



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 18 of 46

	replanting is applied. Minor compliance.	<p>applied to the fields with lower yield in the estates.</p> <ul style="list-style-type: none"> <li>• POME land application was being carried out in Syarimo 3 in Fields 95S over 31.1 ha, and 95T over 30.2 ha, giving a total of 61.3 ha.</li> <li>• There was no evidence seen of any open burning at line sites and in the mill and estates. Zero-burning policy is in compliance. Interviews with workers and contractors confirmed their understanding and compliance of zero-burning.</li> </ul>												
<b>Criterion 4.3</b>														
Practices to minimize and control erosion and degradation of soils.														
Assessment	Indicators	Findings and Objective Evidence	Compliance											
<b>Main Assessment</b> R9283/12-1	4.3.1 Documented evidence of practices minimizing soil erosion and degradation. Minor compliance	<ul style="list-style-type: none"> <li>• Planting terraces had been constructed on slopes &gt;8°, as per policy stated in StOP.</li> <li>• There was no replanting at slopes 25 degree and steeper. Topographic and contours maps sighted.</li> <li>• Minimization and control of erosion and degradation of soils were satisfactorily done and supported by documented evidence of records and photos of such practices. Counter-measures taken include (a) frond stacking at alternate interrows of oil palm planting, (b) fronds stacking along lips of terraced areas and parallel to streams to minimise soil runoff; (c) fronds stacking along the contours of the slopes, (d) stop bunds within the planting terraces, (e) planting of 'vetiver' grass and natural riverine plants to minimize stream and river bank erosion, (f) restoration done at demarcated buffer zones and riparian areas, (g) palm biomass recycling, (h) ground vegetation cover.</li> </ul>	Complied											
	4.3.2 Avoid or minimize bare or exposed soil within estates. Minor compliance	<ul style="list-style-type: none"> <li>• Fields were covered with soft grasses, ferns, and herbaceous plants. Ground vegetation has been well maintained for avoidance of bare and exposed soil.</li> </ul>	Complied											
	4.3.3 Presence of road maintenance programme. Minor compliance	<ul style="list-style-type: none"> <li>• Road maintenance programme had been satisfactorily implemented in the estates.</li> <li>• Roads, culverts and bridges found to be in satisfactory condition.</li> </ul>	Complied											
	4.3.4 Subsidence of peat soils should be minimized through an effective and documented water management programme. Minor compliance	<ul style="list-style-type: none"> <li>• There were 155 ha of peat soil situated at the North-eastern corner of Syarimo 1. Location and field block was as follows:</li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Field No.</th> <th>Ha.</th> </tr> </thead> <tbody> <tr> <td>95AA</td> <td>34</td> </tr> <tr> <td>95BA</td> <td>44</td> </tr> <tr> <td>95CA</td> <td>39</td> </tr> <tr> <td>95DA</td> <td>38</td> </tr> <tr> <td></td> <td><u>155</u></td> </tr> </tbody> </table> <p>Water management plans established, implemented and monitored for minimizing</p>	Field No.	Ha.	95AA	34	95BA	44	95CA	39	95DA	38		<u>155</u>
Field No.	Ha.													
95AA	34													
95BA	44													
95CA	39													
95DA	38													
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## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 19 of 46

		<p>subsidence of peat soils. Sandbags were being used in the roadside drains to maintain the water level between 50 cm. and 75 cm. below ground surface.</p> <ul style="list-style-type: none"> <li>• There was no peat soil in the rest of the estates of Syarimo PMU.</li> </ul>	
	<p>4.3.5 Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils). Minor compliance</p>	<ul style="list-style-type: none"> <li>• Verified that there are no significant areas with other fragile or problematic soils in the estates.</li> <li>• Best management practices for minimization and control of erosion and degradation of soils were implemented as stated for indicator 4.3.1.</li> </ul>	Complied
<p><b>Criterion 4.4</b> Practices maintain the quality and availability of surface and ground water.</p>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<p><b>Main Assessment</b> R9283/12-1</p>	<p>4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate. Major compliance</p>	<ul style="list-style-type: none"> <li>• IOI's Group policy on slope protection and river buffer-zoning was available for inspection and public viewing.</li> <li>• The PMU has identified appropriate buffer zones along all natural waterways i.e. rivers and streams passing through the estates. Buffer zone demarcation was done in accordance with the Sabah, DID directive and specifications as per the letter dated 13<sup>th</sup> March 2001 [ref: JPS (SAB) 03 / GEN / JLD.08 (310)].</li> <li>• The palms had been planted up to about 3 m from the banks in the late 1980's and early 1990's. Since early 2010, no spraying or manuring activities were allowed to be performed within the demarcated zones. Appropriate markings and signages were found to be placed and maintained during on-site inspection.</li> <li>• The environmental management plans were reviewed. No replanting was observed at the demarcated buffer zones. On-site inspections confirmed the sighting of demarcations and restoration done with the natural riverine plants seen growing at the banks. The field workers were adequately trained and instructed to avoid spraying of agro-chemicals in the buffer zones.</li> <li>• The POM had monitored and controlled discharges to waterways with installation of silt traps to reduce suspended solids and contaminants to meet the DOE limits.</li> <li>• Daily checks for leakages were observed on the POME which was channeled to the Effluent Treatment Ponds (ETP) for desludging. Water and treated POME samples were taken monthly and sent to external laboratories for analysis.</li> <li>• Estate river water analysis had been carried out at 6 monthly intervals. Rainfall data is maintained daily and water management plans are available.</li> <li>• The monitoring of the effluent quality at the POM was noted to be done with monthly analysis results submitted by an independent laboratory i.e. KL-Kepong (Sabah) Sdn Bhd.</li> <li>• Riparian buffer zone of 20 m. had been sighted</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 20 of 46

		on both sides of Sungai Lamag at the Syarimo 3 & 4 estates e.g. between fields nos. 95F and 95O of Syarimo 3 estate.	
4.4.2 No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate. Major compliance		<ul style="list-style-type: none"> <li>There was no construction of bunds/ weirs/dams across the main rivers or waterways, particularly Sungai Lamag, passing through the estates, as evidenced by the on-site assessment.</li> </ul>	Complied
4.4.3 Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1). Major compliance		<ul style="list-style-type: none"> <li>The monitoring and analysis of the final discharge from the effluent pond was carried out on a monthly basis with results submitted by an independent laboratory i.e. KL-Kepong (Sabah) Sdn Bhd. It was reported that some parameters were found to exceed the specification limits e.g. the Biochemical Oxygen Demand (BOD) level in some of the production months.</li> <li>BOD analysis readings were between 36-38ppm.</li> <li>It was verified that the measures that had been put in place such as the continual use of 'Hydro K-Green Tubes', was effective in ensuring that all the specifications are consistently meeting the permitted limits by DOE. The tubes were replaced on a 3 monthly basis.</li> <li>The application by the POM to the Sabah State DOE in 2009/10 for approval of additional anaerobic and holding ponds for desludging had been approved by DOE in March 2012 and the works was verified to have met the DOE requirements and recommendations.</li> <li>The assessment team found that the monitoring of outgoing water discharge was done and regularly reviewed with appropriate actions taken to minimize negative impacts.</li> <li>All pesticides whether new, issued or premixed are stored in secure locked stores.</li> <li>First aid kits for workers handling HTP conformed to the requirements of Schedule 4.</li> <li>There was no highly toxic pesticide being used on these estates since 2009.</li> <li>There is a license to store and to dispose Scheduled (Hazardous Waste) under the Environmental Quality Act 1974 – Environmental Quality (Scheduled Wastes) Regulations 2006. All Scheduled (Hazardous Waste) are disposed by Government approved (Department of Environment Approved Licensed Contractors). Consignment notes (delivery documents) provide evidence of legal disposal of hazardous waste under hazardous codes SW 305, SW 306, SW 103, SW 409 and SW 410 by DOE licensed hazardous waste disposal contractors. The licenses for the storage of hazardous waste are valid.</li> </ul>	Complied
4.4.4 Monitoring rainfall data for proper water management. Minor compliance		<ul style="list-style-type: none"> <li>Monitoring of rainfall on daily basis carried out as part of water management. Rainfall records since 2006/2007 for the estates had been sighted.</li> </ul>	Complied
4.4.5 Monitoring of water usage		<ul style="list-style-type: none"> <li>PMU Syarimo grouping has monitored the water</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 21 of 46

	In mills (tonnage water use/tonne FFB processed). Minor compliance	usage in Syarimo Palm Oil Mill (tonnage water use/tonne FFB processed) as part of their practice in order to maintain the quality and availability of surface and ground water. No significant increase in water usage over the past 3 years.	
	4.4.6 Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders. Minor compliance	<ul style="list-style-type: none"> <li>No water drainage into any protected areas. Where required, appropriate mitigating measures will be implemented following consultation with relevant stakeholders.</li> </ul>	Complied
	4.4.7 Evidence of water management plans. Minor compliance	<ul style="list-style-type: none"> <li>Water Management Plan for Syarimo Grouping had been implemented, reviewed and updated..</li> </ul>	Complied
<b>Criterion 4.5</b>			
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.			
<b>Assessment</b>	<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>Main Assessment R9283/12-1</b>	4.5.1 Documented IPM system. Minor compliance	<ul style="list-style-type: none"> <li>Syarimo Grouping PMU had documented and implemented an IPM system. The IPM system includes identification of types of pest, symptoms, enumeration of pest population, its life cycle, and threshold level for chemical treatment, control methods and biological controls of major pests.</li> <li>Programme for planting beneficial plants (<i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon</i>) had been carried out.</li> <li>Leguminous cover crops were planted for suppressing growth of weeds.</li> <li>Rat damage is minimal in the estates, possibly due to natural biological control of rat in this region. Rat damage assessment had been carried out by FFB crop checker during crop quality inspection.</li> </ul>	Complied
<b>Main Assessment R9283/12-1</b>	4.5.2 Monitoring extent of IPM implementation for major pests. Minor compliance	<ul style="list-style-type: none"> <li>Monitoring of IPM implementation for major pest had been carried out.</li> <li>Record on progress of beneficial plants planting had been sighted.</li> <li>Rat damage assessment was being carried out whenever there was FFB harvesting.</li> <li>Rat baiting records had been sighted in Syarimo 1 and Syarimo 7.</li> </ul>	Complied
	4.5.3 Recording areas where pesticides have been used. Minor compliance	<ul style="list-style-type: none"> <li>Areas where pesticides had been used were recorded.</li> </ul>	Complied
	4.5.4 Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil. Minor compliance	<ul style="list-style-type: none"> <li>Records on pesticide usage, units per hectare or per tonne crop, had been sighted.</li> <li>Usage quantity of pesticides was within the recommended levels.</li> </ul>	Complied



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 22 of 46

<b>Criterion 4.6</b>			
<p>Agrochemicals are used in a way that does not endanger health or the environment.</p> <p>There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.</p>			
<b>Assessment</b>	<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>Main Assessment</b> <b>R9283/12-1</b>	<p>4.6.1 Written justification in Standard Operating Procedures (SOP) of all agrochemicals use.</p> <p><b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• Written justification in StOP of all agrochemicals use had been sighted.</li> </ul>	Complied
	<p>4.6.2 Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).</p> <p><b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• Pesticides selected for use were those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).</li> <li>• All pesticides used are listed in CHRA reports and are all compliant to the USECHH Regulations (2000) in all estates</li> </ul>	Complied
	<p>4.6.3 Pesticides shall be stored in accordance to the Local Occupational Safety and Health Laws and Regulations and local laws on Pesticides control.</p> <p><b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• Well ventilated secured chemical store with MSDS leaflets, eyewash and first aid kits available and maintained.</li> <li>• Empty/used chemical containers were tripled rinsed, pierced to prevent misuse and kept separately.</li> <li>• Compliance of pesticides control with the requirements of the Occupational Safety and Health Act 1994 was verified.</li> <li>• Medical checks have not shown any cases of occupational diseases.</li> <li>• The results of the tests showed that the workers are fit for work.</li> <li>• Workers interviewed do not suffer from skin disorders, breathing difficulties or nail problems.</li> </ul>	Complied
	<p>4.6.4 All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level.</p> <p><b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• All pesticides used are officially registered.</li> <li>• MSDS contained information regarding the chemicals and its usage, hazards, trade and generic names.</li> <li>• MSDS available in both English and Bahasa Malaysia (a language understood by workers) displayed in the chemical store.</li> <li>• All interviewed sprayers and manurers know the necessary information regarding the chemicals, usage, hazards, trade and generic names. Training and briefing records were maintained.</li> <li>• Chemical storage area identified and segregated according to the nature of the products – pesticides, fertilizers, lubricants, general utilities; chemical retrieval, stock control &amp; protection controlled.</li> <li>• 'Store requisition note cum Store issue book' recorded first, before the individual stock movement recorded in Stock card. Stock card</li> </ul>	Complied

**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 23 of 46

		recorded for each request & collection of agricultural chemicals.	
	4.6.5 Annual medical surveillance as per CHRA for plantation pesticide operators.  Major compliance	<ul style="list-style-type: none"> <li>Annual medical examination as per CHRA for pesticide operators had been carried out.</li> <li>Medical records were retained. Review of samples of medical records did not show any significant health issues.</li> </ul>	Complied
Main Assessment R9283/12-1	4.6.6 No work with pesticides for confirmed pregnant and breast-feeding women.  Major compliance	<ul style="list-style-type: none"> <li>Confirmed no pregnant and breast-feeding women were assigned for work with pesticides.</li> <li>Interviewed women sprayers and manuring workers confirmed that they were assigned to other duties or took long unpaid holiday once their pregnancy is confirmed.</li> </ul>	Complied
	4.6.7 Documentary evidence that use of chemicals categorized as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.  Minor compliance	<ul style="list-style-type: none"> <li>Paraquat had been eliminated in all the estates since end of December 2011. No paraquat usage found during site and field inspections.</li> </ul>	Complied
	4.6.8 Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities.  Major compliance	<ul style="list-style-type: none"> <li>There was no practice of any aerial application of agrochemicals. All agrochemicals are used in a way that does not endanger health or the environment was sighted during assessment.</li> </ul>	Complied
	4.6.9 Evidence of chemical residues in CPO testing, as requested and conducted by the buyers.  Minor compliance	<ul style="list-style-type: none"> <li>There has been no request from the buyers for testing of chemical residues in the CPO.</li> </ul>	Complied
	4.6.10 Records of pesticide use (including active ingredients used, area treated, amount applied per ha and nuSGer of applications) are maintained for either a minimum of 5 years or starting November 2007.  Minor compliance	<ul style="list-style-type: none"> <li>Records of pesticide use including active ingredient used, area treated, amount applied per ha., and number of applications had been maintained</li> <li>Retention period of records are for a minimum of 5 years.</li> </ul>	Complied
<b>Criterion 4.7</b>			
An occupational health and safety plan is documented effectively communicated and implemented.			
<b>Assessment</b>	<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
Main Assessment R9283/12-1	4.7.1 Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act and Factory Machinery Act.  Major compliance  The safety and health (OSH) plan shall cover the following:	<ul style="list-style-type: none"> <li>OSH Plan (rev Sept 2011) documented and implemented is in compliance with OSH Act and Factory Machinery Act.</li> <li>OSH Policy was clearly displayed at POM and in estate offices. Workers demonstrated awareness towards Occupational Safety &amp; Health Policy.</li> <li>OSH Committee meetings held quarterly and</li> </ul>	Complied



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 24 of 46

	<p>a. A safety and health policy, which is communicated and implemented.</p> <p>b. All operations have been risk assessed and documented.</p> <p>c. An awareness and training programme which includes the following specifics for pesticides :</p> <p>i. to ensure all workers involved have been adequately trained in a safe working practices ( See also C 4.8)</p> <p>ii. all precautions attached to products should be properly observed and applied to the workers.</p> <p>d. The appropriate personal protective equipment (PPE) is used for each risk assessed operation.</p> <p>l. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.</p> <p>e. The responsible person (s) should be identified.</p> <p>f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.</p> <p>g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers.</p> <p>h. Workers trained in First Aid should be present in both field and mill operations.</p> <p>i. First Aid equipment should be available at worksites.</p>	<p>minutes of meetings found to be in order (records from 1 Aug 2012, 7 May 2012, &amp; 2 Feb 2012 checked).</p> <ul style="list-style-type: none"> <li>• All operations had been risk assessed and documented in IOI. EST. JHA (rev C), including noise exposure in the mill, &amp; health hazard from chemical spray/use in the estate.</li> <li>• Yearly reporting of NADOPD (Notification of accident, dangerous occurrence, occupational poisoning &amp; occupational disease) Regulations submitted to JKKP (Jabatan Keselamatan dan Kesihatan Pekerjaan [DOSH]) on time.</li> <li>• POM &amp; its estates established their accident reporting KPI, and incident monitoring implemented.</li> <li>• 2 unit of boilers used in POM (PMD 10343 &amp; PMD 10546) were inspected by JKKP &amp; possessed valid certificate of fitness.</li> <li>• Awareness and training programme planned for year 2011/2012 &amp; consistently implemented. Evidence of training on safe working practices for workers involved in pesticides spray, use of fire extinguishers, awareness &amp; understanding of MSDS/CSDS, first aid sighted at both POM &amp; estates.</li> <li>• Precautions attached to products properly observed and applied to workers in all estates</li> <li>• Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves) verified to be provided. Ear protective device put on by the worker working at engine room at POM (&gt;90 db limit). Evidence of yearly audiometric test conducted for this worker as well.</li> <li>• Companies had provided the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticides application, and harvesting.</li> <li>• Joe Bugner was appointed the Safety &amp; Health Officer, responsible for overall in charge of safety &amp; health planning, operation &amp; coordination.</li> <li>• Accident and emergency procedures were documented and instructions issued to workers. Interviews with workers confirmed the instructions to be clearly understood by all workers. Fire Drills have been conducted at the mill and in all the estates, with evidence of records. Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions.</li> <li>• Training for estate workers in First Aid was carried out in 11 Sept 2012 and records maintained (evidence from Syarimo 7).</li> <li>• First Aid equipment was available at POM, estates and at worksites. Samples of First Aid boxes were checked and contents were found to be complete and in usable order.</li> </ul>	
	<ul style="list-style-type: none"> <li>• 4.7.2 Records should be kept of all accidents and periodically reviewed at</li> </ul>	<ul style="list-style-type: none"> <li>• All estates kept all accident records and these records are periodically reviewed at quarterly intervals. Annual DOSH /JKKP records for year</li> </ul>	<p>Complied</p>





## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 25 of 46

	<p>quarterly intervals.</p> <ul style="list-style-type: none"> <li>Major compliance</li> </ul>	<p>2011 were submitted on 28 January 2012.</p> <ul style="list-style-type: none"> <li>A copy of Lost Time Accident (LTA) has been displayed at each estate. This record has been reviewed at quarterly intervals as per Occupational Health and Safety Plan.</li> <li>Accidents are reported to SOCSO for compensation claims involving local workers. Accidents are monitored in the H&amp;S KPI. LTAs, accidents and preventive measures are reviewed during OSH committee meetings.</li> <li>Monthly KPI for OSH reporting checked.</li> <li>Quarterly OSH meeting organized on 27 Jan 2012, 23 May 2012 &amp; 10 Sept 2012, involving workers and managers, issues discussed were 'use of PPE, riding motorcycle, emergency response, open burning awareness at housing area'</li> <li>OSH policy was displayed at the front office &amp; communicated.</li> <li>Copy of OSH plan found available.</li> <li>Quarterly HSE Inspection was conducted by a trained Safety &amp; Health Officer.</li> <li>Last inspection was done on 11 Aug 2012 which has covered amongst others the spraying gang, manuring gang, harvesting gang, buffer zones, landfills, line site areas, crèche, 'Humana' schools, diesel skid tank, premix area, chemical &amp; lubricant store, fertilizer store, generator room, workshop, scheduled waste store, ramp, main office .</li> </ul>	
	<p>4.7.3 Workers should be covered by accident insurance.</p> <p>Major compliance</p>	<ul style="list-style-type: none"> <li>All mill &amp; estate workers covered by valid accident insurance policy (RHB Bank), including workers compensation scheme.</li> <li>RHB insurance is covered for foreign workers.</li> <li>Monthly KPI monitoring on accident reporting</li> <li>Worker insurance coverage by RHB, valid from 1 Oct 2011 till 30 Sept 2012, evident from 'confirmation of holding cover for foreign workers compensation insurance policy'.</li> </ul>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 4.8</b> All staff, workers, smallholders and contractors are appropriately trained.</p>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<p><b>Main Assessment</b> R9283/12-1</p>	<p>4.8.1 A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.</p> <p>Major compliance</p>	<ul style="list-style-type: none"> <li>Training programme includes identification of training needs annually.</li> <li>Appropriate training was given to the workers, admin staff and contractors to equip them to perform their job effectively such as chemical handling on 13 Apr 2012; STOP for chemical spray &amp; use of PPE on 20 Aug 2012; fire fighting on 30 June 2012.</li> <li>All Estate Hospital Assistants (EHA) were trained on the chemicals used and related laws.</li> <li>Training on chemical handling, use of PPE and CSDS was provided to all workers involved.</li> <li>OSH training for year 2012 based on training needs has included safety &amp; health induction, driver training, manuring &amp; PPE application,</li> </ul>	<p style="text-align: center;">Complied</p>



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

		<p>workshop, harvesting safety, spraying and fire fighting. Emergency response plan established for incidents of physical injury, chemical spillage (store/premises, field), fire, and flood.</p> <ul style="list-style-type: none"> <li>• Updated emergency contact list was sighted which included estate manager, security guard, clinic, police, hospital and BOMBA.</li> <li>• New staffs were trained during induction training (covered work safety, self protection, dangerous material, use of PPE, first aid, accident and fire prevention. Training records were sighted.</li> <li>• Accidents and preventive measures, the effectiveness of the measures as well as their implementation are reviewed by the H&amp;S officer.</li> <li>• Contractors are included in the accident records if the accident occurs within Syarimo's area</li> <li>• All vehicles are brought in through dealers with the necessary permits. Vehicles for use only in the estate are for off road use whilst vehicles that are used outside the estate are licensed accordingly.</li> </ul> <p>All contractors are provided with training by the management on all aspects of work including safety.</p> <ul style="list-style-type: none"> <li>• All PPE is inspected regularly. Maintenance or replacements are also issued as required; free of charge. There is a fire fighting team at the mill and training has also been conducted for them. The mill has a fire fighting system that is approved by the fire department.</li> <li>• Latest audiometric test on 29/2/2012 and no workers found to have hearing defects</li> <li>• All occupational health records are kept in accordance with legal requirements.</li> <li>• Employees who are exposed to high noise levels are given training. They are trained on the precautions to take, PPE usage and care, etc.</li> </ul>	
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**Principle 5: Environmental responsibility and conservation of natural resources and biodiversity**

<b>Criterion 5.1</b>			
Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	5.1.1 Documented aspects and impacts risk assessment that is periodically reviewed and updated. <b>Major compliance</b>	<ul style="list-style-type: none"> <li>• Documented and implemented aspects and impacts risk assessments in accordance with RSPO and legal requirements including stakeholder consultations.</li> <li>• Documented in "Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan" for individual Mill and estates of IOI Syarimo Grouping.</li> <li>• Planning period for the above-mentioned documents is from June 2012 till May 2017.</li> <li>• Documents have been reviewed and approved</li> </ul>	Complied

## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 27 of 46

		by the respective Mill/Estate Manager as well as the Syarimo Grouping General Manager. Current updated document dated June 2012.	
	5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. <b>Minor compliance.</b>	<ul style="list-style-type: none"> <li>The Environmental improvement plans have been developed, implemented and monitored. The results of significant environment impacts are under the responsibility of the respective Mill and Estate managers and the Environmental Committee at each Mill/Estate. The plans include recycling and reduction of waste products, pollution and emissions controls and reduction, alternative and renewable energy sources.</li> <li>However, the primary water source at pond no. 2 at Syarimo 3 estate was not adequately secured/fenced and lack signages to deter pollution or any undesired activities by unauthorized person(s) - Refer to Minor NCR 1 of 3.</li> </ul>	<b>Minor NCR 1 of 3</b>
<b>Criterion 5.2</b>			
The status of rare, threatened or endangered species (ERTs) and 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 their conservation taken into account in management plans and operations.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<b>Main Assessment R9283/12-1</b>	5.2.1 Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings. <b>Major compliance</b>	<ul style="list-style-type: none"> <li>HCV assessment completed and documented in the "HCV Assessment" for each individual Estate and Mill by the IOI Sustainability Department.</li> <li>For each estate, the HCV areas are identified e.g. river and tributaries/riparian buffer zones (HCV 4 &amp; 5), worship area (HCV 6), bordering forest reserve (Malua Forest Reserve) (HCV1). Actions to be taken are listed and records on file are in text, photographic and map formats.</li> <li>HCV Assessments were prepared by IOI Sustainability Department, approved by General Manager and respective Mill and Estate Managers between 6 and 15 June 2012.</li> </ul>	Complied
	5.2.2 Management plan for HCV habitats (including ERTs) and their conservation. <b>Major compliance</b>	<ul style="list-style-type: none"> <li>Management plans and monitoring programs are in place. Management plans have been reviewed and approved by the Sustainability Manager and respective Estate Manager. Current year updated documents were available.</li> <li>Field inspections confirmed that actions are being implemented.</li> </ul>	Complied
	5.2.3 Evidence of a commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts. <b>Minor compliance</b>	<ul style="list-style-type: none"> <li>Communication with neighbouring villagers as well as estate staff has been done regarding importance of wildlife conservation as well as prohibition of hunting, fishing, collecting activities as appropriate.</li> <li>Hunting, fishing, and collecting activities are prohibited by the estate management which was evident by the various signages prohibiting the above-mentioned activities.</li> <li>Patrols are conducted for enforcement and gate passes are used for monitoring of people entering estates.</li> <li>Field visits confirmed that sign boards were</li> </ul>	Complied

**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 28 of 46

		<p>displayed prominently to identify and create awareness of HCV areas.</p> <ul style="list-style-type: none"> <li>• The HCV monitoring records indicated the absence of ERT within the Syarimo PMU.</li> <li>• The estates at Syarimo 7 and 9 are bordering the Malua Forest Reserve. To date, there had been no reported sighting of any incursion by ERT ('Endangered, Rare &amp; Threatened' species) species from the Malua Forest Reserve. A MOU has been signed on 2 November 2012 between IOI Management and Malua Forest Reserve for the conservation and protection of wildlife there.</li> <li>• The HCV assessments have included details eg. Malua FR HCV1, HCV4 in some steep areas, etc. As for animal species, they are found mostly in Malua FR and around the boundary of Malua FR and the estate. Species include orang utans, elephants, hornbills, etc.</li> </ul>	
<p><b>Criterion 5.3</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	5.3.1 Documented identification of all waste products and sources of pollution. Major compliance	<ul style="list-style-type: none"> <li>• Waste products and their sources have been identified and documented in the "Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan" for individual mill and estates e.g. EFB, fibers, shells, boiler ash, decanter cake, scheduled wastes and clinic (medical) waste.</li> <li>• Plans to mitigate pollution are in place.</li> <li>• The mill has installed the mandatory emissions monitoring system that sends emission data directly to DOE.</li> <li>• Biomass is recycled e.g. excess fiber and shells are sent to IOI Edible Oil Refinery, Sandakan to be used as biomass for refinery power plant.</li> <li>• Scheduled Waste management file identifying all wastes e.g. lead acid batteries, spent hydraulic oil, clinical waste and contaminated containers.</li> <li>• Scheduled waste stores inspected at all sites and disposal by scheduled company confirmed.</li> <li>• EFB are also recycled in the fields. POME from mill is used for land application in estate.</li> </ul>	Complied
	5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. Minor compliance	<ul style="list-style-type: none"> <li>• An operational plan has been developed and implemented, to avoid and reduce pollution.</li> <li>• However, Pollution Operational Control Plan was not adequately implemented in some areas as follows (Refer to Minor NCR 2 of 3):</li> </ul> <p>a) POM- Consignment note for latest scheduled waste disposal was not retained as required by Department of Environment.</p> <p>b) Syarimo Estate 1 – Some spillage of used oil in scheduled waste storage area was found to be without appropriate bunds or other means to prevent leakages to the surrounding area.</p> <p>c) Syarimo Estate 9 – Empty used lubricant drum was inappropriately used as a rubbish</p>	Minor NCR 2 of 3



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 29 of 46

		<ul style="list-style-type: none"> <li>bin.</li> <li>Scheduled wastes were collected and stored in the dedicated storage area, locked &amp; protected and disposed as per EQA 1974.</li> </ul>	
	<p>5.3.3 Evidence that crop residues / biomass are recycled (Cross ref. C 4.2). Minor compliance</p>	<ul style="list-style-type: none"> <li>Site visits confirmed that EFB, boiler ash and fibers are sent to the fields for mulching according to a schedule 'Mulching Programme 2012' with supporting estate field maps indicating locations for mulching.</li> <li>POME discharged according to EQA 1974 and conditions imposed by the Department of Environment (DOE).</li> </ul>	Complied
<p><b>Criterion 5.4</b> Efficiency of energy use and use of renewable energy is maximized.</p>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	<p>5.4.1 Monitoring of renewable energy use per tonne of CPO or palm product in the mill. Minor compliance</p>	<ul style="list-style-type: none"> <li>Monthly records of energy generation and consumption were available at mill. Palm fiber and PK shells were used as part of renewable energy sources and data on quantities are monitored and recorded on monthly basis.</li> <li>For July 2011/June 2012, energy generated from renewable energy was 133.8 kW /MT CPO. Palm fiber and PK shell composition being 70:30 ratio.</li> </ul>	Complied
	<p>5.4.2 Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill). Minor compliance</p>	<ul style="list-style-type: none"> <li>Monitoring records on diesel consumption were available and maintained.</li> <li>For July 2011/ June 2012, diesel usage for mill process operations was 5.4 liter/MT CPO.</li> <li>Baseline values have been set on a trend chart and monitoring is done on a monthly basis.</li> <li>Past 3 years diesel usage shows a slightly decreasing trend for all estates and mill. Total diesel used FY9/10 2,682,661 litres; FY10/11 2,678,483 litres; FY11/12 2,520,934 litres. Diesel usage would depend on the works to be done year on year such as road repairs, crop evacuation etc.</li> </ul>	Complied
<p><b>Criterion 5.5</b> Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	<p>5.5.1 No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Local - Environmental law on Open Burning'. Major compliance</p>	<ul style="list-style-type: none"> <li>No open burning policy has been implemented and enforced. No evidence of open burning sighted.</li> </ul>	Complied
	<p>5.5.2 Previous crop should be felled / mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched. Minor compliance</p>	<ul style="list-style-type: none"> <li>Contractors are appointed to fell old trees which are then chipped and shredded at the replanted areas of the estates.</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 30 of 46

	5.5.3 No evidence of burning waste (including domestic waste). Minor compliance	<ul style="list-style-type: none"> <li>Field site inspection confirmed that no open burning was practiced for burning domestic waste or land clearing activities. No burning of domestic waste was sighted during the assessment. All domestic waste was disposed at designated landfills.</li> </ul>	Complied
<b>Criterion 5.6</b>			
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	5.6.1 Documented plans to mitigate all polluting activities (Cross ref to C 5.1). Major compliance	<ul style="list-style-type: none"> <li>Documented plans for mitigating polluting activities are defined in the "Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan" for individual Mill and estates of IOI Syarimo Grouping.</li> <li>Emissions discharge from boiler plant is monitored by using a real time Computerized Monitoring System as per requirement of DOE.</li> </ul>	Complied
	5.6.2 Plans are reviewed annually. Minor compliance	<ul style="list-style-type: none"> <li>The Environmental Management plans have been reviewed and approved by the Sustainability Manager and respective Estate Manager. Current year updated documents were available.</li> </ul>	Complied
	5.6.3 Monitor and reduce peat subsidence rate through water table management (Within ranges specified in C 4.3). Minor compliance	<ul style="list-style-type: none"> <li>Peat subsidence rate was adequately controlled by use of sandbags and drains. Water table was controlled at 50 cm to 75 cm below ground surface. Measurement is by using a pole as a water level indicator throughout the peat land area in Syarimo Estate 1.</li> </ul>	Complied

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

<b>Criterion 6.1</b>			
Aspects of plantation and mill management, including replanting, that have social impacts 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 continuous improvement.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.1.1 A documented social impact assessment including records of meetings. Major compliance	<ul style="list-style-type: none"> <li>Social Impact Assessment (SIA) had been documented and implemented.</li> <li>The SIA is for the period between June 2012 – 2017 and signed by the Acting General Manager (AGM), e.g. Social Impact Assessment and Management Action Plan and Continuous Improvement Plans, Syarimo 7 Estate, June 2012 – June 2017.</li> </ul>	Complied
	6.1.2 Evidence that the assessment had been done with the participation of affected parties. Minor compliance	<ul style="list-style-type: none"> <li>The SIA has been conducted with the participation of affected parties.</li> <li>External stakeholders' consultation at Syarimo group level was conducted on 12 Sep. 2012 with 31 participations from various affected parties</li> <li>Internal stakeholders' consultations were conducted at estate level on different dates and mostly discussed during the Employee</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 31 of 46

	<p>6.1.3 A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.</p> <p>Minor compliance.</p>	<p>Consultative Committee (ECC). Minutes of the meetings were properly kept in file.</p> <ul style="list-style-type: none"> <li>• Timetables with responsibilities for mitigation and monitoring are available in the SIA.</li> <li>• No issues related to access and use rights.</li> <li>• The estates and POM provide sufficient number of jobs to the local community and to migrant workers working under their payroll on daily basis. Working conditions are relatively safe and secure.</li> <li>• Migrant workers verified by medical doctor as unfit to work for certain reasons are allowed to take leave with full pay for at least two months. e.g. Sulaiman Rizal, harvester, Syarimo 7, did not show up for work for the whole month of Aug. 2012 after involved in work related injury with declaration as unfit to work from a doctor in Hospital Kinabatangan. The estate management committed to pay two full month wages. No show wage payment for the month of Aug. 2012 was made to Sulaiman Rizal in the month of Sep. 2012.</li> <li>• DOSH was notified under the NADOPD Regulations. Accident was reported to Labour department and compensation is pending.</li> <li>• Local staff with confirmed pregnancy is entitled for two months paid maternity leave as required by the law e.g. Suria Bte Asis, Account Clerk, at Syarimo 3, who took maternity leave between June-July in 2011 with wage paid in full for the said two months.</li> <li>• Subsistence activities among the workers are well practiced and promoted by the estate managements.</li> <li>• Almost all visited workers quarters shows abundance of home gardens as results from extra work out of normal working hours conducted by the workers to improve their livelihood and survival. Common subsistence activities observed at the quarters are home vegetable garden, fruit trees, chicken rearing and wild herbs/vegetable collection from nearby areas.</li> <li>• Cultural and religious values are well preserved within the workers community inside the estates.</li> <li>• The estate managements provide house of prayers for Moslem, Buddhist and Christian. Apart from that the estate management is also involved or contributed to certain religious or cultural festivals, e.g. open house during Hari Raya Aidil Fitri in Syarimo 7 and participating in Pesta Kaamatan beauty pageant at Sabah state estate level.</li> <li>• Contract workers living in the estates are provided housing by the relevant estates and mills with access to the facilities as the estates' and mill's own workers</li> </ul>	<p style="text-align: center;">Completed</p>
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## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 32 of 46

		<ul style="list-style-type: none"> <li>Health and education facilities are sufficiently provided to the workers' children.</li> <li>The estate managements provide free health clinics to the estate workers. Clinic in Syarimo 2 is shared with workers from Syarimo 1, 3, 4, 5 and 6, while clinic in Syarimo 7 is shared with workers from Syarimo 8 and 9. The medicine is free of charge for the workers and both clinics are attended by well experienced Health Assistants (HA). Average numbers of patients daily for both clinics are around 80-90 attended by total 9 medical staff including the HA. The visiting Medical Officer (VMO) had visited the clinics at least once a week to check on patients referred to by the clinics as well as daily operation and records of the clinics.</li> <li>Estate management also provide free education for the estate workers children by building two HUMANA schools in Syarimo 2 for children from Syarimo 1 – 6 and in Syarimo 7 covering children in Syarimo 8 and 9 as well.</li> <li>Transport for children and teachers, to and from the schools is provided free of charge by the estates. Once in a year the estate management donated items, such as bags, uniforms and stationery, to the HUMANA school children.</li> <li>For toddlers, crèches are provided in each housing area in the estates. The crèche is opened daily during work days between 5.15 am to 3.00 pm. Average number of toddlers sent to the crèches in each housing area in the estates is around 30-40 per day. The caretakers are under the estate managements' payroll and estate workers are free to send their children to the crèche if nobody is available to watch their children while they are working. Training on the use of first aid kit is provided by HAs from the two Syarimo group clinics.</li> <li>There are other positive impacts to the community, such as the increase job opportunities; better transportation service to and from the town; wider mobile phone coverage area; and more retail business opportunities.</li> </ul>	
<p><b>Criterion 6.2</b> There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>			
<b>Assessment</b>	<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>Main Assessment R9283/12-1</b>	6.2.1 Documented consultation and communication procedures. <b>Major compliance</b>	<ul style="list-style-type: none"> <li>External stakeholder consultation at Syarimo Group level was conducted on 12 Sep. 2012. Internal stakeholders for each estate in the group conducted at different dates and minutes properly maintained.</li> </ul>	Complied
	6.2.2 A nominated plantation management official at the operating unit responsible for these issues.	<ul style="list-style-type: none"> <li>Social Liaison Officers have been appointed in all estates and in Syarimo POM.</li> </ul>	Complied





**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 33 of 46

	Minor compliance		
	6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders. Minor compliance	<ul style="list-style-type: none"> <li>Files on list of stakeholders were evidenced in all estates and the Syarimo POM. Communications were recorded and kept properly according to different categories of feedback.</li> </ul>	Complied
<b>Criterion 6.3</b>			
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.3.1 Documentation of the process by which a dispute was resolved and the outcome. Major compliance	<ul style="list-style-type: none"> <li>Procedure for handling complaints and grievances documented.</li> <li>Complaints and Grievances Logbook used for recording the complaints and corrective action.</li> <li>Methods of handling and resolving complaints from employees were implemented via the following mechanisms: Employee Consultative Committee (ECC) meeting; Gender Consultative Committee (GCC) meeting; House/Building safety monthly inspection and HA Linesite inspection checklist.</li> <li>Complaints from external stakeholders are submitted by formal letter and response.</li> <li>Stakeholder interviews were conducted with various staff, workers, contractors, suppliers and local community representatives.</li> <li>The implementation of this indicator is quite recent. Records maintained are not older than 1 year. Procedure had stated a retention period of at least 3 years.</li> </ul>	Complied
	6.3.2 The system resolves disputes in an effective, timely and appropriate manner. Minor compliance	<ul style="list-style-type: none"> <li>The system resolves complaints from the estate workers in timely, appropriate and effective manner except for the delayed payment complaint from UMW (East Malaysia) case noted in 6.3.1.</li> </ul>	Complied
	6.3.3 The system is open to any affected parties. Minor compliance	<ul style="list-style-type: none"> <li>The complaint and grievance system is open to all affected parties, internal and external as explained in 6.1.2. Transparency of system verified through the interviews and feedback conducted with various staff, workers, contractors, suppliers, communities, etc.</li> </ul>	Complied
<b>Criterion 6.4</b>			
Any negotiations concerning compensation for loss of legal or customary 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.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.4.1 Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation. Major compliance	<ul style="list-style-type: none"> <li>Procedure documented for the identification of legal and customary rights and identification of people entitled to compensation.</li> <li>There were no borders at estates in Syarimo grouping which were adjacent to any villages or native land. There are no cases requiring any negotiation or compensation pertaining to this criterion. As to date, this status remains the same.</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 34 of 46

	<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p><b>Minor compliance</b></p>	<ul style="list-style-type: none"> <li>Syarimo PMU has documented a procedure for handling compensation claim (including calculating and distributing fair compensation). As to date, there is no claim or dispute relating to legal and customary rights.</li> </ul>	<p style="text-align: center;">Complied</p>
	<p>6.4.3 The process and outcome of any compensation claims is documented and made publicly available.</p> <p><b>Minor compliance</b></p>	<ul style="list-style-type: none"> <li>The documented procedure for handling compensation claims is publicly available upon request. The procedure stated that the outcome of compensation is to be made known to the public. As to date, there is no claim or dispute relating to legal and customary rights.</li> </ul>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 6.5</b> Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>			
<p><b>Assessment</b></p>	<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>Main Assessment R9283/12-1</b></p>	<p>6.5.1 Documentation of pay and conditions.</p> <p><b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>Monthly wage payment is documented properly and all conditions are stated in the Employment Contract and in accordance with the Sabah Labour Ordinance 2005.</li> </ul>	<p style="text-align: center;">Complied</p>
	<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.</p> <p><b>Minor compliance</b></p>	<ul style="list-style-type: none"> <li>Employment Contract between workers and the estate managements is written in Bahasa Malaysia which is understood by majority of the workers. The contract details all necessary employment conditions (working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.). During interviews with the workers, most can explain the contents with fairly accurate understanding.</li> <li>However, certain conditions of the employment contract were not clearly communicated to the local and migrant workers such as maternity leave conditions, deductions and overtime at Syarimo 1 estate i.e. security guards and several field sprayers which led to some workers feeling the lack of fairness in the wages paid. - Refer to Minor NCR 3 of 3.</li> </ul>	<p style="text-align: center;">Complied</p> <p style="text-align: center;"><b>Minor NCR 3 of 3</b></p>
	<p>6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities or above, where no such public facilities are available or accessible (not applicable to smallholders).</p>	<ul style="list-style-type: none"> <li>The PMU Syarimo grouping has provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446).</li> <li>Monthly housing safety inspection is conducted in each estate as required by the law.</li> <li>A separate migrant labour policy has been verified by the auditor to be in compliance with legal and immigration requirements and non-</li> </ul>	<p style="text-align: center;">Complied</p>



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 35 of 46

	Minor compliance	discriminatory practices. • IOI Group Policy on Migrant Workers was approved on 20 August 2009 by IOI Plantation Group Director. The policy had covered all aspects relevant to migrant workers.	
<b>Criterion 6.6</b> The employer respects the right 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.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.6.1 Documented minutes of meetings with main trade unions or workers representatives. Major compliance	<ul style="list-style-type: none"> <li>The meetings between workers and the estate managements are well documented.</li> <li>Workers are represented in the Employee Consultative Consultation (ECC) with members consisting of sprayers, manurers, harvesters, drivers, etc. These representatives are mostly migrant workers. Women issues are discussed in Gender Consultative Committee (GCC) which consists of women representatives.</li> </ul>	Complied
	6.6.2 A published statement in local languages recognizing freedom of association. Minor compliance	<ul style="list-style-type: none"> <li>A policy on freedom of association has been verified by the auditor to be documented in both the English and local language was implemented.</li> <li>IOI Group Equal Opportunity Employment and Freedom of Association policies were approved on 20 August 2009 by the Plantation Group Director.</li> </ul>	Complied
<b>Criterion 6.7.</b> Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.7.1 Documentary evidence that minimum age requirement is met. Major compliance	<ul style="list-style-type: none"> <li>A policy statement on no child labour has been verified by the auditor to be documented and implemented. Minimum employment age is 19 or in accordance with legal requirement.</li> <li>IOI Group Policy Statement on No Child Labour was approved on 5 November 2009 by the Plantation Group Director. All relevant points required in prevention of child labour are covered in the policy.</li> <li>Examination of the employment records and interview with workers in the estates confirmed that the requirement of no child labour is in compliance.</li> </ul>	Complied
<b>Criterion 6.8</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.8.1 A publicly available equal opportunities policy. Major compliance	<ul style="list-style-type: none"> <li>A policy on equal opportunity has been verified by the auditor to be documented and implemented.</li> <li>IOI Group Equal Opportunity Employment and Freedom of Association policies were approved on 20 August 2009 by the Plantation Group Director.</li> </ul>	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 36 of 46

	6.8.2 Evidence that employees and groups including migrant workers have not been discriminated against. Minor compliance	<ul style="list-style-type: none"> <li>No evidence found that any employee and group including migrant workers have been discriminated against.</li> <li>It was noted by the auditor that several migrant workers have been promoted to office staff even though the offices in Syarimo grouping are mostly run by local people.</li> </ul>	Complied
<b>Criterion 6.9</b> A policy to prevent sexual harassment and all other forms of violence against women and to protect their productive rights is developed and applied.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.9.1 A policy on sexual harassment and violence and records of implementation. Major compliance	<ul style="list-style-type: none"> <li>A policy statement on sexual harassment has been verified by the auditor to be documented and implemented. This policy covered prevention of sexual harassment and violence against women and protection of women productive rights.</li> <li>Sexual harassment record books have been kept in safe and locked places with access only by authorized persons: the Chairperson, the Deputy of the Gender Consultative Committees (GCC) and the estate managers.</li> <li>The complaints were handled discreetly in all cases found and discretion is given to the complainants whether or not to withdraw the complaints after private discussion with the parties involved. This was verified at Syarimo POM.</li> </ul>	Complied
	6.9.2 A specific grievance mechanism is established. Major compliance	<ul style="list-style-type: none"> <li>A specific grievance mechanism has been established in all the estates and Syarimo POM.</li> <li>The Grievance process flowchart and procedures are displayed in the estate offices.</li> <li>Gender Consultative Committees (GCC) specifically established to address concerns of women. Meeting minutes file maintained with records of activities of the committee.</li> </ul>	Complied
<b>Criterion 6.10</b> Growers and mills deal fairly and transparently with smallholders and other local businesses.			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment R9283/12-1	6.10.1 Pricing mechanisms for FFB and Inputs/services shall be documented. Major compliance	<ul style="list-style-type: none"> <li>All the estates in the Syarimo grouping do not have any dealings with smallholders. Irrespective of this type of operations, pricing mechanism for FFB is also documented and displayed at Mill Office.</li> <li>There was also no evidence to suggest any unfair business practices with the local businesses. A file with the rates for transport contractors and other services is maintained.</li> </ul>	Complied
	6.10.2 Current and past prices paid for FFB shall be publicly available. Minor compliance	<ul style="list-style-type: none"> <li>The PMU has kept the records of current and past prices for FFB, which are available upon request.</li> </ul>	Complied
	6.10.3 Evidence that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and	<ul style="list-style-type: none"> <li>Based on employee contracts and meeting minutes (between PMU Syarimo management and employee) it is evidenced that all parties</li> </ul>	Complied



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 37 of 46

	transparent. Minor compliance	understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.  • Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner.	
	6.10.4 Agreed payments shall be made in a timely manner. Minor compliance	<ul style="list-style-type: none"> <li>• The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made.</li> <li>• During the assessment team's interviews and consultation, several external contractors had brought to our attention that they were encountering some delay in payments e.g. UMW (East Malaysia) Sdn. Bhd. has been sending their statements of accounts to Syarimo 2 estate, which are still pending payment since April 2012.</li> <li>• When interviewing the administrative personnel of the PMU, the staff had maintained that occasional delays could occur when the supporting documents were checked and found to be not adequately submitted.</li> <li>• Hence an Observation 1 # 1 issued: Estate management should take action to improve their communication process with contractors e.g. by promptly informing them on any Invoicing discrepancies which could delay payments for their services provided.</li> </ul>	Obs 1 # 1
<b>Criterion 6.11</b>			
Growers and millers contribute to local sustainable development wherever appropriate.			
<b>Assessment</b>	<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
Main Assessment R9283/12-1	6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities. Minor compliance	<ul style="list-style-type: none"> <li>• Main contribution of the estates to the local development can be demonstrated in the provision of facilities and monetary contributions, where feasible.</li> <li>• In addition, through consultation with local government officials and non-governmental organizations, Syarimo grouping has entered into a memorandum of understanding to protect the bordering forest reserve, i.e. Malua Forest Reserve, from illegal hunting and logging.</li> </ul>	Complied

**Principle 7: Responsible development of new plantings**

Syarimo Grouping has a documented procedure for this development but 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**

<b>Criterion 8.1</b>			
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.			
<b>Assessment</b>	<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
Main	Demonstrate progressive	• Continuous improvements in key operations have	Complied



## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 38 of 46

Assessment R9283/12-1	<p>improvement to the following but not limited to:</p> <p>8.1.1 Minimize use of certain pesticides (C4.6) <b>Major compliance</b></p>	<p>been developed at the Syarimo Grouping-PMU which were regularly monitored and reviewed. Under the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of pesticides, there were increasing efforts made through the use of direct bio-control methods such as the cultivation of beneficial plants.</p> <ul style="list-style-type: none"> <li>• Continuous improvements in key operations have been reviewed in 2012 at the Syarimo Grouping-PMU and were regularly monitored</li> <li>• The use of Paraquat had been reduced during the last few years and eventually stopped by the end of 2011. Refer to website link: <a href="http://www.ioigroup.com/business/busagritech.cfm">http://www.ioigroup.com/business/busagritech.cfm</a></li> </ul>	
	<p>8.1.2 Environmental Impacts (C5.1) <b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• The SEIA prepared by the IOI Sustainability Manager &amp; team members in 2011 had been reviewed in June 2012. The Environmental Impacts had been covered in the report and progressive monitoring being done. Refer also website link: <a href="http://www.ioigroup.com/CorporateResponsibility/environment_plantation.cfm">http://www.ioigroup.com/CorporateResponsibility/environment_plantation.cfm</a></li> </ul>	Complied
	<p>8.1.3 Maximizing recycling and minimizing waste or by-products generation. <b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• The Management plan for Pollution Prevention and Mitigation was documented and verified to be working towards zero-waste. By-products such as EFB had been shredded and redistributed for use as EFB mulching at the estates. POME is also used for land application to fields with lower yield. PK shells were partly used as fuel at the POM and surpluses also sent to IOI Edible Oils Refinery at Sandakan.</li> <li>• Land application of POME had been carried out.</li> <li>• EFB had been applied in the fields to improve the soil structure in addition to the recycling of nutrients to the soil during decomposition.</li> <li>• Waste pollution prevention and reduction programs include the recycling of materials, i.e. the central collection and disposal of scrap iron collected from the renovations of older buildings and structures.</li> </ul>	Complied
	<p>8.1.4 Pollution prevention plans (C5.6) <b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• Noted that part of the Pollution Prevention plans had included the provision of shower rooms, lockers for clean clothes and a washing machine in each estate.</li> </ul>	Complied
	<p>8.1.5 Social impacts (C6.1) <b>Major compliance</b></p>	<ul style="list-style-type: none"> <li>• The Syarimo grouping has identified the social impacts in the SEIA, implemented and monitored the plan to mitigate the negative impacts and promote the positive ones. Amongst the continuous improvement was to support the extension of the Humana schools in the estates from primary education level until secondary education level.</li> </ul>	Complied
	<p>8.1.6 A mechanism to capture</p>	<ul style="list-style-type: none"> <li>• Verified that the 5 years budget plan and annual</li> </ul>	Complied



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

	<p>the performance and expenditure in social and environmental aspects. Minor compliance.</p>	<p>budget review was used as the mechanism to capture the expenditure in Social and Environmental aspects. The social and environmental expenditure includes upgrading building infrastructure and housing amenities, road maintenance, provision of transport for the estate children to the Humana schools and holding gatherings for festivities. The information and activities are disseminated via the news letters and memos issued and displayed at the notice boards and at various meetings such as the ECC.</p>	
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**3.1.1 Supply Chain Certification Findings on CPO Mill**

The RSPO Supply Chain Certification model applied at Syarimo POM during this Main Assessment is Module D – CPO Mills: Segregation (SG)

Details of findings are as follows:

D.1 Documented procedures			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<p><b>Main Assessment: R9284/12-1</b></p>	<p><b>D.1.1</b> The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.</p>	<p><b>SCC Module D (SG)</b></p> <ul style="list-style-type: none"> <li>• Standard Operation Procedure Doc. No. RSPOSC/StOP/SG/3 Issue No. 03 dated 15 Sep 2012 documented the implementation of a Segregation (SG) model Supply Chain Certification at the Palm Oil Mill, that included all the requirements for controlling the FFB receipt, processing, sales, CPO and PK dispatch, training and claims for Module D - Segregation for the Palm Oil Mill. Verified that all the elements of the supply chain requirements were implemented.</li> <li>• Audit interviews with the Palm Oil Mill Manager Mr. Stevenson DeCruz and the operations staff further confirmed that:               <ul style="list-style-type: none"> <li>i) he had the overall responsibility and authority over the implementation of the requirements of Module D.</li> <li>ii) he and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements for the respective areas of operations.</li> <li>iii) The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Security Officer, Weighbridge Operator, Lab Attendant, Chief Clerk) documented in Standard Operation Procedure StOP/MST/001 Issue no. 1 dated 23 Jun 2011</li> </ul> </li> <li>• Verified from receiving documents (FFB Dispatch Chit and Weighbridge Ticket) and</li> </ul>	<p>Complied</p>
	<p><b>D.1.2</b> The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>		<p>Complied</p>

## MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

Page 40 of 46

		<p>production records that the Palm Oil Mill receives only FFB supply from their own estates i.e. Syarimo 1 to Syarimo 9.</p> <ul style="list-style-type: none"> <li>Confirmed that there was no supply of FFB from other sources and thus there were no non-certified FFBs.</li> </ul>	Complied
<b>D.2 Purchasing and goods in</b>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<b>Main Assessment: R9284/12-1</b>	<b>D.2.1</b> The facility shall verify and document the volumes of certified and non-certified FFBs received.	<ul style="list-style-type: none"> <li>All supplies of FFB were subjected to verification of FFB Dispatch Chit by weighbridge personnel and quality checks (Grading Chit) by Lab Attendant to determine the origin, quantity and quality of the FFB. The FFB Dispatch Chit indicated the date, vehicle no., estate &amp; field no., harvesting date, seal no., and weight.</li> <li>Daily Record on purchase/receipt of FFB detailed the supply estate (9 estates as identified), time in/out, weighbridge ticket no., vehicle no., weight (gross, tare &amp; nett), OER, bunch weight, bunch quality. FFB Quality Report detailed the Supply Estate, nett weight, OER, bunch quality.</li> <li>Monthly FFB and CPO/PK Report and YTD (Year to date) Report for the period Jan 2012 to date were audited / verified and found to have Complied with requirements of the Segregation (SG) module whereby the Palm Oil Mill only received and processed FFB exclusively from its own 9 supply base estates.</li> <li>The documented Standard Operation Procedure Doc. No. RSPOSC/StOP/SG/3 Issue No. 03 dated 15 Sep 2012 specified an internal monitoring and reporting mechanism for notifying the CB of production variations that includes projected overproduction.</li> </ul>	Complied
	<b>D.2.2</b> The facility shall inform the CB immediately if there is a projected overproduction.		Complied
			Complied
			Complied
<b>D.3 Record keeping</b>			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<b>Main Assessment: R9284/12-1</b>	<b>D.3.1</b> The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	<ul style="list-style-type: none"> <li>Records of transaction (goods in and goods out) and production records of FFB, CPO and PK found to be done daily and monthly.</li> <li>The StOP stated a retention period of 5 years for all records and reports. Pertinent records and reports are properly filed, accessible and retrievable.</li> <li>A volume balance recording system was implemented to show the FFB deliveries, CPO and PK production and dispatch that were</li> </ul>	Complied
	<b>D.3.2</b> Retention times for all records and reports shall be at least five (5) years.		Complied
	<b>D.3.3</b> The facility shall record and balance all receipts of RSPO		Complied





**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 41 of 46

	<p>certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>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 be clearly indicated.</p>	<p>balanced every month.</p> <ul style="list-style-type: none"> <li>Stamp prepared for indicating the SG Module of the Supply Chain model as 'RSPO CSPO/SG' on the relevant documents (FFB delivery document, weighbridge ticket, sales contracts, delivery orders, etc.). Mock sample of documents and stamp for the SG Module were presented, e.g. 'RSPO CSPO/SG, Cert No: xxxxx'.</li> </ul>	<p align="center">Complied</p>
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D.4 Sales and good out			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<p><b>Main Assessment:</b> R9284/12-1</p>	<p>D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <p>a) The name and address of the buyer;</p> <p>b) The date on which the invoice was issued;</p> <p>c) A description of the product, including the applicable supply chain model (Segregated);</p> <p>d) The quantity of the products delivered;</p> <p>e) Reference to related transport documentation.</p>	<ul style="list-style-type: none"> <li>Sales and dispatch of CPO and PK with the identification of contract number. Dispatched CPO and PK found to be accompanied by relevant documents such as weighbridge ticket, delivery order, gate pass, MPOBL3 Form that clearly state the following:               <ul style="list-style-type: none"> <li>Name and address of the buyer</li> <li>Date of issue</li> <li>Description of the product including the Supply Chain model SG (Segregation)</li> <li>Quantity of product</li> <li>Inspection Checklist of CPO &amp; PK tanker</li> </ul> </li> </ul>	<p align="center">Complied</p>

D.5 Processing			
Assessment	Indicators	Findings and Objective Evidence	Compliance
<p><b>Main Assessment:</b> R9284/12-1</p>	<p>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)</p> <p>D.5.2 The facility shall provide</p>	<ul style="list-style-type: none"> <li>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 module requirements during receipt, transport and storage. No contamination to the segregated physical material.</li> <li>The following audit findings confirmed that the mill has demonstrated full compliance of D5.1 to D 5.3 including avoidance of contamination from uncertified materials.</li> <li>Documents and records examined found to show evidence of traceability of the CPO and PK produced to the FFB supply. SG module was verified from the production and</li> </ul>	<p align="center">Complied</p> <p align="center">Complied</p> <p align="center">Complied</p>



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

	documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	operational controls and records for the Jan to Aug 2012 production and the requirements found to be met.	
	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:	<ul style="list-style-type: none"> <li>CPO produced was stored in Tank no.1 to 5, whilst the PK produced was stored in PK Bunker no.1 to 3.</li> </ul>	Complied
	a) The crush operator conforms to these requirements for segregation b) The crush is covered through a signed and enforceable agreement	<ul style="list-style-type: none"> <li>There is no PK crushing in the Palm Oil Mill. All PK are sold and dispatched to IOI Edible Oils Refinery at Sandakan for crushing. All CPO and PK from the Palm Oil Mill are sold to IOI Edible Oils Refinery at Sandakan. The sales are covered by a monthly contract with specified quantity and quality requirements (% FFA, % moisture, DOBI, dirt).</li> <li>Dispatch of CPO and PK to IOI Edible Oils Refinery carried out with relevant documents.</li> </ul>	Complied

D.6 Training			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment: R9284/12-1	D.6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	<ul style="list-style-type: none"> <li>Training for all mill personnel had been done on 16 June 2012 and records evidenced and maintained. Interviews conducted with mill personnel confirmed their awareness and knowledge of SG module.</li> </ul>	Complied

D.7 Claims			
Assessment	Indicators	Findings and Objective Evidence	Compliance
Main Assessment: R9284/12-1	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.	<ul style="list-style-type: none"> <li>Based on the records verified at site, there have been no claims that can constitute a breach of the RSPO Rules for Communications and Claims as to date.</li> </ul>	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 2012/2013.

**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)
Main Assessment	2012	3 - Minor	1

**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)

NCR #	MYNI Indicator	Details of NCR ( Year 2012: Initial Certification / Main Assessment)		
1 of 3 Minor	5.1.2	Date issued: 21 Sep 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 16 Nov 2012
		Nonconformance: Environmental improvement plans have been developed, implemented and monitored. However, the primary water source at pond no. 2 at Syarimo 3 estate was not adequately secured/ fenced and lack signages to deter pollution or any undesired activities by unauthorized person(s).		
		Root Cause and Corrective Action: (Note: NCR was replied on 16 November 2012) The said water source area had been overlooked and estate personnel did not realize the potential threat. The area shall be fenced and secured. Signages shall also be installed.		
		Verification (for effective closure): Next surveillance		

NCR #	MYNI Indicator	Details of NCR ( Year 2012: Initial Certification / Main Assessment)		
2 of 3 Minor	5.3.2	Date issued: 21 Sep 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 16 Nov 2012
		Nonconformance: Pollution Operational Control Plan was not adequately implemented in some areas as follows: a) At POM – Consignment note for the latest Scheduled Waste disposal was not retained as required by the Dept. of Environment. b) Syarimo 1 estate – Some spillage of used oil in the scheduled waste storage area was found to be without appropriate bunds or other means to prevent leakages to the surrounding area. c) Syarimo 4 estate – Empty used lubricant drums were inappropriately used as rubbish bins.		
		Root Cause and Corrective Action: (Note: NCR was replied on 16 November 2012) Items were overlooked by estate personnel. Action plan is as follows: a) The contractor had been contacted for a copy of the consignment note. The mill shall in the future retain all the consignment notes. b) The spillage has been cleaned and the area will be banded. The area was not banded due to a shortage of time and priority not given to the area. c) The drum has been removed and replaced with a proper bin.		
		Verification (for effective closure): Next surveillance		
3 of 3 Minor	6.5.2	Date issued: 21 Sep 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 16 Nov 2012
		Nonconformance: Conditions of the employment contract were not clearly communicated to the local and migrant workers such as maternity leave conditions, deductions and overtime at Syarimo 1 estate i.e. security guards and several field sprayers which led to some workers feeling the lack of fairness in the wages paid.		
		Root Cause and Corrective Action: (Note: NCR was replied on 16 November 2012) Due to inadequate briefing and checking of understanding by the workers. The payment contracts have been explained to all workers. This shall be done for all new workers and refreshers shall be conducted during the Employee Consultative Committee meetings.		
		Verification (for effective closure): Next surveillance		



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 44 of 46

**3.2.1 Summary of Observations:**

The Observations (OBS) identified in year 2012 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.

OBS #	MYNI Indicator	Details of Observations ( Year 2012: – Initial Certification / Main Assessment)	
1 of 1	6.10.4	Date issued: 21 Sept 2012	Date due: Next Surveillance
		Observation: Estate management should take action to improve communication with contractors in the event of detecting any discrepancies submitted by them which could lead to delay of payments of their services provided.	
		Verification of action: (Next Surveillance)	

**3.2.2 Identified Positive Elements**

1. The various means of support given by the Syarimo PMU in the setting up of a Secondary level education for the children of migrant workers via the HUMANA schools which were previously providing Primary level education only. The aid has included free premise, text books, funding transferred directly to HUMANA administration.
2. Participation of the PMU in the joint sponsorship conservation program at the Malua Forest reserve.
3. Improved Housing, Crèche and Medical facilities for the workers.
4. High priority given on the training, awareness and implementation of occupational safety and health.

**3.3 Summary of Issues Raised by Stakeholders and Findings**

MICM had obtained some written and verbal feedback from the stakeholders on the environmental and social performance of Syarimo Grouping operations in the course of assessment and consultations. During the Main Assessment, all pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings.

However, there were 2 cases on dispute i.e. at Sarawak, Malaysia and at Kalimantan, Indonesia that involved the IOI Plantation Group which is still being resolved. Details on the status as updated till July 2012 are as per below:

**3.3.1 Status of Stakeholders comments on the other Management units of the IOI Group of Plantations and MICM verification. (Refer to RSPO Certification Systems document, para. 4.2.4)**

Background information: On the 26<sup>th</sup> September 2011, the RSPO Secretariat via a public announcement uploaded at the RSPO website, effectively suspended the new RSPO certifications for the IOI Group due to the following circumstances as extracted (website link: [http://www.rspo.org/news\\_details.php?nid=97](http://www.rspo.org/news_details.php?nid=97)):

**Breach of RSPO Code of Conduct 2.3 & Certification Systems 4.2.4 (c)**

Historical: On March 30<sup>th</sup>, 2011, a formal letter was sent to IOI Research Centre and IOI Corporation Berhad (IOI) on complaints raised by several Non Governmental Organizations namely Migros, Friends of the Earth and Grassroots as well as the local community of Long Teran Kanan in Sarawak.

The statement indicated that the RSPO Grievance Panel has taken several measures against IOI for breaching two core membership mandates and obligations:

1. RSPO's Code of Conduct 2.3: members will commit to open and transparent engagement with interested parties and actively seek resolution of conflict



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad**  
**(Syarimo Grouping: Main Assessment)**

Page 45 of 46

2. RSPO's Certification Systems 4.2.4 (c): Organizations with more than one management unit and/or that have a controlling holding in more than one autonomous company will be permitted to certify individual management units and/or subsidiary companies only if there are 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 and no evidence of non-compliance with law in any of the non-certified holdings.

The measures announced in the public announcement on March 31st 2011 included:

1. The suspension of the current and ongoing certification process of all IOI group's activities with effect from date of announcement.
2. The provision of 28 days to the IOI group to revert with an acceptable solution to these matters, which preferably should be mutually agreed by parties involved.
3. The stipulation to IOI to publish a statement on this matter on their corporate website.

The suspension was related to the cases of dispute as follows:

**Case 1 - Dispute With The Long Teran Community In Sarawak, Malaysia:**

Upon review of reports including discussions and deliberation, the RSPO is pleased to announce that both IOI Corporation Berhad (IOI) and the complainants are now committed to the process of mediation as a means to resolve the dispute. Despite having taken some time to resolve, due to the complexity of the matter, the RSPO views this as a positive progress in the right direction. The lifting of the current suspension of new certification for IOI will be dependent on the progress attained by both parties concerned as a result of the mediation process.

**Case 2 - Dispute In Ketapang District, Kalimantan, Indonesia:**

Upon diligent review of the documents submitted to the RSPO, it is concluded that the concerns with regards to drained peat land on wildlife habitat and clearing of HCV of primary forests have not been proven. However, IOI has accepted that some of the procedural requirements by the RSPO with regards to the permits for new plantings were not adequately complied with. In line with this, IOI has arrived at an agreement with RSPO in committing to improvements in operational procedures, as well as to comply with all RSPO requirements moving forward.

**Lifting of Suspension for New Certifications for IOI Group:**

On 8 May 2012, following an announcement made by RSPO, an interim lifting suspension for the new certifications for IOI Group (except for IOI estates in the state of Sarawak) valid for a period of 6 months. See links below for details and conditions in the communication from RSPO to IOI and related parties dated 3 May 2012:

<http://www.rspo.org/file/RSPO%20letter%20to%20IOI%20LTK%20sNGO%2020120503.pdf>



**MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD**  
(188296-W)

**Report No.: R9283/12-1 IOI Corporation Berhad  
(Syarimo Grouping: Main Assessment)**

Page 46 of 46

**4.0 Assessment Conclusion and Recommendation**

Based on the findings above, IOI Corporation Berhad Syarimo Grouping had been able to demonstrate its compliance with the RSPO Principles and Criteria (October 2007), 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 Corporation Berhad Syarimo Grouping be approved and continued.

Signed for and on behalf of  
Moody International Certification (Malaysia) Sdn Bhd

Mr. Augustine Loh  
Lead Assessor  
Date: 14 March 2013

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

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

Signed for and on behalf of  
IOI CORPORATION BERHAD

Mr. Poo Liang Chai  
Plantation Controller / Assistant General Manager  
Date: 14 March 2013