

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Mayvin Grouping

Sandakan, Sabah, Malaysia



Valued Quality. Delivered.

Assessment Report

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(188296-W)

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ANNUAL SURVEILLANCE ASSESSMENT REPORT ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Mayvin Grouping

Sandakan, Sabah, Malaysia

Certificate No:

Issued date:

Expiry date:

RSPO 926888

22 Dec 2015

21 Dec 2020

Assessment Type

Re-Certification

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Re-Certification

Assessment Dates

26–30 Oct 2015

17–20 Oct 2016

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Annual Surveillance Assessment (ASA-01) was conducted on the Plantation Management Unit (PMU) Mayvin Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **17–20 Oct 2016**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) 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

The Mayvin Grouping consists of one (1) palm oil mill, namely Mayvin Palm Oil Mill and five (5) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 5 estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

| Name | Address | GPS Reference | |
|--|--|---------------|---------------|
| | | Latitude | Longitude |
| Mayvin Palm Oil Mill (Capacity: 60 MT/hr) | Mayvin Palm Oil Mill, Telupid, 16km Off Sandakan/Telupid Road at 110 km, WDT No 164, 90009 Sandakan, Sabah, Malaysia | 5°33.329' N | 117°13.532' E |
| Mayvin 1 Estate | Mayvin 1 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°34.91' N | 117°13.277' E |
| Mayvin 2/3 Estate | Mayvin 2/3 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°33.522' N | 117°13.377' E |
| Mayvin 5 Estate | Mayvin 5 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°28.577' N | 117°20.408' E |
| Mayvin 6 Estate | Mayvin 6 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°28.656' N | 117°22.581' E |
| Tangkalap Estate | Tangkalap Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°30.162' N | 117°15.154' E |

1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Mayvin Grouping PMU are from the abovementioned 5 estates and from estates under another certified PMU (i.e. Pamol Sabah POM) of IOI Corporation Berhad. Verification done on site during the 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 Mayvin Grouping are as shown in Table 2 below.

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Table 2: Estate Area Summary

| Estate | Area Summary (ha) – Previous (FY Jul 2015 / Jun 2016) | | Area Summary (ha) – Current (FY Jul 2016 / Jun 2017) | |
|-------------------|--|--------------|---|--------------|
| | Certified Area | Planted Area | Certified Area | Planted Area |
| Mayvin 1 Estate | 1,610 | 1,509 | 1,610 | 1,509 |
| Mayvin 2/3 Estate | 1,812.81 | 1,647 | 1,812.81 | 1,647 |
| Mayvin 5 Estate | 1,765.18 | 1,602 | 1,765.18 | 1,602 |
| Mayvin 6 Estate | 1,836.82 | 1,702 | 1,836.82 | 1,702 |
| Tangkulap Estate | 2,277.45 | 2,185 | 2,277.45 | 2,065 |
| Total: | 9,302.26 | 8,645 | 9,302.26 | 8,525 |
| Percentage: | 100 % | 93.17% | 100 % | 91.64% |

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.

1.4 Summary of plantings and cycle

The 5 estates had been developed beginning from 1994. Ongoing replanting (2nd cycle) has been taking place at Mayvin 1, Mayvin 2/3 and Tangkulap Estates since year 2012 till present. The other estates are still in the 1st cycle of planting. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (FY Jul 2016 / Jun 2017)

| Estate Name | Year of Planting | Cycle of Planting | Mature OP (ha) – Above 3 years | Immature OP (ha) – 3 years & below | Total (ha) |
|-------------------|------------------|-----------------------|-----------------------------------|---------------------------------------|--------------|
| Mayvin 1 Estate | 1994-1995 | 1 st cycle | 1,028 | - | 1,509 |
| | 2014-2015 | 2 nd cycle | - | 481 | |
| Mayvin 2/3 Estate | 1994-1995 | 1 st cycle | 1,302 | - | 1,647 |
| | 2014-2015 | 2 nd cycle | - | 345 | |
| Mayvin 5 Estate | 1996-1997 | 1 st cycle | 1,602 | 0 | 1,602 |
| Mayvin 6 Estate | 1996-1998 | 1 st cycle | 1,702 | 0 | 1,702 |
| Tangkulap Estate | 1992-1994 | 1 st cycle | 1,038 | - | 2,065 |
| | 2012-2015 | 2 nd cycle | - | 1,027 | |
| Total | | | 6,672 | 1,853 | 8,525 |

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1.5 Summary of Conservation and HCV Areas

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

Table 4: Conservation and HCV Areas

| # | Statement of Land Use (Ha) | (FY Jul 2015 / Jun 2016) Hectarage – Ha | (FY Jul 2016 / Jun 2017) Hectarage – Ha |
|----------|--|--|--|
| 1 | Planted Area (ha) – Oil Palm | | |
| | - Mature | 6,716 | 6,672 |
| | - Immature | 1,929 | 1,853 |
| 2 | Conservation Area (ha) | | |
| | - comprising buffer zones along small streams, hilly areas, swampy and unplantable areas | 70.00 | 70.00 |
| 3 | HCV Area (ha) | | |
| | - comprising buffer zones near forest reserves, water catchments, burial & religious sites | *130.00 | *130.00 |

Note: * Boundary buffer areas near designated HCV i.e. Forest Reserves had been additionally allocated and during replanting carried out in 2014-2015 and were verified to be maintained during assessment on-site.

1.6 Other certifications held and Use of RSPO Trademarks

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

1.7 Organizational information / Contact Person

At Head Office:

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Plantation Sustainability Coordinator,
IOI Corporation Berhad
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IOI Resort, 62502, Putrajaya
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Fax: 603-89478988
Email: dickens.mambu@ioigroup.com

At Mayvin Grouping - PMU:

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Senior Plantation Controller,
IOI Plantation Services Sdn Bhd,
Sandakan Regional Office,
Mile 45, Jalan Sandakan/Telupid,
W.D.T.No 164, 90009 Sandakan, Sabah,
Malaysia
Tel: 089 509101/102
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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Mayvin Grouping based on the actual tonnages is as in Table 5 below:

Table 5: Tonnages Verified for Certification - FY Jul 2015 / Jun 2016

| # | Estate /Supplier | FFB Processed (MT) | Main Processing Mill | Certified By |
|----|--|--------------------|----------------------|--------------|
| 1. | Mayvin 1 estate | 24,659.80 | Mayvin Palm Oil Mill | Intertek |
| 2. | Mayvin 2/3 estate | 32,440.23 | Mayvin Palm Oil Mill | Intertek |
| 3. | Mayvin 5 estate | 37,783.90 | Mayvin Palm Oil Mill | Intertek |
| 4. | Mayvin 6 estate | 44,524.90 | Mayvin Palm Oil Mill | Intertek |
| 5. | Tangkalap estate | 15,320.11 | Mayvin Palm Oil Mill | Intertek |
| | Sub-total for PMU estates | 154,728.94 | | |
| | Others certified PMU | | | |
| 6. | Nangoh estate | 531.40 | Pamol Palm Oil Mill | Intertek |
| 7. | Meliau estate | 1,152.85 | Pamol Palm Oil Mill | Intertek |
| | Sub-total for other PMU estates | 1,684.25 | | |
| | Other suppliers/external FFB | | | |
| 9. | Outside crop producers (OCP) – dealers, outgrowers etc | 0 | - | - |
| | Grand total | 156,413.19 | | |

Note:

- ★ FFB was also received from the Nangoh estate and Meliau estate which are under the Pamol Sabah POM Grouping, which is RSPO certified.

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Mayvin Grouping POM during the previous, current and projected period are as follows:

Table 6: FFB Processed (Certified & Non-certified) tonnages

| Estate / Supplier | FFB Processed in FY Jul 2014 – Jun 2015) - Actual | | FFB Processed in FY (Jul 2015 – Jun 2016) - Actual | | FFB Processed for FY (Jul 2016 – Jun 2017) – Actual + Projected | |
|---------------------------------|---|------------|--|------------|---|------------|
| | MT | % | MT | % | MT | % |
| Mayvin PMU Estates (certified) | 182,653.30 | 99.35 | 154,728.94 | 98.92 | 172,420 | 100 |
| Other certified IOI PMUs | 1,190.04 | 0.65 | 1,684.25 | 1.08 | 0 | 0 |
| Certified FFB | 183,843.34 | 100 | 156,413.19 | 100 | 172,420 | 100 |
| Other Suppliers (non-certified) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 183,843.34 | 100 | 156,413.19 | 100 | 172,420 | 100 |
| SCCS Model for POM | SG/IP | | IP | | IP | |

1.8.3 The annual certified tonnages of CPO and PK production by the PMU Grouping as assessed and verified during this current assessment and projected for next FY are detailed as follows:

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Table 7: Certified FFB Tonnages

| POM | FY Jul 2014 – Jun 2015 - Actual | | FY Jul 2015 – Jun 2016 - Actual | | FY Jul 2016 – Jun 2017 – Actual + Projected | |
|-------------------------------------|------------------------------------|----------------|------------------------------------|---------------|--|---------------|
| Total certified FFB Processed (MT) | 183,843.34 | | 156,413.19 | | 172,420 | |
| Total certified CPO Production (MT) | 40,474.80 | OER: 22.02% | 34,671.01 | OER: 22.17 | 38,363 | OER: 22.25 |
| Total certified PK Production (MT) | 10,471.73 | KER: 5.70% | 8,749.61 | KER: 5.59 | 9,914 | KER: 5.75 |
| SCCS Model for POM | SG/IP | | IP | | IP | |

Note: The changeover of SCCS module from Segregated (SG) to the new module of Identity Preserved (IP) had commenced since 01 May 2015.

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

1.9 Time Bound Plan for Other Plantation Management Units and Requirements for Partial Certification

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

To date IOI Group manages a total of 19 Plantation Management Units (PMU) which comprise 16 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia.

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

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

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

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

IOI had conducted an internal audit on the uncertified units to determine its compliance against Clause 4.2.4 (Rules on Partial Certification). The Internal audit reports had identified the issues involved, on-going corrective actions and monitoring.

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

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

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

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1.10 Abbreviations Used

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

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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 09 Sep 2016, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Mayvin Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 17 to 20 Oct 2016, the Assessment team of Intertek conducted the Assessment in which 2 out of the 5 estates of Mayvin Grouping, namely Mayvin 5 Estate and Mayvin 2/3 Estate 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 (SOP), management plans, hectare development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

Mayvin Grouping POM was also assessed against the requirements for the Identity Preserved (IP) 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 IP Module requirements. These include documented procedure, purchasing and goods in, record keeping, sales and goods out, processing, monitoring and traceability of the CSPO and CSPK quantities, training for staff and claims.

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

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

2.2 Date of next scheduled visit

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

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

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2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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

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

Local community (On-site interviews)

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

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

| Criterion 1.1 | | |
|---|--|------------|
| Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Minor Compliance</p> | <p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Based on procedure, the responsible person for providing and updating information is Sustainability Department (Ms. Veronica. This information is updated regularly at least annually, the last updated on 30 Jul 2016.</p> <p>Date of public notification of this assessment of the PMU was made on 09 Sep 2016.</p> <p>Records of requests and responses made were verified to be maintained:</p> <ol style="list-style-type: none"> 1. Request from Jabatan Perlindungan Alam Sekitar (JPAS) no. KEC-(EV)/M/16(L)/19-21/0323, dated 15/03/2016. 2. Request from Jabatan Perhutanan Sabah no JPHTN/SFM 800-1/1/0(KLT.2) (46), dated 12/10/2016. <p>IOI had provided a detailed response to the Greenpeace report "A Deadly Trade-Off" dated 27 Sep 2016 concerning policy violations in IOI's third-party supply chain – for more details, please refer to: http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819</p> | Complied |
| <p>1.1.2 Records of requests for information and responses shall be maintained.</p> <p>Major Compliance</p> | <p>The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc. List of internal stakeholders updated in Aug 2016 and List of External stakeholders in Aug 2016.</p> <p>The POM and estates conducted a joint external stakeholders' consultation on 25/08/2016 and feedback as follows:</p> <ol style="list-style-type: none"> 1. Maxland: main road being not well maintained; 2. Telupid Forestry Dept.: Effect of chemicals going into rivers; 3. Police: estate workers not given briefing on drugs abuse; 4. Sykt. Mega Trading: workers did not pay their debts. <p>The POM and estates had conducted their respective internal stakeholders' consultations in Sep 2016. Feedback given concerning chicken rearing in housing areas, drains at back of house not in proper condition, cleanliness of surrounding is not good, high price of sundry goods, etc.</p> | Complied |

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| | Records of participants and feedback given were maintained and appropriate actions taken. | |
| Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: Major Compliance | Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ. On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) dated Jul 2016, alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society: http://www.ioigroup.com/Content/S/PDF/Sustainability%20Palm%20Oil%20Policy.pdf The following types of mandatory documents are available to the public upon request: <ul style="list-style-type: none"> ♦ land titles/user rights, ♦ occupational health and safety plan, ♦ plans and impact assessments relating to environment and social impacts, ♦ pollution prevention plans, ♦ details of complaints & grievances, ♦ negotiation procedures ♦ continuous improvement plan ♦ Public summary of certification assessment report. ♦ Human Rights Policy. These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention. | Complied |
| ♦ Land titles/user rights (Criterion 2.2); | Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies. | Complied |
| • Occupational health and safety plans (Criterion 4.7); | Occupational Safety and Health Plan has been established. The plan was reviewed (annually) on 03 Jan 2016 by the Safety Officer for POM and estates. Policy and HIRAC documented and reviewed for the POM and estates. The OSH Programme 2016 include the following: <ul style="list-style-type: none"> ♦ Safety & Health Committee meetings 4x/year, ♦ Annual medical surveillance, ♦ Workers medical check-up, ♦ Chemical exposure monitoring, ♦ Accident reporting & investigation, ♦ Workplace inspection, ♦ CHRA assessment (latest in Mar 2015), ♦ Audiometric test, ♦ Air compressors annual inspection, ♦ Warning signs, | Complied |

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| | <ul style="list-style-type: none"> ◆ Chemical Register, ◆ SOP for safe work, ◆ PPE usage, ◆ MSDS/CSDS, ◆ JKKP 8 reporting of accidents annually, ◆ Emergency Response Plan (ERP), ◆ Emergency drills, ◆ Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), ◆ Monthly KPI Report on HSE performance, ◆ Monthly Safety inspection & audit by Safety Officer, <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p> | |
| <ul style="list-style-type: none"> • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); | <p>Environmental Impact Assessment for the POM and estates were conducted and reviewed in Sep 2016.</p> <p>Management Plan and Continual Improvement Plan documented and implemented.</p> <p>SIA for the POM and estates were conducted and reviewed in Sep 2016.</p> <p>Positive and negative impacts identified. Action plans were documented and implemented.</p> | Complied |
| <ul style="list-style-type: none"> • HCV documentation (Criteria 5.2 and 7.3); | <p>The Internal "HCV and Conservation Areas" Assessment for the POM and estates were reviewed in Sep 2016.</p> <p>Management plans for HCV and Conservation areas updated. The Management Action Plans were monitored and progressively implemented at the respective estates.</p> | Complied |
| <ul style="list-style-type: none"> • Pollution prevention and reduction plans (Criterion 5.6); | <p>Pollution Prevention Management Plans were reviewed (annually) in Sep 2016.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters) and domestic wastes disposal, reuse and recycling (scrap iron, paper, glass, plastic).</p> | Complied |
| <ul style="list-style-type: none"> • Details of complaints and grievances (Criterion 6.3); | <p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p> <p>(1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/80</p> <p>(2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/4</p> | Complied |

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| <ul style="list-style-type: none"> • Negotiation procedures (Criterion 6.4); | <p>Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained.</p> <p>The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints</p> <p>Refer also to details in Section 1.9: Timebound Plan.</p> | <p>Complied</p> |
| <ul style="list-style-type: none"> • Continual improvement plans (Criterion 8.1); | <p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented.</p> | <p>Complied</p> |
| <ul style="list-style-type: none"> • Public summary of certification assessment report; | <p>Public summary of certification assessment reports are available from the company upon request.</p> | <p>Complied</p> |
| <ul style="list-style-type: none"> • Human Rights Policy (Criterion 6.13). | <p>The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised in Jul 2016 and signed by the Group CEO. Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.</p> | <p>Complied</p> |
| <p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>Minor Compliance</p> | <p>IOI Group has a documented policy “Code of Business Conduct and Ethics” signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The following are included:</p> <ul style="list-style-type: none"> - Diversity and Respect in the workplace, - Equal Opportunity Employment, - Protecting the Environment, - Safety, Health and Security at Work, - Managing Documents, - Intellectual Property and Information, - Management and Security in our Computing Environment, - Data Privacy - Employee Privacy in the Communication and Computing Environment - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Copies of the policy found to be displayed at prominent locations in the POM and estates.</p> <p>The company has communicated the policy by booklet and explained to employees during Morning call (muster) in the POM and estates.</p> | <p>Complied</p> |

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1



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There is compliance with all applicable local, national and ratified international laws and regulations.

| Indicators | Findings and Objective Evidence | Compliance |
|--|--|-----------------|
| <p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Major Compliance</p> | <p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was reviewed for the POM and estates on 30/07/2016 for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</p> <p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p> | <p>Complied</p> |

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| <p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p> | <p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented. Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.</p> | <p>Complied</p> |
| <p>2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p> | <p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> | <p>Complied</p> |
| <p>2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p> | <p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register. Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The change in Minimum Wage Order 2016 that increases the minimum wage had been implemented. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure. Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p> | <p>Complied</p> |
| <p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance</p> | <p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group. The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of agricultural crop of economic value. There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit. The land has been planted with oil palms since 1991. There has been no recorded dispute over the ownership during the tenure of the land.</p> | <p>Complied</p> |
| <p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance</p> | <p>It was verified that there has been no change to the stated land titles and designated use for cultivation of agricultural crop of economic value. Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1-meter differential Global Positioning System (GPS). Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.</p> | <p>Complied</p> |
| <p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall</p> | <p>There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p> | <p>Not applicable</p> |

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

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| <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p> | | |
| <p>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p> | <p>No cases of land claims in this PMU. As such this process is not applicable for verification.</p> | <p>Not applicable</p> |
| <p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p> | <p>This process is not applicable during current assessment.</p> | <p>Not applicable</p> |

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

| <p>Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.</p> | | |
|---|--|-----------------|
| Indicators | Findings and Objective Evidence | Compliance |
| <p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>Major Compliance</p> | <p>The 5-year Business Management Plan (FY 2015/2016 to FY 2019/2020) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); (7) Budget for Environmental, Social, Safety & Health, Training and Promotions. <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM.</p> | <p>Complied</p> |

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| <p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>Minor Compliance</p> | <p>Annual replanting program had been prepared up to 2023/2024 for the estates. A replanting cycle of 25 years has been adopted by the group.</p> <p>The replanting areas (ha) are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>2016/17</u></th> <th style="text-align: center;"><u>2017/18</u></th> <th style="text-align: center;"><u>2018/19</u></th> <th style="text-align: center;"><u>2019/20</u></th> <th style="text-align: center;"><u>2020/21</u></th> <th style="text-align: center;"><u>2021/22</u></th> <th style="text-align: center;"><u>2022/23</u></th> <th style="text-align: center;"><u>2023/24</u></th> </tr> </thead> <tbody> <tr> <td>Mayvin 5</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Mayvin 2/3</td> <td style="text-align: center;">168</td> <td style="text-align: center;">240</td> <td style="text-align: center;">248</td> <td style="text-align: center;">206</td> <td style="text-align: center;">211</td> <td style="text-align: center;">230</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> | | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | Mayvin 5 | - | - | - | - | - | - | - | - | Mayvin 2/3 | 168 | 240 | 248 | 206 | 211 | 230 | - | - | <p>Complied</p> |
|---|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|---|---|---|---|---|---|---|---|------------|-----|-----|-----|-----|-----|-----|---|---|-----------------|
| | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | | | | | | | | | | | | | | | | | | | | | |
| Mayvin 5 | - | - | - | - | - | - | - | - | | | | | | | | | | | | | | | | | | | | | |
| Mayvin 2/3 | 168 | 240 | 248 | 206 | 211 | 230 | - | - | | | | | | | | | | | | | | | | | | | | | |

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

| Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored. | | |
|---|---|-----------------|
| Indicators | Findings and Objective Evidence | Compliance |
| <p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p> | <p>IOI Plantations Group - Standard Operating Procedures for the POM and Estate operations were available and verified to be maintained. No update of SOPs since established in 2007.</p> <p>Copy of the SOPs are available on-site and based on interview with workers, it was confirmed that they understood the procedures and its implementation.</p> <p>Verified samples of SOP for the POM operations which include: FFB Receiving Station, Loading Ramp, Sterilizer, Threshing Station Pressing Station, Depericarperzation Station, Oil Room Station, Boiler Station, Engine Room Station, Laboratory, Water Treatment Plant, Threshing Station, Effluent Treatment Plant and Workshop.</p> <p>Verified samples of SOP for the Estate operations include: Oil Palm DxP Seed Production, Pre-Nursery Seedlings, Pre-Large Polybag Nursery, Land Clearing, Land Preparation for new planting and replanting, Oil Palm Planting Density, Tidal Gates, Planting Technique, Foliar sampling, Leguminous cover plant, Manuring, Weeding, Harvesting, Road maintenance, Pest and disease control.</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p> | <p>Complied</p> |
| <p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place.</p> <p>Minor Compliance</p> | <p>Records had been kept by the staff concerned for each operation to monitor the implementation of procedure and progress of work. The records were checked by the Assistant, Agronomist, Plantation Adviser, and Mill Adviser regularly. Monthly visits carried out by the visiting Agronomist in the estates and Engineer in the mill. Monitoring of implementation of SOPs through monthly reports which are submitted to HQ.</p> | <p>Complied</p> |
| <p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate.</p> <p>Minor Compliance</p> | <p>Estate and mill carry out daily monitoring through field inspection records and mill inspection records. It is a routine that the estate and mill management prepare monthly reports and send to the HQ for monitoring purpose as well. All field inspection results are recorded in the Monthly Report.</p> <p>The records of monitoring and the actions taken over the past 12 months had been maintained at the mill and estates.</p> | <p>Complied</p> |
| <p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB).</p> | <p>As at current assessment, the mill did not source for FFB from any third party. The entire crop was supplied by the estates</p> | <p>Complied</p> |

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| Major Compliance | within the IOI Group of PMUs in the region. | |
| Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance | The estates has SOPs for Good Agricultural Practice (GAP). GAP for minimization of soil erosion and maintenance of soil fertility were implemented via the frond stacking and fertilizer application as per the recommendations provided by the Agronomist of IOI Research Centre, Sabah. Records for fertilizer application verified against the "Fertilizer Recommendations & Requirements for Jan – Dec 2016". Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels. | Complied |
| 4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance | Records of fertilizer application at the estates were maintained and had been verified to be satisfactory. | Complied |
| 4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance | Leaf sampling and analysis had been carried out annually and soil sampling and analysis on a 5 year cycle to determine the nutrient levels. Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency. Records of the sampling and analysis had been verified to be satisfactory. | Complied |
| 4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance | Geotubes used to filter the solid from the POME and the solid would be used by the estates for field application as organic fertilizer. All the EFB from the POM are delivered to the estates as evidenced by the "Daily/Monthly Summary Report of EFB" maintained by the POM. EFB Mulching Application Programme and field maps indicate the amounts and locations of EFB application in the estates. EFB mulching had been carried out in mature area along the inter-row, and around the circle in the immature palms. Land application of POME through gravitation flow into the field in Mayvin 2/3 estate, which is near to the POM. | Complied |
| Criteria 4.3 Practices minimise and control erosion and degradation of soils. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance | Estate soils show no fragile or marginal soil existence. Soil types as indicated in soil maps are as follows: Mayvin 5 Estate 1: dalit, lokan, sook. Mayvin 2/3 Estate: tuaran, binalik, brantian, kepayan, sook, dalit, lokan, bidu bidu. | Complied |
| 4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance | Planting terraces constructed on land with slope more than 6° as indicated in the Terrace Map. No planting at slope > 25° Best Management Practices followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance. Replanting activities at Mayvin 2/3 Estate were verified during | Complied |

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| | field inspections to be satisfactory. Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no soil erosion noted during the field visit. Leguminous cover crop, <i>macuna bracteata</i> was well established. | |
| 4.3.3 A road maintenance programme shall be in place. Minor Compliance | Estate roads were maintained in good and satisfactory condition. Annual road maintenance programme for 2016/2017 had been verified to be progressively done and satisfactorily implemented. | Complied |
| 4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance | It was confirmed during assessment on site that there is no peat soil in the estates. | Not Applicable |
| 4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance | There was no peat soil in the PMU estates as confirmed by auditor's on-site assessment | Not Applicable |
| 4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance | Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates. | Not Applicable |
| Criteria 4.4 Practices maintain the quality and availability of surface and ground water. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 4.4.1 An implemented water management plan shall be in place. Minor Compliance | Documented Water Management Plan verified to be in place for the palm oil mill and estates and was reviewed in Sep 2016. The Water Management Plan includes: <ul style="list-style-type: none"> - Water Abstraction of water for FFB process. - Identification for water source in mill and estates. - Water treatment plant. - Water storage and use for FFB and domestic purposes. - Monitoring water discharge management in POM. - Buffer zone on streams and rivers. - Water for domestic use. - Sewage and septic tank. - Oil trap. - Rainfall data monitoring. There are water ponds in the POM and estates. Water samples collected and analysis carried out at least twice a year. The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality). In addition, there is precautionary measure such as signages instructing 'boiling water before consumption' being displayed at the Estate offices and housing areas. Rain water is also harvested for washing and cleaning. | Complied |
| 4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance | Buffer zones had been maintained on both sides of streams in the estates as verified during on-site field inspection. No evidence of spraying around palms marked as boundary for the buffer zones. Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone, There was no construction of bunds/ weirs/dams across the | Complied |

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| | waterways passing through the estates. | |
| <p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p> | <p>Water samples were taken at monthly interval at the final discharge point of the palm oil mill effluent pond and at upstream and downstream of waterways (Sungai Ruku-ruku at Mayvin 5 Estate).</p> <p>Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>BOD levels had been in the range of 8 to 35 ppm for the period Jan to Sep 2016. The current allowable upper limit specified by D.O.E. Sabah is 50 ppm (max.).</p> <p>Analysis results meet the following DOE limits specified for the water sample dated 09/06/2016:</p> <ul style="list-style-type: none"> ◆ BOD < 50 mg/l, ◆ Total Suspended Solids < 200 mg/l, ◆ Oil & Grease < 20 mg/l, ◆ Ammoniacal Nitrogen < 150 mg/l, ◆ Total Nitrogen < 200 mg/l, ◆ pH = 5 to 9, ◆ Temperature < 45°C | Complied |
| <p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p> | <p>Water usage in the mill from Jul 2015 to Jun 2016 ranged from 0.79 to 1.37 m³/tonne FFB with an average of 1.13 m³/tonne FFB which is within the industrial norm of 1.2 m³ to 1.5 m³/tonne FFB.</p> | Complied |
| <p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p> | <p>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>Records on planting of beneficial plants had been verified on the estates. Pest infestation was noted to be minimal at the estates.</p> <p>Programme for planting of beneficial plants such as <i>Cassia cobanensis</i> (60%), <i>Turnera subulata</i> (20%), and <i>Antigonon leptopus</i> (20%) and records on areas planted had been verified together with the respective maps to be satisfactory.</p> <p>Spraying of Cypermethrin (5.5% and 16.0%), when necessary, have been carried out in the immature areas of the estates to control rhinoceros beetle.</p> <p>Rat baiting (using Brodifacoum 0.003% and 0.005%) would be carried out only should rat damage exceed 5 % on FFB as reviewed from the summary of grading of FFB for rat damage.</p> <p>There is no barn owl in the PMU estates.</p> <p>No reported infestation by other pests (bagworms). Pest infestation was minimal on the estates.</p> | Complied |
| <p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p> | <p>IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.</p> | Complied |
| <p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and</p> | <p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable. The PMU has an Approved List of Pesticides registered under</p> | Complied |

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| <p>which have minimal effect on non-target species shall be used where available. Major Compliance</p> | <p>the Pesticide Board of Malaysia. The types of chemicals used are as follows: (1) Glyphosate isopropyl amine (41% a.i.) (2) Metsulfuron methyl (20% a.i.) (3) Triclopyr butoxy ethyl ester (32.1% a.i.) (4) 2,4 Dimethylamine (60% a.i.) (5) Glufosinate ammonium (13.5% a.i.) Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p> | |
| <p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p> | <p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that records of monitoring were satisfactorily.</p> | Complied |
| <p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p> | <p>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan. The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been a decline in pesticide usage per hectare on a year to year basis. No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p> | Complied |
| <p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p> | <p>Use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates. Alternatives such as Round up (Glyphosate Isopropylamine) had been used to replace paraquat. First Aid Kits found to be available during pesticides spraying in the fields (4th Schedule). Portable signboard noted to be displayed at areas of spraying activity (5th Schedule).</p> | Complied |
| <p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p> | <p>All pesticide operators (including the contractor's workers) have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls) have been provided and used by the pesticides operators. All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers. Programme and training records verified to be satisfactory. The training include spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area. The PMU has adequate facilities for mixing of pesticides and</p> | Complied |

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| | cleaning up after work. There are suitable storage areas for PPE. | |
| <p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p> | <p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974. Emergency shower and eye wash are available near the pesticides store in case of accidents. The estates have a pesticides warehouse and pesticide containers washing & bathing places for the sprayers. The pesticides warehouse was found to be a permanent building with good ventilation and a cement floor equipped with a "spillage trap". Emergency shower and eye wash verified to be in good working condition. First aid box, PPE and fire extinguisher were provided at the pesticide warehouse. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers). Used chemical containers were either reused as containers for spraying solution or disposed. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</p> | Complied |
| <p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p> | <p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Warning notice displayed in the area being sprayed with pesticides Programme and training records verified to be satisfactory.</p> | Complied |
| <p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p> | <p>It is the policy of the company not to carry out aerial application of pesticides. This policy has been followed by the PMU.</p> | Complied |
| <p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p> | <p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p> | Complied |
| <p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p> | <p>Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor. The scheduled wastes from the estates are sent to the POM for disposal. Empty pesticide containers are triple rinsed and pierced for disposal as scheduled waste. Records of scheduled waste collection at the mill verified to be satisfactory.</p> | Complied |
| <p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance</p> | <p>Annual medical surveillance for all pesticide operators had been implemented in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2. It was verified that the CHRA recommendations has been satisfactorily followed. Latest medical surveillance for pesticide operators on</p> | Complied |

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| | <p>11/02/2016 for Mayvin 5 Estate and 24/02/2016 for Mayvin 2/3 Estate. Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition is unfit for work with pesticides. No such cases in the PMU as at the date of assessment. The medical surveillance results of all the pesticide operators stated as "fit for work with pesticide". Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. Besides the annual medical surveillance, monthly clinical tests (to check lungs, gastro intestinal, urinary system, pregnancy, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p> | |
| <p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p> | <p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator. Monthly clinical checks for pregnancy carried out.</p> | <p>Complied</p> |
| <p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>The occupational health and safety plan shall cover the following: 4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p> | <p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health. The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.</p> | <p>Complied</p> |
| <p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance</p> | <p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards. There was an assessment of noise levels in the POM on 16-18/11/2012 as seen in the Consultant Report. Work areas identified with high noise levels are the boiler station, engine room, kernel and nut plant, press station and sterilization unit where noise level exceeded 85 db. Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear muffers. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 11/02/2016. The audiometric reports of 12 workers indicated as having mild to moderate hearing impairment and recommended to wear hearing protector. There were 4 workers with standard threshold shift and they went for a re-test on 15/08/2016 (within 6 months). No worker have severe hearing impairment (permanent threshold shift).</p> | <p>Complied</p> |

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| | <p>Baseline audiogram and occupational and medical history records of workers maintained.</p> <p>A Hearing Loss Prevention Audit was conducted on employees exposed to high noise levels. Employees exposed to high noise levels were interviewed and there was no complaint raised. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear muffers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety & Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p> | |
| <p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p> | <p>Training programme planned and carried out for year 2016 includes training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>Trainings records were available. Evaluation carried out on each of the trainings to determine its effectiveness.</p> | Complied |
| <p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> | <p>The responsible persons Estate Supervisors and Field Mandore/Headman had been identified. Responsible person for Sandakan Region area is Mr. Jimi and Santi (Safety Officer – IOI Sandakan Region)</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p> | Complied |

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

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

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| <p>Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance</p> | <p>The Environmental Aspect and Impacts Assessment (EAIA) were conducted and well documented prepared in Sep 2016. The EAIA review process had included stakeholders' consultation with regards to environmental aspects, impacts, and pollution control, and ERT, HCV and land usage issues. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU. Records were made available during audit and found to be satisfactory.</p> | Complied |

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| <p>5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance</p> | <p>There were no major changes to the identified impacts since the establishment of the documents above. Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the POM. Data were collected and analysed for compliance with relevant regulations.</p> | <p>Complied</p> |
| <p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance</p> | <p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis. For the audit period, it was reviewed in Sep 2016. The review had taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams The water pond at Mayvin 5 Estate is used to supply water for domestic use. It was found that signages for the protection of the water pond from any undesirable activities (no fishing, no swimming, no spraying, etc.) are available. However, the extent of the buffer zone/area is insufficient. Minor NC # SH-01 was raised.</p> | <p>Minor NC # SH-01</p> |
| <p>Criteria 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance</p> | <p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated May 2016. It will be reviewed again in the year 2017. The HCV Assessment was conducted based on the "High Conservation Value Forest (HCVF) Toolkit for Malaysia: A national guide for identifying, managing and monitoring High Conservation Value Forest, WWF – Malaysia, 2009". Sabah Forestry Department was also consulted during the HCV assessment and feedback incorporated in the management plan. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented. Visits to site confirmed that the Mayvin 5 Estate bordered the Deramakot Forest Reserve and Tangkulap Forest Reserve at the South and west. Tributaries of Sg Ruku Ruku passes through the estate. Mayvin 2/3 Estate is surrounded by palm oil estates along its border. East of the estate is bordered with the Tawai Forest Reserve. Sg. Ruku Ruku tributaries also passes through the estate. HCV and other environmentally sensitive areas were documented and inspected on site. Boundaries bordering the forest reserves at Mayvin 5 and Mayvin 2/3 estates were well demarcated to deter wildlife from going into the estate. Electric fencing was also installed along the forest border with Tawai Forest Reserve to deter wild elephants from coming into the estate. Conservation areas/environmentally sensitive areas i.e.</p> | |

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| | <p>buffer zones along the stretches of streams which pass through the estates had also been identified, demarcated and being monitored.</p> <p>Map of the estates are not up to date as it did not correctly reflect the current landscape of the estate areas. An observation # SH-01 was raised.</p> | Obs # SH-01 |
| <p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance</p> | <p>Management Plan / Action Plan documented in all the estates with specific actions to be taken by the Estate Manager / Assistant Manager for the identified conservation/HCV areas. The action plan includes the following:</p> <p>(1) Regular patrols within the POM and estates were being carried out and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas. Honorary wildlife wardens were also appointed with the assistance of the Wildlife Department to look into issues relating to wildlife in their areas.</p> <p>(2) Monitoring and control of any illegal hunting, fishing or collecting activities was also carried out by the patrolling activities conducted.</p> <p>(3) Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited, i.e. Mayvin 5 and Mayvin 2/3 Estates and found to have been satisfactorily maintained.</p> <p>(4) Water sampling analysis of stream and final discharge of effluent pond.</p> | Complied |
| <p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance</p> | <p>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p> <p>Training programme on RTE has also been organised and attended by personnel across the organisation. The training was conducted on 08 Oct 2016.</p> <p>Other trainings which included buffer zones, integrated pest management and its importance were also conducted to the field workers on 30 Jul 2016 and 13 Oct 2016.</p> | Complied |
| <p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p> | <p>Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification were also made during on-site assessment and found to be satisfactory implemented at Mayvin 5 Estate and Mayvin 2/3 Estate.</p> <p>The overall management plan on the status of HCV/RTE of the Mayvin plantation group is collated, reviewed and monitored by the HQ sustainability team in consultation with other stakeholders.</p> | Complied |
| <p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance</p> | <p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the estates visited i.e. Mayvin 5 Estate, and Mayvin 2/3 Estate. Thus negotiated agreement of such nature is not applicable.</p> | Complied |
| <p>Criteria 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |

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| <p>5.3.1 All waste products and sources of pollution shall be identified and documented. Major Compliance</p> | <p>Visits made to POM and estates (Mayvin 5 Estate and Mayvin 2/3 Estate) showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste , clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and Boiler ashes were maintained and monitored at the POM.</p> <p>Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410) , clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the mill and estates. Proper storage areas were identified for the storage of the recyclable wastes at the mill and estates.</p> | <p style="text-align: center;">Complied</p> |
| <p>5.3.2 All chemicals and their containers shall be disposed of responsibly. Major Compliance</p> | <p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected at site. For the POM and estates, disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Lagenda Bumimas Sdn Bhd). Latest disposal was recorded on 22 Sep 2016. Inventory on the schedule waste was properly recorded and up to date.</p> | <p style="text-align: center;">Complied</p> |
| <p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance</p> | <p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes, i.e. general wastes and scheduled wastes, was verified to be satisfactory in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>The solid waste management and disposal plan using landfills was only available at Mayvin 5 Estate. Landfill management was found to be satisfactory. Waste disposal was by using the services of a waste contractor.</p> <p>Recycling of crop residues / biomass, i.e. EFB and POME had been implemented. Management on EFB application plans and progress reports were verified to be satisfactory.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in both POM and estates and were used for solid waste segregation and recycling.</p> | <p style="text-align: center;">Complied</p> |
| <p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p> | | |

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| <p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance</p> | <p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement. Records were satisfactorily documented.</p> <p>Visit to mill showed evidence that data were compiled and analysed for further action to improve on their efficiency of using the renewable and non-renewable energy.</p> <p>Apart from use of diesel for generating electricity, palm fiber was also used to generate electricity through steam turbine and boiler. The processing of the CPO was done using steam turbine generation.</p> <p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where Palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis. It was verified that energy usage are being monitored daily, especially at the POM for better control and comparison of trends.</p> <p>Also, buffalo is also being used for FFB transportation and harvesting in the Mayvin 2/3 Estate to reduce the dependency on use of fossil fuel.</p> | <p>Complied</p> |
| <p>Criteria 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003</i>, or comparable guidelines in other regions. Major Compliance</p> | <p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates.</p> <p>Field inspections made at Mayvin 5 and Mayvin 2/3 Estate showed no evidence of open burning.</p> | <p>Complied</p> |
| <p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003</i>, or comparable guidelines in other regions. Minor Compliance</p> | <p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates.</p> <p>During the audit, there were no replanting activities carried out in the IOI Mayvin Grouping.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.</p> <p>Sanitary landfill was located at Mayvin 5 Estate only. The location of the landfill is far away from the workers' housing and water sources.</p> | <p>Complied</p> |
| <p>Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). Major Compliance</p> | <p>The PMU had carried out an environmental aspect and impact assessment (EAIA) and identified the potential polluting activities at the POM and estates. The PMU had reviewed the environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land in Sep 2016.</p> <p>Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and</p> | <p>Complied</p> |

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| | supported by the Ringelmann Smoke Chart. Report showed evidence that the emission is within the permissible limits of DOE as verified by documents made available during the on-site visit to the mill. POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations. | |
| 5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance | Identification of significant pollutants and greenhouse gas (GHG) emissions has been done, e.g. POME, diesel / fuel and fertilizer. Their usage have been recorded and documented at both the POM and estates. GHG report calculation has also been submitted to RSPO on 10 Oct 2016. | Complied |
| 5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance | Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place. Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements Water samples were regularly taken by mill environment officer in charge and analysed to ensure compliance to DOE requirements at final discharge points. The water samples were sent for analysis by Dynakey Laboratories Sdn Bhd. Records are maintained and verified on-site to have met the permissible regulatory limits (BOD level is < 50 ppm). | Complied |

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

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| Criterion 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance | The Mill and Estates had conducted the Social Impact Assessment (SIA) in consultation with the external and internal stakeholders. The SIA had included a description of the assessment methodology and a review of the aspects of demography, laws & regulations, work & contracts, grievances, facilities & amenities, environmental issues, safety & health issues etc. Management Action Plans & Continuous Improvement Plan had been developed, implemented and monitored. Records included attendance lists, minutes of meeting, summary of status of communication, grievances, complaints and requests. | Complied |
| 6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance | The SIA was conducted with the participation of affected stakeholders through consultations with workers, suppliers, contractors, transporters, service providers, teachers, government departments and non-government organisations. Consultations with external stakeholders was carried out | Complied |

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| | jointly by the mill and estates on 25 Aug 2016. The POM, Mayvin 2 Estate and Mayvin 5 Estate held their consultations with their internal stakeholders on 25 Aug 2016, 14 Sep 2016 and 25 Sep 2016 respectively. | |
| 6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance | The action plans for avoidance or mitigation of negative impacts and promotion of the positive ones were documented, implemented and monitored by the Social Liaison Officers and the Managers. A time table of activities and responsibilities with time frame was seen in the implementation plans. | Complied |
| 6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance | The latest revision of SIA plans had been carried out as follows: 30 Sep 2016 - Mill 19 Sep 2016 - Mayvin 2/3 Estate 25 Sep 2016 - Mayvin 5 Estate The revision had taken into consideration of the updates and issues raised by the stakeholders during the consultations. Records included minutes of meeting, summary & status of external stakeholder, communication, grievance/complaint and request. Attendance lists showed participation of suppliers, transporters, service providers, workers, sundry shop owners, hospitals etc. | Complied |
| 6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance | There are no smallholders at the PMU. Thus this is not applicable. | Not applicable |
| Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 6.2.1 Consultation and communication procedures shall be documented. Major Compliance | The consultation and communication procedures established by the Mill and Estates were Guidance Documents that defined the procedures for stakeholders to communicate and consult with the management. This was reviewed after the stakeholder consultations on 30 Sep 2016. In addition, procedures relating to the following, were established: - Grievance Procedure - Sexual Harassment Procedure - Stakeholder Request Procedure - Grievance Procedure for Land Owner Issues These procedures, which were available at the Mill and the Estates, described the mechanism to be taken should any stakeholders wished to communicate with the Mill and the Estates on any issue concerning their interests. | Complied |
| 6.2.2 A management official responsible | The Mill and Estates had appointed the respective Social | Complied |

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| for these issues shall be nominated. Minor Compliance | Liaison Officers as the persons responsible for handling all social matters and issues. The responsibilities of the Social Liaison Officers was clearly defined in their appointment letters. | |
| 6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance | The Mill and Estates had maintained their lists of stakeholders respectively. The stakeholders consisted of representatives from Government Departments & agencies, non-government organisations, workers, management staff and executives, contractors, transporters, suppliers, schools, hospitals, service providers, village communities, neighbouring estates etc. Records of communication with stakeholders included letters, emails, social media, telephone and actions taken were maintained and available. | Complied |
| Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance | The Mill and Estates had established a grievance procedure with flow chart defining the steps for receiving complaints, investigation into the complaints and resolving the issues. It included assurance of anonymity of the complainants and whistle blowers. The Mill and Estates had also established procedures covering grievance arising from sexual harassment, All records of complaints and grievances external and internal were recorded in the Grievance/Request Record Book. Most of the complaints were from workers pertaining to repair and maintenance of amenities within the worker' line sites. The flow charts were written in both English and Malay language and were found to be displayed on notice boards. Based on the records, there were no complaint from outsiders. | Complied |
| 6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance | The established grievance procedure defined the actions required to be taken for each of the process to be addressed before proceeding to the subsequent process. The Grievance/Complaint/Request Book was used to record the details of the complaint such as complainant, date & nature of the complaint, investigation carried out, action taken and resolutions with the complainant. Based on the records, all of the complaints were resolved. | Complied |
| Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 6.4.1 A procedure for identifying legal, | There was no dispute on legal, customary or user rights with | Complied |

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| <p>customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p> | <p>the Mill and Estates. The PMU has a procedure for the handling of such disputes.</p> | |
| <p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p> | <p>There is a procedure for calculating and distributing compensation. To date, there had been no dispute by any parties relating to legal, customary or user rights at the PMU.</p> | <p align="center">Complied</p> |
| <p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p> | <p>No land disputes in this PMU. As such this process is not applicable for verification of implementation.</p> | <p align="center">Not applicable</p> |
| <p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p> | <p>All employees entered a contract of employment. Official appointment letters specified rates of pay, employment terms and conditions, duration of employment, increment & bonus, holiday pay, sick leave, medical benefits, termination notice, transfers, and mandatory deduction such as EPF and SOCSO.</p> <p>In addition, the appointment letters were in Malay, a language which was understood by the foreign workers. Interview with the Indonesian workers during field audit confirmed that the management had explained to them and understood the terms and conditions of employment and approved deductions.</p> <p>Payslips clearly showed the wages earned, overtime pay, holiday pay and the approved deduction items. Based on the payslips sampled, the workers earned at least the minimum daily wage of RM38.40 in accordance with the Minimum Wage Order 2016 effective from Jul 2016.</p> | <p align="center">Complied</p> |
| <p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be</p> | <p>Documented pay and condition of employment were clearly detailed within the employment contract.</p> <p>Among the items specified were job description, working hours, work location, responsibility, wage calculation, overtime, public holidays, paid annual leave, housing, transportation, medical treatment at estate clinic and</p> | <p align="center">Complied</p> |



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| <p>available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p> | <p>insurance.</p> <p>The contract had been written in Malay language which were understood by the workers.</p> <p>Interview with the workers during field visit verified that the pay and condition of employment were explained to them and that they understood it.</p> <p>The mill and estates had a mechanism to determine those employees who were eligible or not eligible for holiday pay and annual leave pay. Through these mechanism, lists of eligible and ineligible employees were prepared.</p> <p>Based on the salary payment records, it was verified that those employees who were eligible for holiday pay and annual leave pay were paid according to their entitlement.</p> <p>Thus the corrective action taken on previous assessment Major NC# JMD-01 verified to be effective.</p> | |
| <p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p> | <p>The Mill and Estates provided adequate housing with supply of electricity and treated water free of charge.</p> <p>The power supply to the worker's living quarters was from 3.00 am to 6.00 am and from 5.30 pm to 10.30 pm</p> <p>For Mayvin 2/3 Estate, there was a nominal fee of RM5.00 per month imposed on the workers whose living quarters were supplied with 24 hours of electricity. Treated water was supplied free of charge.</p> <p>The accommodation provided for foreign workers are single storey linked units that are constructed of permanent materials (masonry and wood) with proper roofing. The housing units have been approved by the Sabah Labour Department.</p> <p>At the Mayvin 5 Estate linesite (block nearest to the crèche) for the estate workers, there are water tanks at the rear of the housing quarter. It was found that there is a wooden structure of 2.5 feet height joining the plinth of the water tank to the back wall of the housing quarter. This structure is a potential safety hazard as it partially blocked the passage way. Hence, a Minor NC # CBK-01 was raised.</p> <p>The clinics situated at the Mill & Estate housing areas were manned by a hospital assistant providing free basic medical treatment. For more serious cases, the workers would be sent to the nearest hospital with transportation provided free-of-charge.</p> <p>Domestic waste was collected two or three times a week and disposed of at the landfill.</p> <p>Education at primary and secondary level were supported by the PMU for children from the estates as well as the surrounding areas.</p> <p>Pre-school children of foreign workers were cared for at the crèche near the housing areas while older school-going children attended the HUMANA School managed by a non-government organisation.</p> <p>During the interview with the Principal at the HUMANA school, it was confirmed the Principal that the IOI</p> | <p>Minor NC # CBK -01</p> |

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| | <p>management had completed the building of the school block and that physical conditions of the school building had improved. The school building was constructed of permanent material with some wooden structures. It is well lit and well ventilated with ceiling fans. Hence, the management had taken adequate action to address the Observation # JMD-01 raised during the previous assessment.</p> <p>The mill and estates provided transportation to send and pick up the school children from the schools.</p> <p>Social, cultural and recreational activities and places of worship were supported. Physical amenities such as halls, "sepak takraw" courts, badminton courts, basketball courts and football fields were provided.</p> | |
| <p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p> | <p>The PMU monitored the local sundry shops to ensure that the workers have access to adequate, sufficient and affordable food within their compounds.</p> <p>The PMU also arranged for traders from outside to sell food and sundry items in the PMU at month end, i.e. after pay day.</p> | Complied |
| <p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p> | <p>The Mill and Estates had established the "Polisi Hak Sama Rata & Kebebasan Berpersatuan Pekerja" (Equal Opportunity Employment & Freedom of Association Policies) approved by Group Plantation Director dated 20 Aug 2009. These policies were available in the offices and displayed at the notice boards.</p> <p>Interview with managers, executives and workers verified that they were given the liberty to form or join and to participate in union activities of their own choice.</p> <p>The Mill and Estate employees had established their respective Employees Consultative Committee (ECC). The organisation chart of the ECC showed that the committee members consisted of workers of the mill and the estates.</p> | Complied |
| <p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p> | <p>The minutes of the ECC meetings indicated that the meetings were attended by the employees. Among the issues deliberated concerned issues relating to repair of amenities, contract of employment, provision of facilities, safety & health, and review of procedures, e.g. sexual harassment, grievance.</p> <p>The minutes of the meetings were made available to the management for further action, if any.</p> | Complied |
| <p>Criterion 6.7</p> <p>Children are not employed or exploited.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |

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| <p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p> | <p>The Mill and Estates had established the Policy Statement For No Child Labour, approved by Group Plantation Director on 05 Nov 2009.</p> <p>The Policy Statement indicated that only workers above 18 years old are employed by the Mill and Estates.</p> <p>The employment records and lists of employees maintained by the mill and estates showed there was no worker who is below 18 years old. Interviews with workers in the estates and at the Mill confirmed implementation of the stated policy.</p> | <p>Complied</p> |
| <p>Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.</p> <p>Major Compliance</p> | <p>The Equal Opportunity Employment & Freedom Of Association Policies were publicly available. It stated that everyone will receive equal treatment regardless of race, caste, nationality, origin, disability, gender, sexual orientation, union membership, political affiliation, or age. Interviews with workers indicated their satisfaction with the PMU for job opportunities and were treated equally on these aspects.</p> | <p>Complied</p> |
| <p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p>Major Compliance</p> | <p>The list of employees showed both male and female were employed.</p> <p>Interviews with field workers verified that employees were not discriminated against races, nationality, gender as well as social groups.</p> <p>There was no complaint or issue regarding discrimination in any form.</p> | <p>Complied</p> |
| <p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p>Minor Compliance</p> | <p>The mill and estates kept and maintained records of their workers (experience, qualification, skills) and medical history.</p> <p>The recruitment, selection and hiring of workers are based on skills, competency, capabilities and medical fitness according to job scope. The positions held by workers commensurate with their skills and experience and no evidence of discrimination on promotion.</p> | <p>Complied</p> |
| <p>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p> | <p>The mill and estates had established the Policy On The Prevention And Eradication Of Sexual Harassment In the Work Place, approved by Group Plantation Director dated 04 Jan 2008. The policy was also written in the Malay language and displayed on the notice boards at the offices and clinics.</p> <p>The "Buku Aduan Gangguan Seksual" (Sexual Harassment Complaints Book) was available specifically to record complaints related to sexual harassment.</p> | <p>Complied</p> |

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| | <p>The Gender Committee meetings that were conducted had discussed matters relating to sexual harassment.</p> <p>Based on records, the Gender Committees had organised training sessions on sexual harassment and procedure of lodging complaints. There had not been any case of sexual harassment for the past year.</p> | |
| <p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p> | <p>The mill and estates had established the Protection Of Reproductive Rights Policy, approved by the Head of Sustainability (Malaysia/Indonesia) dated 02 Jul 2015.</p> <p>During interview with the workers at POM and estates visited, the awareness level of the workers regarding the policy was good. This suggested that the policy was communicated to all employees. In addition, the policy was displayed at notice boards at the office and clinic.</p> <p>It was verified that there were no pregnant or breastfeeding woman worker among the agrochemical handlers.</p> | Complied |
| <p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>Minor Compliance</p> | <p>The flow chart entitled “Sexual Harassment Grievance Procedure” described the mechanism for which complaints could be lodged with respect to anonymity and confidentiality.</p> <p>It is available in both Bahasa Malaysia and English languages.</p> <p>The mechanism consisted of a Gender Representative appointed for the mill and each estate, whose duties included:</p> <ul style="list-style-type: none"> ◆ To receive report or complaint from victim of sexual harassment ◆ To prepare detailed report relating to sexual harassment ◆ To discuss with the advisor of the committee on the required action to be taken to the offender after the investigation is executed. ◆ To prepare the detailed report for investigation and action to be taken. ◆ To ensure that all information pertaining to all report received be treated confidential. | Complied |
| <p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p> | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>Minor Compliance</p> | <p>The PMU does not have any dealings with smallholders and outgrowers.</p> <p>There was also no evidence to suggest of any unfair business practices with the local businesses.</p> | Not applicable |
| <p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p>Major Compliance</p> | <p>The PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p> <p>The PMU does not have any dealings with smallholders and outgrowers.</p> | Not applicable |

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| <p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance</p> | <p>Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval.</p> | <p>Complied</p> |
| <p>6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance</p> | <p>The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments most of the time are made on according to common practice of 60-day grace period. Interviews with employees and contractors confirmed that payments are received in a timely manner.</p> | <p>Complied</p> |
| <p>Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.</p> | | |
| <p>Indicators</p> | <p>Findings and Objective Evidence</p> | <p>Compliance</p> |
| <p>6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance</p> | <p>The mill and estates made contributions and donations for various occasions and events such as religious celebrations, social events, upkeep and maintenance of schools and access roads to local villages, family day, sports, estate facilities, security support, bereavement etc.</p> | <p>Complied</p> |
| <p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity Minor Compliance</p> | <p>The estates had no scheme smallholders.</p> | <p>Not applicable</p> |
| <p>Criterion 6.12 No forms of forced or trafficked labour are used.</p> | | |
| <p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance</p> | <p>The Mill and Estates had established the Respecting Human Rights Policy, approved by the Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The policy was written in the Malay language and displayed on the notice boards. Verified during field audit that the workers were informed of the plantation work, pay and the terms and conditions of employment. Confirmed that there was no evidence of forced or trafficked labour. The workers had the option to allow the mill and estates to keep their passports on their behalf. Most of the workers interviewed verified that they had voluntarily signed an agreement with the mill and estates for the safe-keeping of their passports. The agreement also stated that the workers were free to request for their passport to be handed back to them whenever needed for whatever purposes. In addition, the workers also confirmed that the company did not impose any restriction for them to take their passport at any time for whatever purposes.</p> | <p>Complied</p> |
| <p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance</p> | <p>There was no evidence of contract substitution and this was confirmed from interviews with workers and relevant stakeholders. Based on records, the workers had only signed one single</p> | <p>Complied</p> |

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| | contract that was established as per in the Section 18 Sabah Labour Ordinance (Chapter 67) Amendment 2005. | |
| 6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance | No temporary worker were employed to date. The Policy on Foreign Workers is available at the Mill and Estates. | Complied |
| Criterion 6.13 Growers and millers respect human rights. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance | New policy adopted by IOI is the "IOI Group Sustainable Palm Oil Policy" covers human rights issues, including ILO core conventions, freedom of association, force and/or child labour, retention of passports, equal opportunity, sexual harassment-free working environment, etc. The policy was also written in the Malay language and displayed on the notice boards. The policy had been duly communicated to the workers during the ECC Meeting as well as Gender Committee Meeting held at each of the respective estates and mill. | Complied |
| 6.13.2 As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. Minor Compliance | The mill and estates had contributed towards the setting up of the HUMANA School for children of Indonesian workers for their primary and secondary level educations. The schools are managed by a non-government organisation. | Complied |

Principle 7: Responsible development of new plantings

Mayvin PMU has documented procedures for this development but to date has not carried any conversion or new plantings after Nov 2005. Therefore, the requirements of Principle 7 are not applicable during this assessment and a land use change (LUC) analysis is not required.

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

| | | |
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| Criterion 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations. | | |
| Indicators | Findings and Objective Evidence | Compliance |
| 8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: • Reduction in use of pesticides | The POM has identified and implemented the following Continual Improvement Action Plans: <ul style="list-style-type: none">• Cleaning of water tank at the pump house for domestic use (executive bungalows and workers quarters).• Installation of a mixer and jet aerator for the reduction in BOD level.• Construction of concrete wall at the cooling pond.• Proposal to commission new EFB machine.• Addition of noise proof chamber inside of engine | Complied |

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| <p>(Criterion 4.6);</p> <ul style="list-style-type: none"> • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p> | <p style="text-align: center;">room to reduce high noise exposure.</p> <ul style="list-style-type: none"> ◆ Addition of ladder feature at the diesel tank providing much safer pathway. ◆ New prayer building (“surau”) for POM. <p>The estates have identified and implemented the following Continual Improvement Action Plans:</p> <ul style="list-style-type: none"> ◆ Planting of more cover crops along steep slopes and streams. ◆ Planting of vertigo grass to prevent soil erosion ◆ Increase planting of beneficial plants (<i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>) along the roads. ◆ Fertilizer bags are to be recycled and empty pesticide containers to be returned to supplier. In addition, waste will also be segregated accordingly to the plastic and organic materials. ◆ Enrichment planting with natural trees along the Riparian Reserve. ◆ Addition of mesh wall feature at canteen area for hygiene protection measure. ◆ Construction of wall in around the function hall. ◆ Construction of one housing block (6 house units) for workers. ◆ Renovation the existing mosque. ◆ Completion of one unit crèche. ◆ Construct a new HUMANA building (1 unit). ◆ Communal activity with the aim of cleaning surrounding community area. <p>Evidence of results was available for the above continuous improvement action plans.</p> |
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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at IOI Mayvin POM during this assessment is Module D – CPO Mills: Identity Preserved (IP).

Details of findings are as follows:

| D.1 Definition | | |
|--|---|-----------------|
| Indicators | Findings and Objective Evidence | Compliance |
| <p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> | <p>The POM only processed FFB from its own supply base (see Section 1.3). It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.</p> | <p>Complied</p> |
| D.2 Explanation | | |
| Indicators | Findings and Objective Evidence | Compliance |
| <p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p> | <p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced has been recorded in each annual surveillance report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p> | <p>Complied</p> |
| <p>D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p> | <p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform or book and claim).</p> | <p>Complied</p> |
| D.3 Documented procedures | | |
| <p>D.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> | <p>Documented procedure for IP Module is: RSPOSC/SOP/IP/3 issue 04, 02/01/2015. The procedure covered the implementation of all elements of IP Module.</p> | <p>Complied</p> |
| <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p> | <p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that</p> | <p>Complied</p> |

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| | include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping. | |
| b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard. | Senior Assistant Mill Manager, Mr Wilfred Moikong has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Assistant Mill Managers, Mr. Freddy Kwan and Mr. Faizal bin Asmat) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations. The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual. | Complied |
| D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs. | The POM only received and processed FFB mainly from the PMU estates and some FFB from other certified IOI PMUs estates. The PMU did not receive any non-certified FFB from other sources or suppliers. All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel. The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure. The POM has 4 CPO storage tanks that stored the IP quantities. | Complied |
| D.4 Purchasing and goods in | | |
| Indicators | Findings and Objective Evidence | Compliance |
| D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received. | The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Regional Office and weekly to the Head Office at Putrajaya. | Complied |
| D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage. | The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. So far, there is no projected overproduction. | Complied |
| D.5 Record keeping | | |
| Indicators | Findings and Objective Evidence | Compliance |
| D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. | The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years. | Complied |

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| D.6 Processing | | |
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| Indicators | Findings and Objective Evidence | |
| <p>D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.</p> | <p>Confirmed from records that the POM only received and processed certified FFB from its own estates and estates in other certified IOI PMUs. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill, including transport and storage. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months. The POM does not produce PKO. The PK is entirely sold to IOI Edible Oil and there is no outsourcing of the PK crush to an independent palm kernel crusher.</p> | |
| <p>D.6.2 The objective is for 100 % segregated material to be reached.</p> | <p>Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents.</p> | |

3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the POM has been able to comply with the requirements of the RSPO SCCS under the 'IP' module and is thus eligible for 'IP' trading for its palm products for year 2016/2017.

3.1.3 Monitoring of CSPO and CSPK traded:

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

| | CSPO - Actual Jul 2014 / Jun 2015 (MT) | CSPK - Actual Jul 2014 / Jun 2015 (MT) | CSPO - Actual Jul 2015 / Jun 2016 (MT) | CSPK - Actual Jul 2015 / Jun 2016 (MT) |
|-------------------------------------|--|--|--|--|
| RSPO certified | 26,630.89 | 10,227.28 | 26,684.09 | 7,013.61 |
| Book & Claim (GreenPalm) | - | - | - | - |
| ISCC | 12,115.94 | - | 6,753.71 | - |
| Total Traded | 38,746.83 | 10,227.28 | 33,437.80 | 7,013.61 |
| Actual Produced | 40,474.80 | 10,471.73 | 34,671.01 | 8,749.55 |

Notes:

- ♦ Based on records maintained at the POM, it was verified that the total tonnage of CSPO traded has not exceeded the annual certified quantity.

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- ♦ The PK is entirely sold to IOI Edible Oil at Sandakan and there is no outsourcing of the PK crush to an independent palm kernel crusher.

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

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

| Assessment Type | Year | Noncompliance (NCR) | Observations (OBS) | Follow up status |
|-----------------------------|------|---------------------------|--------------------|--|
| Re-Certification Assessment | 2015 | 1 - Major (6.5.2) | 4 | Actions taken on the NCR and OBS verified to be effective during ASA-01. |
| Annual Surveillance-01 | 2016 | 2 – Minor (5.1.3 & 6.5.3) | 1 | At next assessment. |

3.2.1 Year 2015: Re-Certification Assessment: 1 Major NCR

| NCR | MYNI Indicator | Details of NCR |
|-----------------|----------------|--|
| Major JMD-01 | 6.5.2 | Date issued: 30/10/2015 |
| | | <p>Nonconformance:</p> <p>1) Wages for gazetted public holiday: In Tangkulap estate it was found wages for gazetted public holidays, i.e. Malaysia Day [16 Sep.] and Hari Raya Haji [24-25 Sep.], for at least 3 workers were not paid accordingly.</p> <p>2) Annual (Vacation) leave pay: At the estates audited, the lists of workers who are not qualified to receive the annual (vacation) leave pay for 2014 were not made available for verification. The estates should be able to provide the full list of workers i.e. both qualified and not qualified for the annual leave pay. Noted that the POM was able to provide the complete said lists.</p> |

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| | | <p>Root Cause and Corrective Action:</p> <p><u>1) Wages for gazetted public holiday:</u> Root Cause: Technicality cause due to lack of awareness given to the new recruited clerk responsible in payroll.</p> <p>Corrective Action:</p> <ul style="list-style-type: none"> (i). List of eligible Public Holiday for year 2015 approved for Tangkulap estate (which also displayed at the notification board) for workers' information. (ii). To extract the list of person affected workers (not paid for a gazetted Public Holiday) from January 2015 until September 2015 according to the Public Holiday Schedule for the year 2015 approved for Tangkulap estate. (iii). Approval letter from General Manager on the Public Holiday payment (January 2015 – September 2015). (iv). Proof of payment for the affected workers as per item no (ii). (v). Briefing to all workers including staffs for awareness on the Public Holiday payment eligibility in accordance to Sabah Labour Ordinance under Section 103 (4). (vi). Training for payroll clerk and on the correct usage of Pinfosys code to be entered into system reflecting attendance and task carried out on daily basis. (vii). As a continuous practice, the proof of PH payment made on October 2015. Sample made on few workers. <p><u>2) Annual (Vacation) Leave Pay:</u> Root Cause: No submission required for the non-eligible list to regional office thus the estate did not produce the list.</p> <p>Corrective Action: Apart from the list of eligible workers to receive the annual leave payment for year 2014, both Tangkulap Estate and Mayvin 1 Estate to produce the list of workers who are not eligible to receive the annual leave payment 2014 and this will continue to be practised on annual basis.</p> | | |
| | | <p>Verification (Corrective Action):</p> <p>Corrective actions taken with supporting evidences as submitted on 27 Nov 2015 for the said issues i.e. list of eligible and non-eligible workers, proof of payments made, training done for personnel concerned on the handling of payroll etc. was verified to be satisfactorily performed and found adequate and acceptable for the closure of the NC.</p> | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by JMD & AL</td> <td style="width: 30%;">Date closed: 30/11/2015</td> </tr> </table> | NC status verified by auditor: Closed by JMD & AL | Date closed: 30/11/2015 |
| NC status verified by auditor: Closed by JMD & AL | Date closed: 30/11/2015 | | | |
| | | <p>Verification (for effectiveness):</p> <p>In ASA-01: Verified that the implementation of the corrective action is effective.</p> | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Effectiveness verified by auditor: Accepted by OCL</td> <td style="width: 30%;">Date verified: 20/10/2016</td> </tr> </table> | Effectiveness verified by auditor: Accepted by OCL | Date verified: 20/10/2016 |
| Effectiveness verified by auditor: Accepted by OCL | Date verified: 20/10/2016 | | | |

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3.2.2 Year 2016 Surveillance Assessment ASA-01: 2 Minor NCRs

| NCR | MYNI Indicator | Details of NCR | |
|--------------------|----------------|---|--------------------------------|
| Minor SH-01 | 5.1.3 | Date issued: 20/10/2016 | |
| | | Nonconformance: The water pond at Mayvin 5 Estate is used to supply water for domestic use. It was found that signages for the protection of the water pond from any undesirable activities (no fishing, no swimming, no spraying, etc.) are available. However, the extent of the buffer zone/area is insufficient. | |
| | | Root Cause and Corrective Action: Root Cause: Lack of awareness in interpreting & providing sufficient extent of buffer zone. Corrective Action (s): 1. Installation of marked pegs with barb wire along the pond perimeter which act as a buffer zone. 2. Awareness training on HCV & Conservation Management & Monitoring – Asst. Manager, patrolling in-charge, HWW, HFR. | |
| | | Verification (Corrective Action): Off-site verification was carried out. Verified submission of evidence such as photos of the installation of the marked pegs, photos of training session, training attendance list and records of training on 12 Nov 2016. The Corrective Action taken is acceptable. | |
| | | NC status verified by auditor: Closed by OCL | Date closed: 21/11/2016 |
| | | Verification (for effectiveness): At next assessment. | |
| | | Effectiveness verified by auditor: - | Date verified: - |

| NCR | MYNI Indicator | Details of NCR |
|---------------------|----------------|--|
| Minor CBK-01 | 6.5.3 | Date issued: 20/10/2016 |
| | | Nonconformance: At the Mayvin 5 Estate linesite (block nearest to the crèche) for the estate workers, there are water tanks at the rear of the housing quarter. It was found that there is a wooden structure of 2.5 feet height joining the plinth of the water tank to the back wall of the housing quarter. This structure is a potential safety hazard as it partially blocked the passage way. |

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| | | <p>Root Cause and Corrective Action:</p> <p>Root Cause: Workers tend to have a clear partition / yard of their own house.</p> <p>Corrective Action (s):</p> <ol style="list-style-type: none"> 1. Immediate removal of the wooden structure of 2.5 feet height joining the plinth of the water tank to the back wall of the housing quarter as a potential hazard. 2. Briefing record to workers indicating a reminder of any structure at rear house built is not allowed. 3. Emergency Response Procedure (ERP) Training conducted to all workers. 4. For continuous management and monitoring, linesite inspection to be conducted by Hospital Assistant/ Clinic Attendant with the assistance from the Auxiliary Police. 5. Gotong royong is planned once a month. Spot inspection will be carried out by the estate management. | | |
| | | <p>Verification (Corrective Action):</p> <p>Off-site verification was carried out. Verified submission of evidence such as photos of the removal of the wooden partition, photos of ERP training session and linesite inspection records. The Corrective Action taken is acceptable.</p> | | |
| | | <table style="width: 100%; border: none;"> <tr> <td style="border: none;">NC status verified by auditor: Closed by OCL</td> <td style="border: none;">Date closed: 21/11/2016</td> </tr> </table> | NC status verified by auditor: Closed by OCL | Date closed: 21/11/2016 |
| NC status verified by auditor: Closed by OCL | Date closed: 21/11/2016 | | | |
| | | <p>Verification (for effectiveness):</p> <p>At next assessment.</p> | | |
| | | <table style="width: 100%; border: none;"> <tr> <td style="border: none;">Effectiveness verified by auditor: -</td> <td style="border: none;">Date verified: -</td> </tr> </table> | Effectiveness verified by auditor: - | Date verified: - |
| Effectiveness verified by auditor: - | Date verified: - | | | |

3.2.3 Year 2015: Re-Certification Assessment: 4 Observations

| Ref No: | MYNI Indicator | Location | Details of Observation | Status | | |
|-------------|----------------|--------------------------------|---|-------------|-------------|----------------|
| | | | | Opened date | Closed date | Remark, if any |
| OBS: AL-01 | 5.1.2 | Mayvin 1 and Tangkulap estates | Implementation of comprehensive management plan to mitigate negative environmental impacts: Review, follow up items and action plans needed as per the quarterly Environment Compliance Report (ECR) for Mayvin grouping in 2015, as submitted to Environment Protection Dept., need closer monitoring. | 30 Oct 2015 | 20 Oct 2016 | Closed |
| OBS: AL-02 | 5.3.3 | Mayvin 1 and Tangkulap estates | Waste management and disposal to reduce pollution: Waste Management can be improved i.e. implementation of waste segregation of recyclable materials such as plastic containers, scrap metals /cans, paper along the policy of 3R (Recycle, Reuse and Reduce) prior and during disposal. | 30 Oct 2015 | 20 Oct 2016 | Closed |
| OBS: CBK-01 | 4.6.6 | Mayvin 1 | Water flow to the emergency shower/eyewash station at the pesticide store was noted to be partially hindered. Maintenance of and water supply to emergency shower/eyewash station need to be monitored more | 30 Oct 2015 | 20 Oct 2016 | Closed |

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| | | | | | | |
|----------------|-------|----------|--|-------------|-------------|--------|
| | | | regularly. | | | |
| OBS: JMD-01 | 6.5.3 | Mayvin 2 | Provision of education and welfare amenities: Construction of a new HUMANA school building, which started in Dec. 2014, was delayed. The management has not taken adequate actions to address the deteriorating conditions of the temporary tent currently used as classroom area. | 30 Oct 2015 | 20 Oct 2016 | Closed |

3.2.4 Year 2016 Surveillance Assessment ASA-01: 1 Observation

| Ref No: | MYNI Indicator | Location | Details of Observation | Status | | |
|---------------|----------------|---------------------------------|--|-------------|-------------|----------------------------|
| | | | | Opened date | Closed date | Follow up remarks (if any) |
| OBS# SH-01 | 5.2.1 | Mayvin 5 and Mayvin 2/3 Estates | Map of the estates are not up to date as it did not correctly reflect the current landscape of the estate areas. | 20 Oct 2016 | - | At next assessment |

3.2.5 Identified Positive Elements

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

3.3 Feedback Raised by Stakeholders and Findings

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

3.3.1 Feedback Raised by Stakeholders (Re-certification Assessment – Year 2015)

| Stakeholders' Feedback | PMU Response | CB verification / comments | Follow up comments (if any) |
|---|--|---|-----------------------------|
| Government Agencies: Communication done via email on 01 Sep 2015. See list under para 2.5. Environment Protection Dept. (EPD) written reminder on timely submission of ECR reports at estates undergoing replanting. | Reply given to Environment Protection Dept. (EPD). | Verified during on-site assessment. No further action required. | Nil |
| Non-Governmental Organizations: Communication done via email on 01 Sep 2015. See list under para 2.5. | | | |

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| No feedback received. | No action needed. | No action needed. | No action needed. |
|--|--|---|---|
| <p>Local Communities & Interested Parties: On-site group and individual consultations and interviews were held during the assessment duration with various categories of stakeholders comprising of Contractors Suppliers, Transporter, Local communities (Village Head, School & Clinics), Government agencies, etc. and also office employees/field workers.</p> <p>Note: Local community: 15 persons Employees / Workers: Over 20 individuals</p> <p>Concerns and issues raised include:</p> <ul style="list-style-type: none"> ◆ Humana School in Mayvin 2 has been under construction since Dec. 2014. During this period temporary location allocated by the management is not conducive for positive learning of the children ◆ Children of foreign workers between 15-17 years old who are not interested to continue studying but not yet qualified to be employed by IOI. It was suggested for IOI to organise a meeting with the parents involved to encourage the parents to continue sending their children at this age to complete their schooling. <p>Positive comments include:</p> <ul style="list-style-type: none"> ◆ Overall satisfaction on interaction received from IOI Management and personnel ◆ Contributions given have helped the local community development. ◆ No negative impacts on wildlife issues. | <ul style="list-style-type: none"> ◆ PMU Management will review the performance of the contractor involved and take appropriate actions. ◆ More dialogue with the parents will be held to stress the importance of proper education. | <p>To be followed up during the next Assessment..</p> | <p>Construction completed – no further action required.</p> |
| <p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 26 to 30 Oct 2015 at</p> | | | |

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| | | | |
|--|---------------------|---------------------|-----|
| the PMU: No issues raised by the sampled staff and workers. | No response needed. | No response needed. | Nil |
| Other Interested parties: No feedback received. | No response needed. | No response needed. | Nil |

3.3.2 Feedback Raised by Stakeholders (Surveillance Assessment ASA-01 – Year 2016)

Communication done via email on 09 Sep 2016 to various categories of stakeholders (see list under **para 2.5**):

| Stakeholders' Feedback | PMU Response | CB verification / comments | Follow up comments (if any) |
|---|---|--|--|
| <p>Government Agencies: Feedback via email dated 09 Sep 2016 from Environment Protection Department, Kota Kinabalu, Sabah. This feedback is concerning the status of compliance of the PMU on the conditions relating to the approval of the EIA report. Details of the feedback are in the attached document below:</p>  <p>Comment IOI Mayvin ASA-01 (2016)- EPD S.</p> | <p>The PMU had taken actions on the issues required by the Environment Protection Department, Kota Kinabalu, Sabah:</p>  <p>Mayvin Group_ASA-01_Oct 20</p> | <p>Verified during on-site assessment that the PMU had implemented the corrective actions.</p> | <p>No further action required.</p> |
| <p>Feedback via email dated 12 Oct 2016 from Sabah Forestry Department, Sandakan, Sabah. This feedback gave suggestions on environmental protection, biodiversity conservation, employment opportunities, community development and fully supported the PMU to be certified. Details of the feedback are in the attached document below:</p>  <p>Comment IOI Mayvin ASA-01 (2016)- Sabah</p> | <p>The PMU had identified the actions required: see attachment</p>  <p>Mayvin Group_ASA-01_Oct 20</p> | <p>Verified during on-site assessment that action plans are available. Also actions had been taken on some of the suggestions/ comments.</p> | <p>Follow up on progress of implementation of action plans at next assessment.</p> |
| <p>Non-Governmental Organizations: No feedback received.</p> | <p>Ongoing consultations will be maintained. No response needed.</p> | <p>Verified during on-site assessment that no response needed.</p> | <p>Nil</p> |
| <p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder</p> | | | |

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| | | | |
|--|--|----------------------------|------------|
| <p>categories were invited for the Stakeholders' Consultation on 20 Oct 2016.</p> <p>A total of 12 stakeholders (consisting of Contractors/FFB transporters, Teacher, Village Heads, Suppliers, Hospital Assistant) were present at the consultation.</p> <p>They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Positive comments given by the stakeholders. 2. No negative comments. | <p>Continued engagement with stakeholders.</p> | <p>Nil</p> | <p>Nil</p> |
| <p>Local Communities - Interviews:</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 04 to 08 Oct 2015 at the PMU:</p> <p>Staff/Workers sampling: POM = 24 males, 15 females Estate Offices = 28 males, 23 females Field/sites visit = 46 males, 39 females</p> <p>No issues raised by the sampled staff and workers.</p> | <p>No response needed.</p> | <p>No response needed.</p> | <p>Nil</p> |
| <p>Other Interested parties: No feedback received.</p> | <p>No response needed.</p> | <p>No response needed.</p> | <p>Nil</p> |

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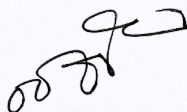
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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

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

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

Signed for and on behalf of
Intertek Certification International Sdn Bhd

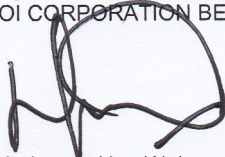


Dr. Ooi Cheng Lee
Lead Assessor
Date: 30 Nov 2016

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. Leang Hon Wai
Senior Plantation Controller
Date: 30 Nov 2016

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

| | |
|----------------------------------|--|
| Certificate No: | RSPO 926888 |
| Original Issue date: | 22 Dec 2010 |
| New issue date (ASA-01): | 22 Dec 2016 |
| Expiry date: | 21 Dec 2020 |
| Organization | IOI Corporation Berhad |
| Address of Head Office: | Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia |
| RSPO Membership No: | 2-0002-04-000-00 |
| Plantation Management Unit: | Mayvin Grouping |
| Address of POM: | 16km Off Sandakan / Telupid Road at 110km, WDT No. 164., 90009 Sandakan, Sabah, Malaysia |
| Standards: | RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Nov 2014) for the Palm Oil Mill. |
| Certification scope: | Production of Crude Palm Oil and Palm Kernel |
| Supply Chain model for CPO & PK: | Identity Preserved (IP) |

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

| Name | Address | GPS Reference | | Certified (Titled) Area - ha |
|--|---|---------------|---------------|------------------------------|
| | | Latitude | Longitude | |
| Mayvin Palm Oil Mill (Capacity: 60 MT/hr) | Mayvin Palm Oil Mill, Telupid, 16km Off Sandakan/Telupid Road at 110 km, WDT No 164, 90009 Sandakan, Sabah, Malaysia | 5°33.329' N | 117°13.532' E | 9,302.26 |
| Mayvin 1 Estate | Mayvin 1 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°34.91' N | 117°13.277' E | |
| Mayvin 2/3 Estate | Mayvin 2/3 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°33.522' N | 117°13.377' E | |
| Mayvin 5 Estate | Mayvin 5 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°28.577' N | 117°20.408' E | |
| Mayvin 6 Estate | Mayvin 6 Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°28.656' N | 117°22.581' E | |
| Tangkalap Estate | Tangkalap Estate, Sandakan/ Telupid Road, WDT No 164, 90009 Sandakan, Sabah | 5°30.162' N | 117°15.154' E | |



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

| Mayvin POM | Annual Tonnages (MT) |
|---------------------|-----------------------------|
| Certified FFB | 172,420 |
| Certified CPO | 38,363 |
| Certified PK | 9,914 |
| Supply chain module | Identity Preserved (IP) |

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Appendix A:

Qualifications of Lead Assessor and Assessment Team

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years' work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Haeruddin (HAE) – Provisional Lead Assessor / Technical Expert

(Palm Oil Mill, Environment, Social, Conservation & HCV area, GAP, IPM, Land Use and Supply Chain)

– Diploma in Forestry Management, Indonesia.

Mr. Haeruddin has more 16 years work experience in forestry & agriculture and 6 years work experience in auditing for many standards, such as: ISO 9001, FSC, PEFC, UTZ, Organic Farming, Common Code Coffee of Community (4C), ISPO, ISCC and RSPO. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001, OHSAS 18001, UTZ-certified, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification, RSPO Next, RSPO RED, International Sustainable Carbon Certification (ISCC) Lead Auditor Course, and Indonesian Sustainable Palm Oil (ISPO). He has conducted assessment of organization in Malaysia, Thailand, Papua New Guinea and Indonesia since 2010, including RSPO auditing in many organization in those countries.

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

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

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

(Good Agriculture Practice, Integrated Pest Management and Social)

– Degree in Food Technology from University of Reading, United Kingdom

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Mr. Chin Bit Kee has more than 5 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.

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Appendix B:

Assessment Plan (Actual)

| Date | Time | Assessors and Assessment Activity | | |
|------------------------------------|-----------------------------|---|--|---|
| | | Assessment Team | | |
| 17 Oct 16 Monday (Day 1) | 8.00 am – 1.30 pm | Travel to Mayvin (POM) Office | | |
| | 1.30 pm - 2.30 pm | Lunch Break | | |
| | 2.30 pm – 3.00 pm | Opening Meeting and Briefing at Mayvin - POM Office (to be attended by representatives from the Estates as well) | | |
| | 3.00 pm – 5.30 pm | Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM | | |
| | | OCL/ HAE | SH | CBK |
| | | Site assessment at Palm Oil Mill ♦ P1 Transparency ♦ P2 Laws & regulations ♦ P3 Economic & Financial Viability ♦ P4 Best Practices at Mill ♦ P8 Continual Improvement ♦ SCC for POM | Site assessment at Palm Oil Mill ♦ P2 Laws & regulations ♦ P5 Environmental, Conservation & HCV ♦ P8 Continual Improvement | Site assessment at Palm Oil Mill ♦ P2 Laws & regulations ♦ P6 Employees, Individuals & Communities incl. Gender Issues ♦ P8 Continual Improvement |
| | | ♦ Review of changes for compliance to revised RSPO P&C, MYNI and RSPO SCC ♦ Verification of effectiveness of corrective actions for non-conformances ♦ Review of Time Bound Plan ♦ Verification for compliance with Rules on Partial Certification | | |
| | 5.30 pm – 8.00 pm | Travel to Hotel & Break | | |
| 8.00 pm – 9.00 pm | Team Meeting and Discussion | | | |

| Date | Time | Assessors and Assessment Activity | | |
|-------------------------------------|-------------------|--|--|---|
| | | OCL/ HAE | SH | CBK |
| 18 Oct 16 Tuesday (Day 2) | 8.30 am – 12.30pm | Site assessment at Mayvin 5 Estate ♦ P1 Transparency ♦ P2 Laws & regulations ♦ P3 Economic & Financial Viability ♦ P4 Best Practices at Estates ♦ P7 New Plantings ♦ P8 Continual Improvement | Site assessment at Mayvin 5 Estate ♦ P2 Laws & regulations ♦ P5 Environmental, Conservation & HCV ♦ P8 Continual Improvement | Site assessment at Mayvin 5 Estate ♦ P2 Laws & regulations ♦ P6 Employees, Individuals & Communities incl. Gender Issues ♦ P8 Continual Improvement |
| | | Lunch Break | | |
| | 1.30 pm - 5.30 pm | Continue site assessment at Mayvin 5 Estate | | |
| | 5.30 pm – 8.00 pm | Travel to Hotel & Break | | |
| | 8.00 pm – 9.00 pm | Team Meeting and Discussion | | |

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| Date | Time | Assessors and Assessment Activity | | |
|---------------------------------------|--------------------|--|--|---|
| | | OCL/ HAE | SH | CBK |
| 19 Oct 16 Wednesday (Day 3) | 8.30 am – 12.30pm | Site assessment at Mayvin 2/3 Estate ♦ P1 Transparency ♦ P2 Laws & regulations ♦ P3 Economic & Financial Viability ♦ P4 Best Practices at Estates ♦ P7 New Plantings ♦ P8 Continual Improvement | Site assessment at Mayvin 2/3 Estate ♦ P2 Laws & regulations ♦ P5 Environmental, Conservation & HCV ♦ P8 Continual Improvement | Site assessment at Mayvin 2/3 Estate ♦ P2 Laws & regulations ♦ P6 Employees, Individuals & Communities incl. Gender Issues ♦ P8 Continual Improvement |
| | 12.30 pm – 1.30 pm | Lunch Break | | |
| | 1.30 pm – 5.30 pm | Continue site assessment at Mayvin 2/3 Estate | | |
| | 5.30 pm – 8.00 pm | Travel to Hotel & Break | | |
| | 8.00 pm – 9.00 pm | Team Meeting and Discussion | | |

| Date | Time | Assessors and Assessment Activity | | |
|--------------------------------------|---------------------|--|---|-----|
| | | OCL/ HAE | SH | CBK |
| 20 Oct 16 Thursday (Day 4) | 8.30 am – 10.30 am | Site assessment at Palm Oil Mill ♦ P1 Transparency ♦ P2 Laws & regulations ♦ P3 Economic & Financial Viability ♦ P4 Best Practices at Mill ♦ P8 Continual Improvement ♦ SCC for POM | Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): ♦ Contractors ♦ Suppliers ♦ Transporters ♦ NGOs ♦ Government Department / Agencies ♦ Local Community ♦ Settlers, in the case of independent and organized smallholders. Notes 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement | |
| | 10.30 am – 12.30 pm | Site assessment at POM or estates to follow up on any specific criteria/areas | | |
| | 12.30 pm – 1.30 pm | Lunch Break | | |
| | 1.30 pm – 3.00 pm | Preparation for Closing Meeting | | |
| | 3.30 pm – 4.30 pm | Team Meeting and Discussions with Mayvin Management Representative | | |
| | 4.30 pm – 5.30 pm | Closing Meeting & Briefing at Palm Oil Mill Office | | |
| | 5.30 pm onwards | Travel to Hotel | | |

| Date | Time | Assessors and Assessment Activity |
|------|------|-----------------------------------|
|------|------|-----------------------------------|



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| | | | | |
|---|-------------------|-----------------|-----------|------------|
| 21 Oct 16 Friday (Day 5) | 8.00 am onward | OCL/ HAE | SH | CBK |
| Travel back to Kuala Lumpur/Kota Kinabalu | | | | |

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Appendix C-1:

Location Map of IOI Mayvin Grouping, Sandakan, Sabah Scale 1: 200 km

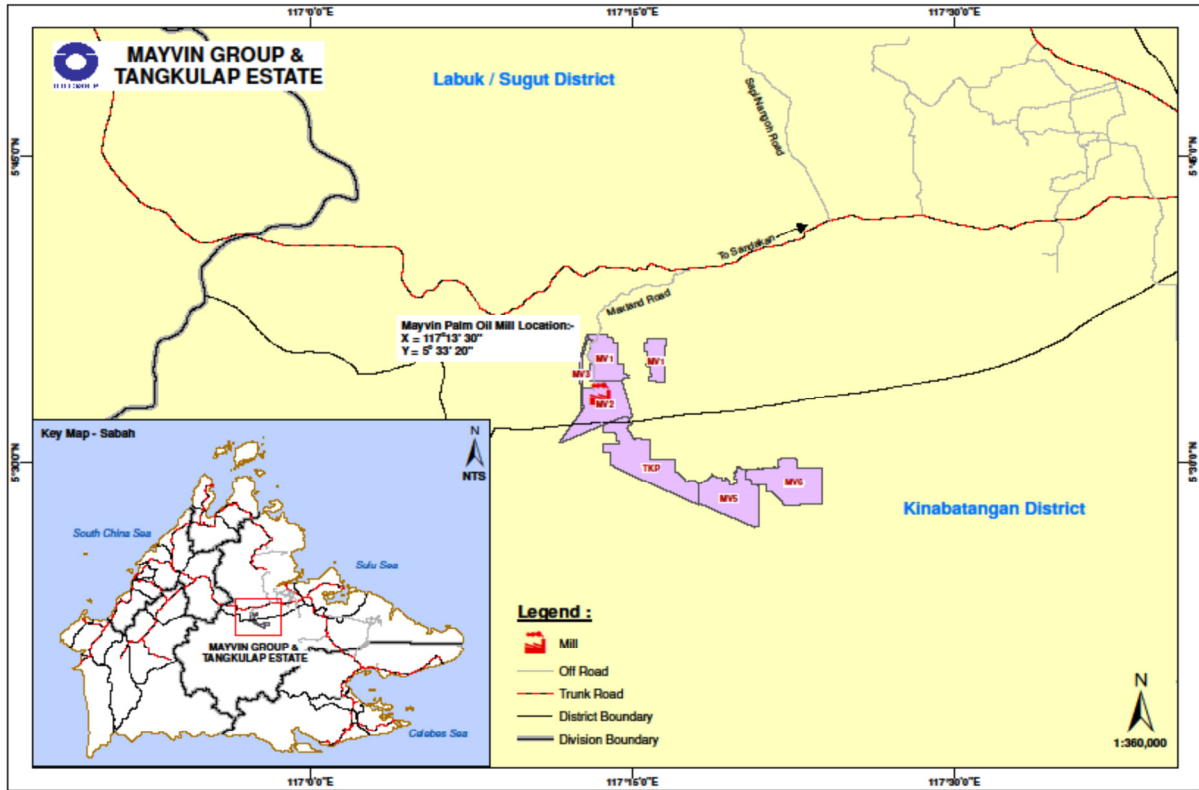


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Appendix C-2:

Location Map of IOI Mayvin Grouping, Sandakan, Sabah, Malaysia

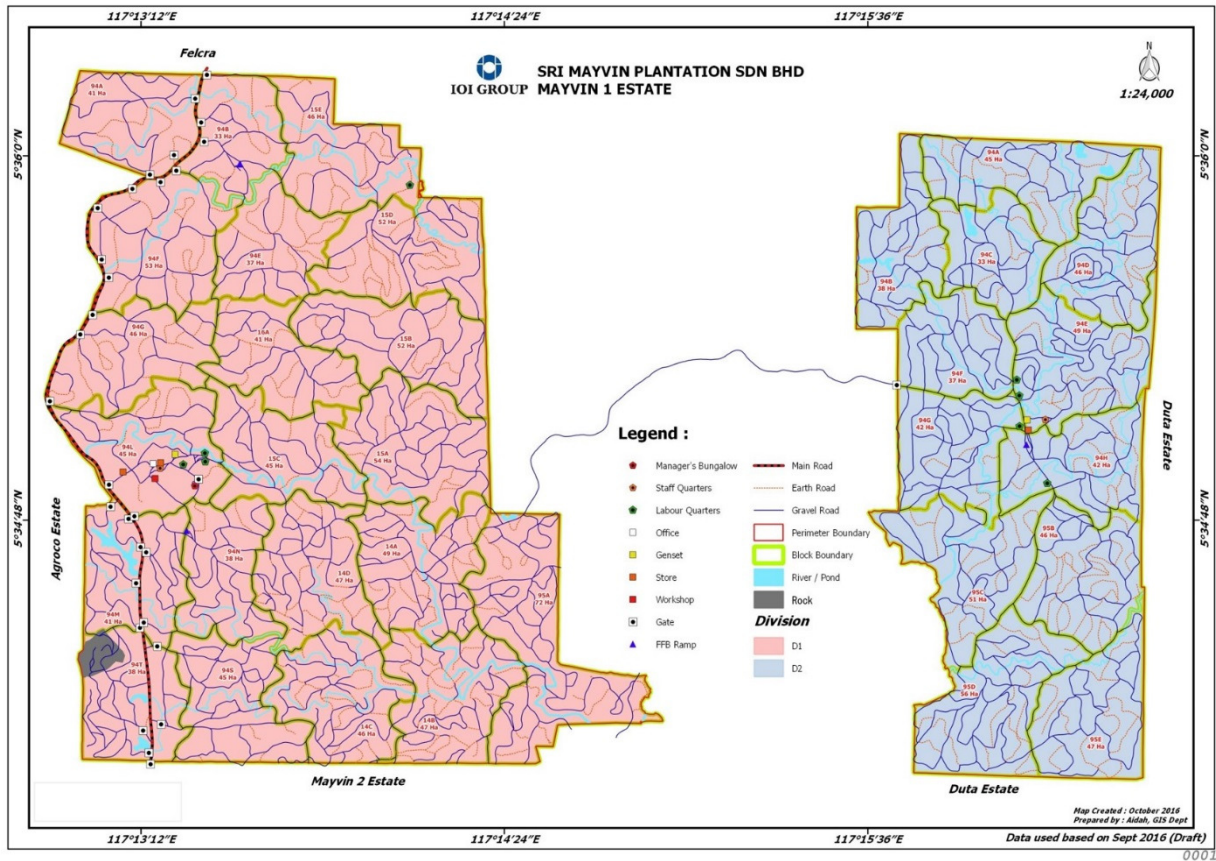


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Appendix C-2-1:

Mayvin 1 Estate

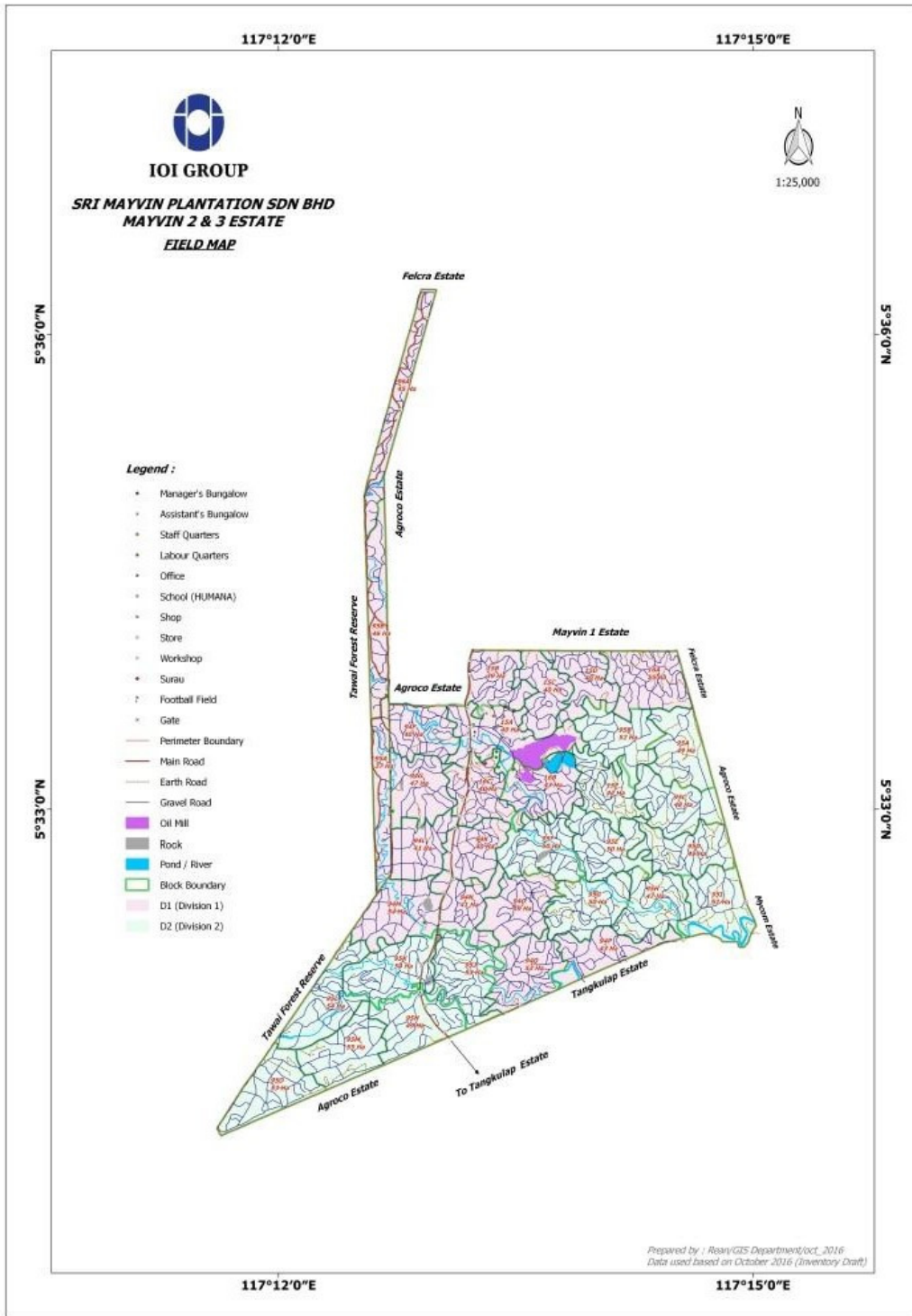


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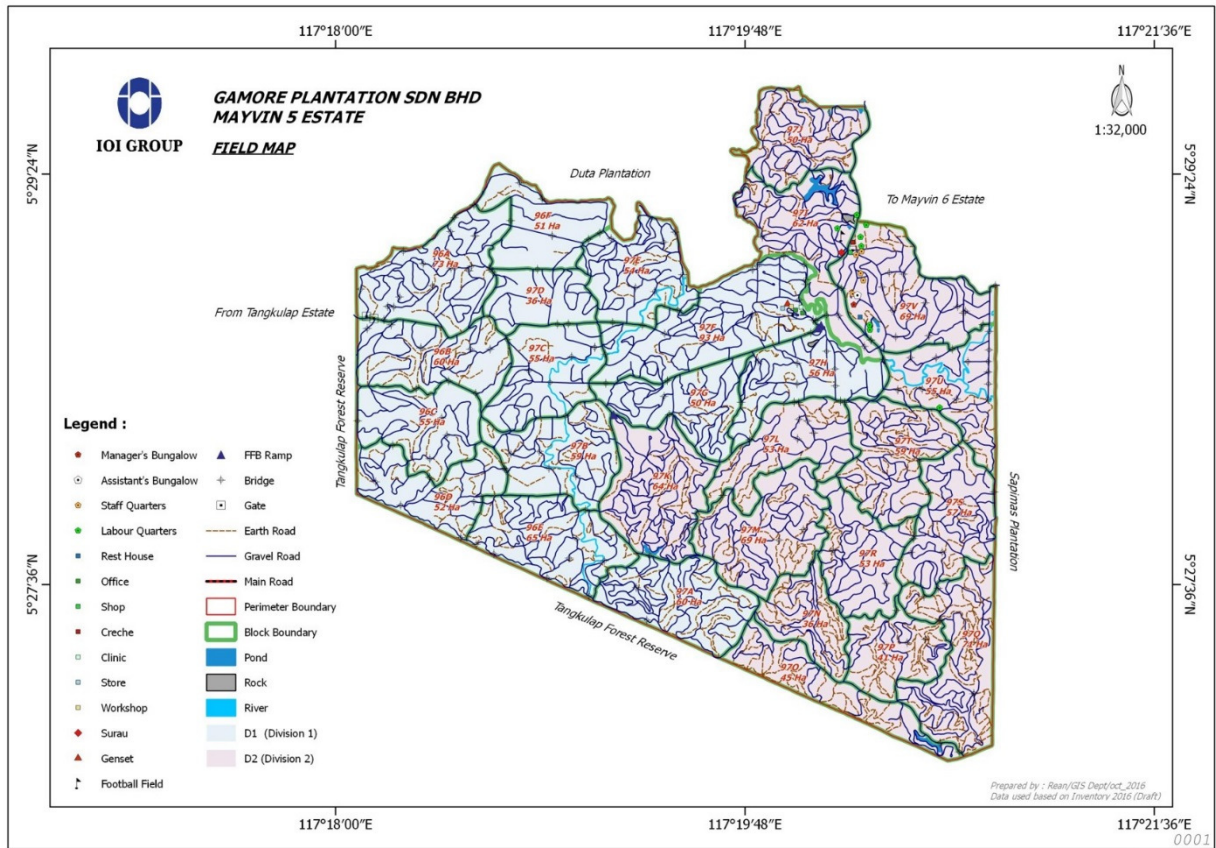
Appendix C-2-2:
Mayvin 2/3 Estate



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Appendix C-2-3:
Mayvin 5 Estate

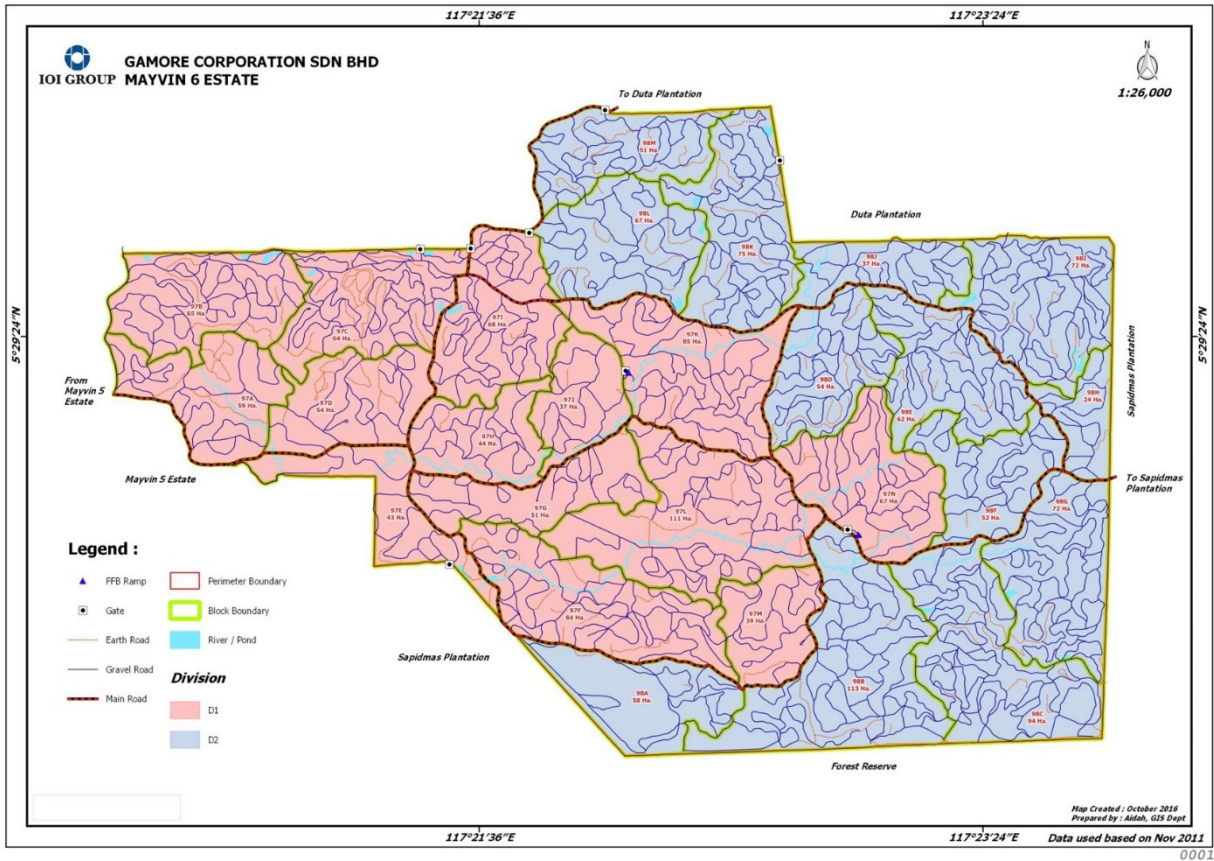


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Appendix C-2-4:

Mayvin 6 Estate

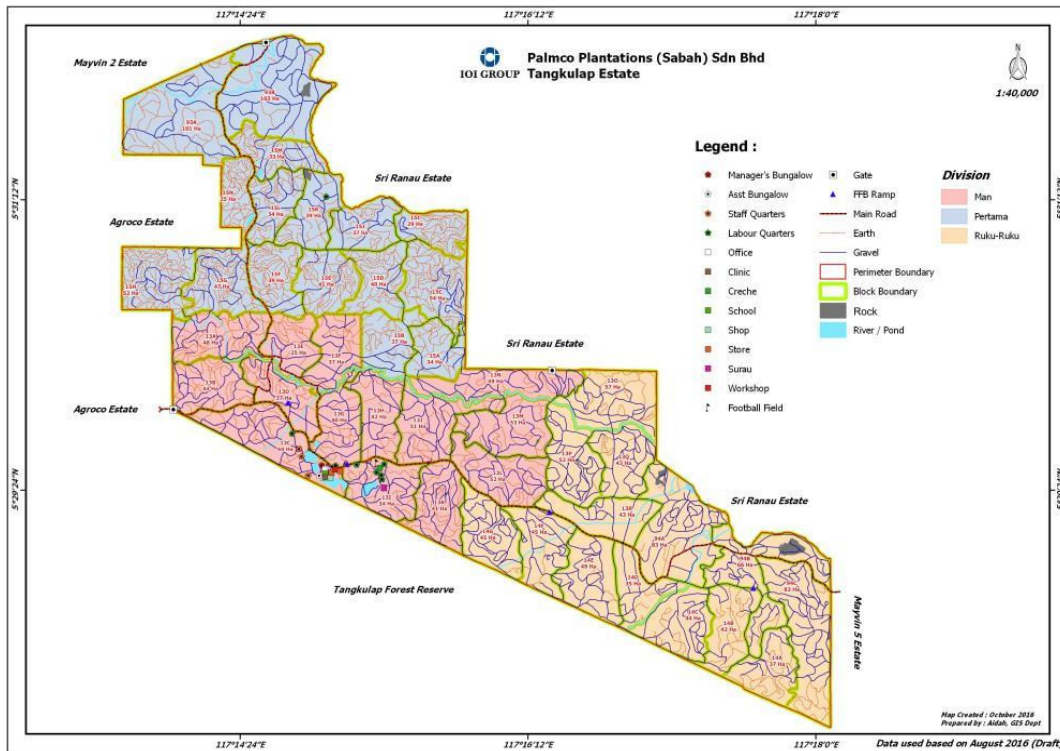


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Appendix C-2-5:

Tangkulap Estate



Appendix D:

Photographs of Assessment Findings at Mayvin PMU



Interviewing manurers at Mayvin 5 Estate.



Checking First Aid Kit with manuring mandore at Mayvin 5 Estate.



Interviewing pesticide sprayers at Mayvin 5 Estate.



Interviewing harvester at Mayvin 5 Estate.



Mixing area and shower/eye wash facility in Mayvin 5 Estate.



Scheduled Waste store at Mayvin 5 Estate.

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Photographs of Assessment Findings at Mayvin PMU (cont.)



Interviewing manurers at Mayvin 2/3 Estate.



Interviewing pesticide sprayers at Mayvin 2/3 Estate.



Interviewing harvesters at Mayvin 2/3 Estate.



Scheduled Waste store and shower/eye wash facility in Mayvin Palm Oil Mill.

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Appendix E:

Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (Sep 2016)

| No | PMU | Main Assessment | Certification Status | Current Status | Updated information for Partial Certification, Clause 4.2.4 RSPO Certification Systems for Certified and Uncertified units |
|-----|--------------------------------|---------------------------|--------------------------|---|---|
| 1. | Pamol (Sabah) POM, Sabah | May 2008 | Re-Certified in Feb 2014 | Initial Assessment planned for Oct 2016. | No outstanding issues |
| 2. | Sakilan POM | Nov 2008 | Re-certified in 2015 | ASA-01 planned for 2016 | No outstanding issues |
| 3. | Pamol Kluang POM | Mar 2009 | Re-certified in 2015 | ASA-01 planned for 2016 | No outstanding issues |
| 4. | Gomali POM, | Aug 2009 | Re-certified in Aug 2015 | ASA-01 planned for 2016 | No outstanding issues |
| 5. | Mayvin POM | Sep 2009 | Re-certified in Oct 2015 | ASA-01 planned for 2016 | No outstanding issues |
| 6. | Bukit Leelau POM | Apr 2010 | Re-certified in Nov 2015 | ASA-01 planned for 2016 | No outstanding issues |
| 7. | Mayvin POM | Aug 2010 | Re-certified in Dec 2015 | ASA-01 planned for 2016 | No outstanding issues |
| 8. | Pukin POM Johor | Dec 2010 | Certified in Jun 2012 | Re-Certification assessment completed for 2016. | No outstanding issues |
| 9. | Leepang POM | Aug 2012 | Certified in Dec 2013 | ASA-03 planned for 2016. | No outstanding issues |
| 10. | Syarimo POM | Sep 2012 | Certified in Mar 2013 | ASA-03 planned for 2016. | No outstanding issues |
| 11. | Ladang Sabah POM | Oct 2012 | Certified in Apr 2013 | ASA-03 planned for 2016. | No outstanding issues |
| 12. | Mayvin POM, Sabah | Sep 2013 | Certified in Dec 2013 | ASA-03 planned for 2016. | No outstanding issues |
| 13. | IOI-Pelita, Sarawak | Planned – 2019 | Uncertified unit | New certification for IOI-Pelita (Sarawak) is pending resolution of land dispute and RSPO decision. No POM yet. | Settlement Discussion with local community is presently still ongoing. A Dialogue and Mediation session with LTK Community was held on the 5 th August 2016. Ms. Oi Soo Chin from RSPO attended as an observer. Some preliminary agreements between the parties have been reached. Meeting notes are being finalized. |
| 14. | Unico POM-1, Sabah | Planned – 2018 | Uncertified unit | Acquired in 2014. Established OP plantation (before 2005). Supply base do consists of external / independent smallholders. | Certification preparations in progress |
| 15. | Unico Desa POM-2, Sabah | Planned – Sep 2017 | Uncertified unit | Acquired in 2014. Established OP plantation (before 2005). Supply base comprised of own estates. | Certification preparations in progress |
| 16. | PT SKS, Indonesia | Planned – 2017 | Uncertified unit | Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' application in progress. | Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5 th August 2016 had lifted the Suspension effective 8 th August 2016 Certification preparations in progress Pending issuance of HGU. |

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| | | | | | |
|-----|-------------------------------|---------------------------|-----------------------------|---|---|
| 17. | PT BNS, Indonesia | Planned – 2017 | Uncertified unit | Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental HGU application in the process. | Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5 th August 2016 had lifted the Suspension effective 8 th August 2016 Certification preparations in progress. Pending the issuance of HGU. |
| 18. | PT BSS, Indonesia | Planned – 2019 | Uncertified unit | Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress. | Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5 th August 2016 had lifted the Suspension effective 8 th August 2016 Certification preparations in progress. Pending the issuance of HGU. |
| 19. | PT KPAM, Indonesia | Planned – 2020 | Uncertified unit | Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date. | HCV assessment completed and the SEIA in progress. The NPP will be conducted upon completion of all reports and will be posted on the RSPO for Public Consultation. |

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Appendix F:

Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group

- 1) Updated RSPO Announcement on IOI – Suspension of IOI’s RSPO certificates is lifted by the RSPO Board of Governors effective 8 August 2016
Weblink: <http://www.rspo.org/news-and-events/announcements/update-on-the-status-of-ioi-groups-certification>

- 2) Monitoring by RSPO Complaints Panel (CP)
Weblink: <http://www.rspo.org/members/status-of-complaints?keywords=IOI&country=&category=>

RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group
Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>

- 3) Updated IOI Group Newsletters
Weblink: http://www.ioigroup.com/Content/News/N_Archive

IOI Launches Revised Palm Oil Sustainability Policy and Sustainability Implementation Plan (8 August 2016)
Weblink: <http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=813>