

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Morisem Palm Oil Mill Sdn Bhd
- Morisem POM & Estates Grouping
Lahad Datu, Sabah, Malaysia



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Assessment Report

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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
Morisem Palm Oil Mill Sdn Bhd
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Lahad Datu, Sabah, Malaysia

Certificate No:

Original Start date:

New Start date:

Expiry date:

RSPO 928588

18 Dec 2013

18 Dec 2018

17 Dec 2023

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

24 - 28 Sept 2018

11 Sept (HQ), 17- 20 Sept 2019 (Sites)

Intertek Certification International Sdn Bhd

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9285/13-7 IOI Corporation Berhad
Morisem POM & Estates Grouping: ASA-01 (2019)

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Surveillance Assessment was conducted on **Morisem Palm Oil Mill Sdn Bhd (Morisem POM & Estates Grouping)** of IOI Corporation Berhad (hereafter abbreviated as IOI), from **17- 20 Sept 2019**, to assess the organization's operation of the mill and its supply base for compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Interpretation (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for the 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 base which are made up of estates owned by IOI.

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

The Morisem Grouping consists of one (1) palm oil mill, namely Morisem Palm Oil Mill and seven (7) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 7 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
	Morisem Palm Oil Mill Sdn Bhd - Morisem Palm Oil Mill Capacity: 105 MT/hour	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E
1	Morisem 1 Estate Morisem (Sabah) Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E
2	Morisem 2 Estate Morisem Plantation Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E
3	Morisem 3 Estate PR Enterprise Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E
4	Morisem 4 Estate Priceland Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E
5	Leepang 2 Estate B.A Plantations Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E
6	Leepang 3 Estate B.A Plantations Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E
7	Leepang 4 Estate Pine Capital Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E

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1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Morisem Grouping PMU are from the abovementioned 7 estates owned by IOI. 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 to the PMU are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous (Year 2018)		Area Summary (ha) – Current (Year 2019)	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 1 Estate	2032.00	1896.00	2032.00	1896
Morisem 2 Estate	2042.14	1852.00	2042.14	1847
Morisem 3 Estate	2013.70	1812.00	2013.70	1802
Morisem 4 Estate	2023.00	1887.00	2023.00	1876
Leepang 2 Estate	2159.19	1962.00	2159.19	1956
Leepang 3 Estate	1914.43	1838.00	1914.43	1838
Leepang 4 Estate	1425.21	1354.00	1425.21	1352
Total:	13,609.67	12,601.00	13,609.67	12,567.00

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. Potential risks and impacts to social, environmental and biodiversity issues such as proximity to neighbouring communities, forest reserves, hill sides, riparian zones and high conservation value areas were assessed during current audit.
2. There was a reduction of 34 ha (in the total Planted area) due to land re-survey done after replanting at the Estates.
3. Verified that there has been no New Planting conducted at the Estates.

1.4 Summary of plantings and cycle

The 7 estates had been developed beginning from 1990 and replanting (2nd cycle) had started in 2007 onwards at the various estates. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (Year 2019)

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Morisem 1 Estate	2007-2010	2 nd Cycle	1896		1896
			S-total	1896		1896
2	Morisem 2 Estate	2008-2014	2 nd Cycle	1847		1847
			S-total	1847		1847
3	Morisem 3 Estate	1991 2014-2019	1 st 2 nd	274 857	671	1802
			S-total	1131	671	1802
4	Morisem 4 Estate	1991-1992	1 st	405	803	1876

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		2013-2019	2 nd	668		
S-total				1073	803	1876
5	Leepang 2 Estate	1995-1999	1 st	1636		
		2016-2017	2 nd	211	109	1956
S-total				1847	109	1956
6	Leepang 3 Estate	1996-1997	1 st Cycle	1838		1838
S-total				1838		1838
7	Leepang 4 Estate	1996-2003	1 st Cycle	1352		1352
S-total				1352		1352
G-Total				10,984	1,583	12,567

Note: There has been no New Planting in any of the certified areas.

1.5 Summary of Land Use, Conservation and HCV Areas

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

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2018/2019)
1	Oil Palm - Planted Area	
	OP Mature (Production)	10,984
	OP Immature (Non-Production)	1,583
	OP Planted on Peat * (see note 1)	1,443*
	Other crop such as Rubber etc.	0
2	Conservation Area	
	Conservation (forested)	0
	Conservation (non-forested)	85.37
3	HCV Area	
	Areas as defined under HCVF Toolkit for HCV 1- 6	97.5

Note

- OP Planted at Peat areas were identified to be located at Leepang 3 Estate only.

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1.6 Other certifications held and Use of RSPO Trademarks

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

The RSPO's trademarks and logo are not used by the PMU audited. Instructions for use were provided and acknowledged by the PMU through a signed Memorandum of commitment agreeing to adhere to the latest "RSPO Rules on Communications & Claims" during the assessment.

1.7 Organizational information / Contact Person

At Head Office:

Mr. NB Sudhakaran
Plantation Director
IOI Plantation Services Sdn Bhd
Level 27, IOI City Tower 2, Lebuhr IRC,
IOI Resort City, 62502 Putrajaya, Malaysia.
Tel: +603-8947 8888 (Ext: 8707)
Fax: +603-8947 8822
Email: sudha.nb@ioigroup.com

At Morisem Grouping - PMU:

Mr. Zakaria B. Arshad,
Plantation Controller, Morisem/Baturong Grouping
IOI Plantation Services Sdn Bhd
MDLD 5123, KM 3 Jalan Segama,
Locked Bag No. 15,
91109 Lahad Datu, Sabah, Malaysia.
Tel: 089 861861
Fax: 089 861862/863
Email: morisempcoffice@gmail.com

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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 Morisem Grouping based on the actual tonnages is as in Table 5 below:

**Table 5: Tonnages Verified
(Actual: Sept 18 – Aug 19)**

#	Estate /Supplier	FFB Processed (MT)		Main Receiving Mill	Certified By
		Sept 18 – Dec 18	Jan 19 – Aug 19		
1.	Morisem 1 estate	24,796.22	33,083.70	Morisem POM	Intertek
2.	Morisem 2 estate	18,780.91	23,879.83	Morisem POM	Intertek
3.	Morisem 3 estate	9,274.48	13,080.15	Morisem POM	Intertek
4.	Morisem 4 estate	11,012.47	15,725.51	Morisem POM	Intertek
5.	Leepang 2 estate	15,694.76	28,010.36	Morisem POM	Intertek
6.	Leepang 3 estate	13,599.07	16,701.59	Morisem POM	Intertek
7.	Leepang 4 estate	14,982.24	20,967.67	Morisem POM	Intertek
	Sub-total for PMU estates	108,140.15	151,448.81		
8.	Other IOI PMUs Estates:	0		-	-
9.	Outside Crop Producers (OCP):	0		-	-
	Grand total	108,140.15	151,448.81		

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

Table 6: Annual Tonnages of FFB

Estate / Supplier	Estimated FFB Processed (Jan 19 – Dec 19)		FFB Processed				Projected FFB for processing (Jan 20 – Dec 20)	
			Sept 18 – Dec 18		Jan 19 – Aug 19			
	MT	%	MT	%	MT	%	MT	%
A. Grouping estates: (under certification)	269,984	100%	108,140.15	100%	151,448.81	100%	265,000	100%
B. External Suppliers: (certified)	0	0%	0	0%	0	0%	0	0%
C. External Suppliers: (non-certified)	0	0%	0	0%	0	0%	0	0%
Total	269,984	100%	108,140.15	100.0%	151,448.81	100.0%	265,000	100%
SCCS Model for POM	IP		IP		IP			

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Note: The projected volumes for the next license period is expected to slight increase as the young palms progressively mature over the next 12 months.

Current - Palm Trace license period: 18 Dec 2018 – 17 Dec 2019

Next - Palm Trace license: 18 Dec 2019 – 17 Dec 2020

1.8.3 The annual certified tonnages of CPO and PK production by the POM from the supply base / suppliers as verified during this current assessment are detailed as shown in Table 7 below:

Table 7: Annual Certified Tonnages – FFB, CPO & PK

POM	Estimated (Jan 19 – Dec 19)		Actual				Projected (Jan 20 – Dec 20)	
			(Sept 18 – Dec 18)		(Jan 19 – Aug 19)			
Total Certified FFB Processed (MT)	269,984	-	108,140.15	-	151,448.81	-	265,000	-
Total Certified CPO Production (MT)	57,747	OER: 21.39%	23,346.156	OER: 21.59%	32,349.114	OER: 21.36%	53,000	OER: 20.00%
Total Certified PK Production (MT)	12,899	KER: 4.78%	5,031.570	KER: 4.65%	6,802.710	KER: 4.49%	12,190	KER: 4.60%

Note: New Palm Trace license: 18 Dec 2019 – 17 Dec 2020

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**.

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1.9 Time Bound Plan and Multiple Management Units

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

Today IOI Group manages a total of 19 Management Units which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia. Currently, 14 of its MMUs have been certified with another 5 managed units still 'un-certified' which are noted to be undergoing various stages of preparations for certification.

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. Complaints and operational issues at units located at Sarawak, Malaysia and Kalimantan, Indonesia were being addressed and updated in the Group's Time Bound Plan.

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

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

Verification of requirements for Uncertified Management Units:

RSPO CS (2017) Clause 4.5.4		
(a) No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since January 1st, 2010 shall comply with the RSPO New Planting Procedure (NPP) . For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;		
Requirements	Findings and Objective Evidence	Compliance
(a) <ul style="list-style-type: none"> • Is there any replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidences of HCV clearance that were reported at the IOI's 3 uncertified units at Kalimantan, Indonesia namely PT BSS, PT SKS and PT BNS since year 2010 is being resolved as per the RSPO NPP and RSPO CP Complaints processes.</p> <p>Another 1 unit namely PT KPAM at Kalimantan, had undergone the NPP public consultation and HCSA was approved in April 2018. Currently, the plantation is under development and pending issuance of Local Government HGU.</p> <p>Reports on the NPP progress made to resolve the issues at the said units were checked and monitored till latest update made available on: Refer to Weblink: https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail</p> <p>Monitoring details and updates are verified. Refer to: Appendix D.</p> <p>As at this current assessment, there has been no other</p>	Complied

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	incidences of any replacement of primary forest at any other area under the IOI group.	
<ul style="list-style-type: none"> Is there any new plantings since January 1st 2010 and did the new plantings comply with the RSPO New Planting Procedure (NPP) 	<p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Mar 2019). Refer to: Appendix D.</p> <p>Based on sources of publicly available at RSPO and IOI websites, and feedback from stakeholder consultations, it is verified that the 4 uncertified units identified (where new plantings occurred) have been making progress to comply with the RSPO NPP (2015).</p> <p>Verified that progress on actions taken include the following:</p> <p>In July 2018, IOI had introduced new Peatland Protection and Management Policy which detailed their effort towards protection, conservation and management of peatlands.</p> <p>In August 2018, IOI and NGO-Aidenvironment, had finalised the design of the South Ketapang Landscape Initiative. The initiative addresses the most common and critical challenges facing the South Ketapang landscape such as peatland management and rehabilitation, biodiversity conservation, flood and fire prevention, and community livelihood development.</p> <p>Sustainability Progress Update: https://www.ioigroup.com/</p> <p>https://www.ioigroup.com/Content/MEDIA/NewsroomDetails?intNewsID=936</p> <p>https://www.ioigroup.com/Content/S/pdf/QSU%202018%20Q4.pdf</p> <p>As at this current assessment, there has been no recent new or additional new plantings by the IOI group.</p>	Complied
<ul style="list-style-type: none"> Was the new planting development verified by an RSPO accredited CB; 	<p>At the 4 uncertified units at Kalimantan undergoing the NPP process, the status of appointment are as follows: At PT SKS, PT BNS and PT BSS the accredited CB-BSI, Indonesia was appointed by IOI group.</p> <p>The progress of the NPP process for said units were closely monitored by the RSPO Complaints Panel (CP). It is noted that IOI had engaged HCV experts and NGOs such as from Proforest, Aidenvironment and Global Environmental Centre for the field verifications of action plans made.</p> <p>Recommendations by the RSPO CP via letter of 12 July 2018 supports the IOI's Group commitment and efforts to move towards full certification of the said units.</p> <p>As at 26 Sept 2018, further progress on above is transferred from RSPO CP to the RSPO Investigation and Monitoring unit (IMU).</p> <p>The RSPO Complaints Panel (CP) officially closed the complaint case on IOI's plantation subsidiary companies (PT SNA Group) in Ketapang, Indonesia on 12 October 2018.</p> <p>Verified in the 2nd quarterly update (Mar 2019), action plans</p>	Complied

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

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	Verified that the Stakeholder engagements done with the said communities and NGOs involved are showing positive progress towards a final resolution.	
(c) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;		
(c) • Are there any existing Labour disputes and is it being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	As at this current assessment, under the IOI group, there has been no further known or existing Labour disputes at the uncertified units which are not being resolved in a mutually agreed process in accordance with RSPO P&C criterion 6.3.	Complied
(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;		
(d) • Are there any Legal non-compliance and is it being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	It is noted that IOI group is aware of the Legal compliances needed at the uncertified units and actions has been active taken in stages to address and fully comply with requirements of the related laws and regulations at the uncertified units at Kalimantan, Indonesia. The progress made on above will be further evaluated in the next audit.	Complied
• Has the organisation conducted an Internal Audit on the above (a) to (d)? • Has the evidence been submitted for verification?	Internal audit progress report till latest in 2019, had covered the requirements, conducted by the HQ-Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification. Verified that IOI Sustainability reports were available as further evidence for verification. This was verified via: 1) IOI Sustainability Implementation Plan (i2019) and 2) Sustainability Progress report as made available at IOI web site for Apr- Oct 2019: https://www.ioigroup.com/	Complied
• Has a positive assurance statement been produced based on the internal audit and other supporting assessments results?	Overall positive assurance statement is made at the conclusion of the Internal audit and Management reviews held at IOI HQ at Putrajaya and verified during Auditor site visit at the IOI HQ prior on-site audit at PMU. This was also verified via: 1) IOI Sustainability Implementation Plans 2) Sustainability Progress reports made available Intertek had also verified via the RSPO RACP Case tracker, updated till Apr- Sept 2019, there are no units under IOI Group with RACP issues.	Complied
(e) Are the evidences provided in 4.5.4 (a)-(d) adequate?	Verified that supporting evidences were adequately provided. Refer to findings on (a) to (d) above.	Complied
(f) Are the evidences provided in support of the Positive Assurance statement adequate?	Verified that evidences were adequately provided in support of the positive assurance statement made by the IOI Group were available at the HQ and as per IOI website – Public announcements.	Complied
(g) Has the targeted stakeholder consultation, including consultation	Targeted stakeholder consultations done via emails	Complied

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with the relevant NGO's carried out revealed any negative feedback?	conducted has not revealed any new negative feedback.	
(h) Has desktop study e.g. web check done revealed complaints which were not addressed?	Desktop study conducted did not reveal any new negative feedback. Progress on past complaints validated by RSPO CP is being progressively resolved. Refer to Appendix D.	Complied
(i) Is further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements at the uncertified units, needed to done?	Further stakeholder consultation was done on the uncertified units with IOI HQ and responses to NGOs/Complainants were available and evaluated. The progress of monitoring done and information publicly available on the existing issues on the said units are verified to be adequate. Based on above evaluations made under part (a) to (h), no further stakeholder consultation or field inspection is considered necessary at the said uncertified units at present.	Complied
(j) • Is there any non-compliance against a major indicator in the non-certified management unit identified? • Is the identified major NC being actively addressed? • Can the current assessment proceed to a successful conclusion?	Based on above findings made under part (a) to (j), at the said uncertified units, the existing issues were noted to be actively addressed with progress reports available. Thus, it is verified that the current assessment at this PMU can be proceeded and certification can be successfully concluded after effective closure of findings at the PMU.	Complied
(k) Is there failure to address any outstanding non-compliances within uncertified unit(s) regarding 4.5.4 (a) – (d) which may lead to certificate suspension(s) to the certified unit(s)?	As at the time of the current assessment at this PMU, There is no evidence to suggest such failure at the uncertified units which may affect the certification of this PMU unit. Justification as received and evaluated were as follows: 1) RSPO - Dispute Settlement Facility (DSF) consultation and process for handling dispute has been adhered. 2) Active engagement with Stakeholders has been carried out Progress is monitored and reported 3) NPP and concession land legality issues are being actively resolved as per RSPO NPP process. 4) Under the RSPO RACP Case tracker, updated till Apr-Sept 2019, there are no units under IOI Group with RACP issues.	Complied

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

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

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

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1.10 Abbreviations Used

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

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 15 Aug 2019, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 17 to 20 Sep 2019, the Assessment Team of Intertek conducted the current assessment in which 4 out of the 7 estates of Morisem Grouping, namely Morisem 2, Morisem 4, Leepang 2 and Leepang 3 Estates as well as the Palm Oil Mill were assessed for compliance against the RSPO requirements.

The number of estates sampled was based on the sampling methodology provided under the RSPO Certifications Systems for Principles & Criteria (Jun 2017) i.e. minimum sample of x estates = $(0.8\sqrt{y}) \times z$, where y is the number of estates and z is the multiplier as defined by the risk assessment. The z multiplier value was determined as High Risk ($z = 1.4$) for this PMU considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally, the estates selection was made based on their potential risks on environmental sensitive issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

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

Morisem 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.

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 the External Peer Reviewer (only required for Initial / Re-Certification assessments) prior to the approval of this report and decision on continued certification by Intertek.

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

Details of the findings and actions taken are provided in **Section 3.2 of this report**.

2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment to be carried out within a 12-month period prior to the annual certificate anniversary expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organization dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide and is 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, NGOs, 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. EcoKnights
38. ENO Asia Environment
39. Environmental Protection Society Malaysia (EPSM)
40. Friends of the Earth, Malaysia

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41. Global Environment Centre
42. HUTAN - Kinabatangan Orang-utan Conservation Programme
43. JUST - International Movement for a Just World
44. Malaysian CropLife & Public Health Association (MCPA)
45. Malaysian Environmental NGOs – MENGO
46. Malaysian National Animal Welfare Foundation – MNAWF
47. Malaysian Plant Protection Society (MAPPS)
48. National Council of Welfare & Social Development Malaysia – NCWSDM
49. Partners of Community Organisations (PACOS)
50. Socio-Economic & Environmental Research Institute (SERI)
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
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

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 documented procedures (Stakeholder Request – Corporate Level, Stakeholder Request – POM Level, Stakeholder Request – Estate Level) 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>Refer to section 1.9 on Evaluation on Multiple Management Units and status of progress made on Complaints and related public issues.</p> <p>Date of public notification of this assessment of the PMU was made on 15 Aug 2019.</p> <p>As at the time of assessment, there were no additional requests for information from stakeholders for this PMU.</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.</p> <p>The POM and estates conducted a joint external stakeholders' consultation on 24 Aug 2019.</p> <p>The POM and estates had conducted their respective internal stakeholders' consultations in 10-11 Sep 2019.</p> <p>Records of participants and feedback given were maintained and appropriate follow up actions were taken.</p>	Complied
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
<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <p>Major Compliance</p>	<p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 08 Aug 2016, IOI published a revised Group Sustainable Palm Oil Policy (SPOP) alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society. IOI further revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. (http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845).</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> • land titles/user rights, • occupational health and safety plan, 	Complied

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	<ul style="list-style-type: none"> • plans and impact assessments relating to environment and social impacts, • pollution prevention plans, • details of complaints & grievances, • negotiation procedures • continuous improvement plan • Public summary of certification assessment report. • Human Rights Policy. <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Continual Improvement Action Plans had included approved budgets for social, environmental improvements and crop productivity.</p>	
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Safety Policy and HIRARC documented were reviewed for the POM and estates in Jan- Feb 2019.</p> <p>Occupational Safety and Health Plans have been established and documented for the POM and estates.</p> <p>Annual review was conducted by the Group Safety & Environmental Manager (Sabah region) together with the respective Safety Officers for POM and estates.</p> <p>The OSH Programme 2018 include the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings 4x/year, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer, <p>CHRA reports at POM and Estates conducted in 2017 -2018 was maintained with validity till 2022 -2023. Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>Environmental aspect and impact assessment (EIA) conducted for the POM and estates were annually reviewed.</p> <p>The Environmental Compliance Reports (done every 4 months by the PMU EIA Consultant) for Pollution Monitoring and Mitigation for Replanting are available (report of Mar-Jun 2019 sighted). Management Plan and Continual Improvement Plan documented and implemented.</p>	<p>Complied</p>

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	Social Impact Assessment carried out. Positive and negative impacts identified. Action plans were documented and implemented.	
• HCV documentation (Criteria 5.2 and 7.3);	The Internal "HCV and Conservation Areas" Assessments for POM and estates audited were conducted and reviewed in July 2019. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective estates.	Complied
• Pollution prevention and reduction plans (Criterion 5.6);	Pollution Prevention Management Plans were reviewed in July 2019. Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters, obsolete electrical and electronic equipment) and domestic wastes disposal, reuse and recycling (scrap iron, paper, plastic and glass).	Complied
• Details of complaints and grievances (Criterion 6.3);	The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and verified to be in order. Employees Consultative Council (ECC), GCC & OSH representatives interviewed had confirmed that there were significant negative issues at the PMU. Refer to Appendix D – Progress and Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group issues.	Complied
• Negotiation procedures (Criterion 6.4);	Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart were available. The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Timebound Plan and Appendix D .	Complied
• Continual improvement plans (Criterion 8.1);	Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented.	Complied
• Public summary of certification assessment report;	Public summary of certification assessment reports are available from the company upon request.	Complied
• Human Rights Policy (Criterion 6.13).	The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised on 12 Jun 2017. The said policy was further revised in Oct 2017 - refer to: 31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856 Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.	Complied
Criterion 1.3		
Growers and millers commit to ethical conduct in all business operations and transactions.		
Indicators	Findings and Objective Evidence	Compliance
1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all	IOI Group has a documented policy "Code of Business Conduct and Ethics" signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015.	Complied

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<p>operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>Minor Compliance</p>	<p>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>Refer also to:</p> <p>IOI Group – Sustainability Progress Update Report (Jan-Sept 2019) http://www.ioigroup.com/</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	
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Principle 2: Compliance with applicable laws and regulations

<p>Criterion 2.1</p>		
<p>There is compliance with all applicable local, national and ratified international laws and regulations.</p>		
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 latest on 1 July 2019 for any relevant updates.</p> <p>Legal Register had listed the relevant National Laws (39 nos) and State Laws (17 nos).</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</p>	<p>Complied</p>

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	<p>(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.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities.</p> <p>Statutory returns to relevant authorities note to be complied such as Annual Land Cess were paid to District Office in Jan 2019</p> <p>For example, JKPP8 for the reporting of incidences and accidents to DOSH and the Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977.</p>	
<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.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.</p>	<p>Complied</p>
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. 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>The PMU had conducted an internal audit on 15 -25 July 2019, RSPO Checklist used and report submitted 31 July 2019, 5 NC findings issued and followed up till closure. Review done in Management review meeting held on 22 Aug 2019. Attended by 14 personnel including Plantation Controller, respective POM and Estates Managers, Safety Officer, SPO Executives.</p> <p>Checklists, Audit reports and Management review records were maintained.</p>	<p>Complied</p>

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	<p>Renewal and application for work permits for workers at the estates were satisfactorily monitored to ensure proper validity.</p> <p>Thus, previous NC (2018) JMD-01 was addressed and effectively implemented and closed during current audit.</p>	
<p>2.1.4 A system for tracking any changes in the law shall be implemented.</p> <p>Minor Compliance</p>	<p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The PMU subsequently ensured that the changes were adequately updated.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2</p> <p>The right to use the land is demonstrated and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure (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.</p> <p>Major Compliance</p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last assessment.</p>	Complied
<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.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palm and agricultural use.</p> <p>Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the POM and estates.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied
<p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p>Minor Compliance</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>	Complied
<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>	Not applicable
<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>	Not applicable

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<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>Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the POM and Estates were available and maintained.</p> <p>The lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area.</p> <p>The existing estates are not encumbered by any customary land rights and therefore the process of participatory mapping is not required.</p>	<p>Complied</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>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>The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</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

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Criterion 3.1																																
There is an implemented management plan that aims to achieve long-term economic and financial viability.																																
Indicators	Findings and Objective Evidence	Compliance																														
<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>Business Plans for 5 years (FY 2018/2019 to FY 2022/2023) for the PMU have been prepared by the Palm Oil Mill and estates. The said plans were reviewed in June 2019 for FY 2019/2020. Details of the Business Plans 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) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.). <p>The Mill and Estate Managers monitor the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.)</p> <p>There is evidence of monitoring of costs against budget to achieve specified targets.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p>	Complied																														
<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 2028/2029 for the estates. A replanting cycle of 25 years has been adopted by the Group. The replanting areas (ha) at the estates audited are as follows:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>FY19/ 20</th> <th>FY20 /21</th> <th>FY21/ 22</th> <th>FY22 /23</th> <th>FY23 /24</th> </tr> </thead> <tbody> <tr> <td>M2</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>M4</td> <td>405</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>L2</td> <td>322</td> <td>329</td> <td>357</td> <td>336</td> <td>293</td> </tr> <tr> <td>L3</td> <td>Nil</td> <td>378</td> <td>359</td> <td>390</td> <td>328</td> </tr> </tbody> </table> <p>The replanting program was annually reviewed by the GM together with the respective Estate Managers.</p> <p>Noted that an updated Replanting Instruction/Directive from SGM dated 21 Aug 2019 was issued for Buffer Area for Drains in Replanting Area for 3 categories of field drains, size and buffer area is stated for adherence by IOI PMU units at Lahad Datu & Sandakan.</p>	Estate	FY19/ 20	FY20 /21	FY21/ 22	FY22 /23	FY23 /24	M2	Nil	Nil	Nil	Nil	Nil	M4	405	Nil	Nil	Nil	Nil	L2	322	329	357	336	293	L3	Nil	378	359	390	328	Complied
Estate	FY19/ 20	FY20 /21	FY21/ 22	FY22 /23	FY23 /24																											
M2	Nil	Nil	Nil	Nil	Nil																											
M4	405	Nil	Nil	Nil	Nil																											
L2	322	329	357	336	293																											
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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. Major Compliance</p>	<p>Morisem POM operations are guided by Group Standard Operating Procedures (StOPs) for Palm Oil Mill issued on 1.7.2017 by the Senior General Manager. The Manual contains StOP for 17 Work Stations; 9 of them covering Fresh Fruit Bunches Oil Palm processing from Reception/Ramp to Product Storage and Despatch and the remainder 8 for non-core processes such as utility and support services. The StOPs among others relate to:</p> <ul style="list-style-type: none"> A. Administration <ul style="list-style-type: none"> ➢ Store /Accounts ➢ PPE issuance/Workers records B. Laboratory <ul style="list-style-type: none"> ➢ Analysis methods/Laboratory equipment ➢ Sampling point/frequency ➢ Daily oil /kernel losses summary report C. Maintenance <ul style="list-style-type: none"> ➢ Daily maintenance report/Monthly shutdown plan ➢ Vehicle inspection checklist/ ➢ Monthly maintenance report D. Biogas <ul style="list-style-type: none"> ➢ Biogas process/Daily monitoring log ➢ Daily monitoring checklist E. Mill production <ul style="list-style-type: none"> ➢ All processes from Reception/Ramp to Despatches ➢ Water Treatment Plant/Engine/ ➢ Boiler station data/checklist ➢ Daily supervisor report/Daily sterilising records <p>Standard Operating Procedures (SOPs) for estates and mills are documented and maintained. Set of procedures for mill operation detailed out under Group Standard Operating Procedures (StOPs) for Palm Oil Mill, document reference number, IOI/StOP/A, issue:2 dated 1/7/17. On safety practices, guided procedure titled, Occupational Safety and Management System IOI Corporation Berhad (Plantation Division) dated 1 August 2012. List of procedures checked:</p> <ol style="list-style-type: none"> 1. FFB Reception 2. FFB Handling 3. Sterilizer 4. Threshing 5. Digestion and Pressing 6. Oil Room 7. Depericarper 8. Nut and Kernel Plant 9. Product Storage and Despatch 10. Laboratory 11. Effluent Treatment Plant 12. Biogas Plant 13. Polishing Plant 14. Water Treatment Plant 15. Boiler 16. Engine Room 17. Workshop and Shovel <p>Additional procedure for biogas plant (bio-scrubber system 24/7/16, biogas, generator 1/6/15, biogas flare 1/6/15 and biogas tank farm 1/6/15) established for the operation.</p> <p>For Good Agricultural Practices, two types of procedures used:</p>	<p>Complied</p>

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	<p>1. Good Agricultural Practice, 2. Group Standard Operating Procedure (StOPs) for Estate Operation, dated 5/12/2007</p> <p>Among the topics covered are:</p> <ul style="list-style-type: none"> ➤ Planting density ➤ Nursery ➤ Land clearing and preparation ➤ Planting technique ➤ Leguminous cover plant ➤ Manuring ➤ Weeding ➤ Pest and disease ➤ Harvesting ➤ Road maintenance ➤ Foliar Sampling ➤ Management and monitoring of existing cultivation of oil palm on peat (July 2017) <p>Planting of beneficial plants in estate (July 2017)</p>	
<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	<p>Mechanism to check consistent implementation of procedures carried out by sustainability and safety team on annual basis. The latest sustainability audit was carried out in the month of July 2019 for Morisem POM Certification Unit. Total of 10 non-conformities were raised during audit and the status are now closed. Audit criteria are based on RSPO P&C MYNI 2014 as well as company policies and procedures.</p> <p>For the estates, various mechanisms of checking were applied, e.g.:</p> <ul style="list-style-type: none"> ➤ Manuring – report from R&D, frequency based on manuring programme: 10 days/month. ➤ Harvesting – Portable Data Recorder (PDR) – a device to record FFB quality ➤ Operation – SPC report ➤ Health, Safety & Environment Inspection Report ➤ HSE Team routine visit report ➤ Agronomist visit report <p>The mill adopted the following practices to ensure consistent implementation of procedures:</p> <ul style="list-style-type: none"> ➤ Daily production report therein containing <ul style="list-style-type: none"> ▪ FFB processed/Ramp balance ▪ Throughput/starting & stopping time ▪ Boiler monitoring sheet ▪ Daily notification report – machinery status ➤ Monthly shutdown ➤ Mill summary expenditure <ul style="list-style-type: none"> ▪ Palm oil statistics ▪ Administration and General Charges ▪ CAPEX expenditure ➤ Daily supervision and walkabouts by Supervisor and Assistant Managers ➤ Annual SPO audit ➤ HSE Annual and 3-monthly Workplace Inspection ➤ Mill Controller visit <p>Visits by Government Agencies i.e. DOSH, DOE, JTK, others.</p>	<p align="center">Complied</p>
<p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. 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</p>	<p align="center">Complied</p>

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	months had been maintained at the mill and estates.	
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	As at current assessment, the mill did not source for FFB from any third party. The entire crop was supplied by the estates within the IOI Group of PMUs in the region.	Complied
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 have 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 – June 2019". 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	Fertilizer inputs were recorded in Operation Cost Sheet. The book has information about field no., scheduled month, hectare done (actual vs. program), mandays, type of fertiliser, dosage, and cost. Verification of the book showed that the fertiliser application at the field was in line with the recommendation from IOI's agronomist at Research Centre. Fertilisers used were of straight and mixture types at dosage around 10 kg/palm/year. Based on the verification of agronomist recommendation and store issuance records, it was observed that the fertiliser issued from the store were tally with agronomist's recommendation.	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 were available. The results of analysis were tabulated as Leaf Nutrient Status. The fertilizer recommendations for Jul 19 – Jun 2020 by the Agronomist were based on the analysis.	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	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 Programme Year 2019/2020 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. Application of POME only practice at the field in Morisem 2 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 soil types as indicated in soil maps are as follows: Morisem 4 Estate: Lungmanis, Rumidi & Kretam soil series. Morisem 2 Estate: Kretam, Kennedy Bay & Lokan Leepang 3 Estate: Kinabatangan, Sapi, Klias (peat), Rumidi, Kretam, Lokan Leepang 2 Estate: Kinabatangan, Lungmanis, Kretam, Lokan	Complied
4.3.2 A management strategy shall be in place for plantings on slopes	Planting on slopes is guided by StOP or Land Preparation for	Complied

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<p>between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>New Planting and Replanting, dated Sep 2007, clause 5.2, construction of terrace at slopes >10°. Based on site visits, it was observed that planting terraces constructed on land with slope more than 6° as indicated in the Terrace Map. No planting at slope > 25° Best Management Practices were followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance. Replanted areas were verified during field inspections to be satisfactory. Steps taken for erosion control included 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 crops, Pueraria Javanica and Calopogonium Mucunoides were well established.</p>	
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Estate roads were maintained in good and satisfactory condition. Road Maintenance Programme July 2019 – June 2020 had been verified to be progressively done and satisfactorily implemented.</p>	<p>Complied</p>
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p>	<p>The management has established documents as reference and procedure for estate to implementing the BMP for peat soil area, i.e: IOI Peatland Protection & Management Policy (July 2018), IOI Peat Management Guideline (Aug 2018), SOP for Water Management in Peat Area (SOP/IOI/PD/003) and Water Management for Peat area documented in Water Management Plan, prepared on 15/07/2019. Estate management established a set of monitoring system, such as: Monitoring of canals block, piezometer (measurement device for water level in estate blocks) and pieScale (measurement device for water level in canal or drainage) – once a week, and every time when there is heavy rain Monitoring of subsidence pole (measurement device to measure the decrease level of peat surface) – every month or when it is required. Monitoring of the subsistence of the peat soil was implemented and recorded. Water table levels were maintained at the minimum of 50 cm level. It was confirmed during assessment on site that there are peat soils in Leepang 3 estate only and no peat soil in the other estates. 2019: Observation Leepang 3 estate: The actions to be taken to address the fluctuating water level in the peat area such during occurrence of water levels going above or below the set limits can be further enhanced.</p>	<p>2019: OBS: SH-01</p>
<p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p>	<p>Leepang 3 Estate had delayed the replanting programme as Drainability Assessment that has been conducted by IOI Research Center (Sabah) and is in the process of final results reporting. There was no peat soil on the other estates as confirmed by auditor's during on-site assessment.</p>	<p>Complied</p>
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p>	<p>Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.</p>	<p>Complied</p>
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.4.1 An implemented water</p>	<p>Documented Water Management Plan for the PMU verified to be</p>	

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<p>management plan shall be in place. Minor Compliance</p>	<p>in place for the palm oil mill and estates and was reviewed in August 2019. The Water Management Plan includes:</p> <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. <p>There are water ponds in the POM and estates. Water samples were collected, and analyses were carried out at least twice a year. The water for domestic use met all the required parameter (colour, turbidity, Al, Ammoniacal Nitrogen, As, Cl, Cr, Cu, cyanide, Fl, FE, Pb, Mn, Hg, nitrates, Na, sulphates, Total Dissolved Solids, Total Hardness, Zn, E. Coli, Coliform count) for Drinking Water Quality Standard. In addition, there was 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.</p> <p>2019: Observation At Estates Morisem 2, 4, Leepang 2 and 3. Monitoring of incoming and outgoing water quality analysis for natural watercourses can be further enhanced by increasing the number of sampling points as per action plan that has been documented in respective Water Management Plans.</p>	<p>2019: OBS: SH-02</p>
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p>	<p>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 were aware of the non-usage of chemicals within the buffer zone. No evidence of spraying around palms marked as boundary for the buffer zones. There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p>	<p>Complied</p>
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). 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. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements. BOD levels had been in the range of 12.0 to 19.7 ppm, with average of 16.15 ppm for the period Jul 2018 to Jun 2019. The current allowable upper limit specified by D.O.E. Sabah for Morisem PMU is < 20 ppm.</p>	<p>Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the mill from Jul 2018 to Jun 2019 ranged from 1.03 to 1.19 m³/tonne FFB with an average of 1.12 m³/tonne FFB which is within the industrial norm of 1.2 m³ to 1.5 m³/tonne FFB.</p>	<p>Complied</p>
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

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<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>All estates visited continued to have in place a documented integrated pest management (IPM) system, that is, IOI Group Standard Operating Procedures (StOPs):</p> <ul style="list-style-type: none"> ➤ Section 5.0-Cultural Practices and Biological Control by Developing Beneficial Plants for Natural Predators and Agricultural Policies, ➤ Section 9.0: Pest and Disease includes the planting of beneficial plants and control of damage by rodents, leaf eaters, orytes and natural enemies. <p>IPM Plan includes the planting of beneficial plants, which are and control of damage by rodents. IPM program was established mainly on planting beneficial plant. The progress was recorded in "Planting of Beneficial Plant" which has the information about months, field no., programme & actual and type of beneficial plant. At Morisem 4 Estate, based on records, the estate has reach about 54% of the annual (2018/19) programme. Among the types of beneficial plants to be planted are <i>Cassia Cobanensis</i>, <i>Antigonon Leptopus</i>, and <i>Tunera Subulata</i>, with the recommended ratio of 60:20:20 as mentioned in the StOP for Planting of Beneficial Plants. Leaf eating caterpillar at the estates is very rare. There has been no case of attack since more than 5 years ago. Records on rat baiting had been verified on the Leepang 2 Estate which the rat baiting campaign had been stop as the bait replacement achieved under 20%. No reported infestation by other pests (bagworms and rhinoceros beetle). Pest infestation was minimal on the estates. There is no barn owl in the PMU estates.</p>	<p>Complied</p>
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p>	<p>IPM training conducted 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>	<p>Complied</p>
<p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Justification of pesticides applied is available in the agriculture policies. Refer to Agricultural Policies, Section 6.0: Weeding - Weed Control and Section 9.0: Pest and Disease. The use of pesticide is specific to the targeted pest, weed and disease. Justification takes consideration to minimize effect on non-target species. The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows:</p> <ol style="list-style-type: none"> 1) Glyphosate isopropyl amine (41% a.i.) 2) Metsulfuron methyl (20% a.i.) 3) Triclopyr butoxy ethyl ester (32.1% a.i.) 4) 2,4 Dimethylamine (60% a.i.) 5) Glufosinate ammonium (13.5% a.i.) 6) Sodium Chlorate 	<p>Complied</p>
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that records of monitoring were satisfactorily.</p>	<p>Complied</p>
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall</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, the usage of pesticides was maintained</p>	<p>Complied</p>

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<p>be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>at consistent levels. No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p>	
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>IOI Group Sustainable Palm Oil Policy, jointly signed by Group CEO and Group Head of Sustainability, under item 4 Existing Plantation, Subheading Environmental Management states that: No use of paraquat and pesticides that are categorised as World Health Organisation Class 1A or 1B. The use of other Class 1 Chemicals (such as metamidophos and monocrotophos) approved by the Pesticides Board and included in the MPOB list of approved Pesticide for use in oil palm plantations can only be carried out under strict supervision and in absolutely necessary circumstances such as severe outbreak and critical pest infestation, with special method of application specified in the Highly Toxic Pesticides Regulation 1996 of the Pesticides Act 1974, after authorization has been received from relevant authorities. 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. IOI only purchase chemicals that are registered under the Malaysian Pesticides Act 1974 (Act 149) and Regulations. 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>	<p align="center">Complied</p>
<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	<p>All pesticide operators have 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 pesticide's operators. All precautions attached to the pesticides (SDS) have been observed, applied and understood by the workers. Programme and training records verified to be satisfactory. The training includes spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area. The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE and field equipment.</p>	<p align="center">Complied</p>
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Storage of pesticides found to be kept under lock and key and its use were in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974. Emergency shower and eye wash were available near the pesticides store in case of accidents. The estates have a pesticides store and pesticide containers washing & bathing places for thepesticide workers. The pesticides store 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. Safety Data Sheets (SDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers). Used pesticide containers were either reused as containers for</p>	<p align="center">Complied</p>

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	spraying solution or disposed. For disposal, empty pesticide containers were triple rinsed and pierced at the bottom and disposed of by a contractor approved by the Department of Agriculture.	
4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	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.	Complied
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	It is the policy of the company not to carry out aerial application of pesticides. This policy has been followed by the PMU.	Complied
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	The Annual Training Programme 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 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.	Complied
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	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 at the bottom and disposed of by a contractor approved by the Department of Agriculture. Records of scheduled waste collection at the mill and collection of pesticide containers were verified to be satisfactory.	Complied
4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Annual medical surveillance for all pesticide operators had been implemented for 2018/2019. 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 estates during the latest assessment. 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. Annual medical surveillance, clinical records for all chemical and pesticides handlers were monitored.	Complied
4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	Pregnant and breast-feeding women are strictly not allowed to work with pesticides. Noted, there were a few women working as chemical mixers (pre-packing) and sprayers. 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.	Complied
Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.		
Indicators	Findings and Objective Evidence	Compliance
The occupational health and safety plan shall cover the following:	Occupational Safety, Health and Hygiene plan in compliance with OSH Act and Factory Machinery Act was documented and	Complied

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<p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p>	<p>implemented. The management had reviewed and established Occupational Safety, Health and Hygiene Policy which now included commitment to hygiene at the POM and estates. The Policy was 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>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. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out in May 2019. The audiometric reports of some employees indicated as having hearing impairment and recommended to wear hearing protector. 2 workers were re-tested in Aug 2019, which found them to be still fit but need to strictly wear hearing protections. The audiometric re-test report stated that there is no noise induced hearing loss (NIHL) and recommendation to reduce noise exposure for this worker. The Doctor will only refer worker with Induced Hearing Loss to SOCSO for benefits in accordance with the regulations. Baseline audiogram and occupational and medical history records of workers maintained. The employees exposed to high noise levels were interviewed. 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. 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. 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. Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked, and contents are replenished and 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. The POM and estates have established their accident reporting KPI and incident monitoring implemented. 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>Complied</p>
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and</p>	<p>Training programme planned for year 2018/2019 included all categories of workers. Appropriate trainings on safe working practices are planned for:</p>	<p>Complied</p>

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<p>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. Major Compliance</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>The above trainings were conducted for year 2018/2019 and records were available.</p> <p>Appropriate PPE (safety helmets) had been provided to FFB harvesters and loaders at the place of work to cover all potentially hazardous operations.</p>	
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance</p>	<p>The responsible persons were the Mill Manager and the Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	Complied
<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 and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites.</p> <p>Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH).</p> <p>Verified during field visits that "Prosedur Kerja Selamat Memotong Buah Sawit / Pelepah (Doc: IOI-OSH 3.2.2)" was adhered i.e. motorcycle riders are not allowed to carry harvesting pole, sickle or lance.</p> <p>Thus, previous year NC (2018) CBK-01 was addressed and effectively implemented for closure.</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.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance Bhd which is valid.</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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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>All employees and contractors were provided training related to their job skills, RSPO requirements, Occupational Health & Safety and Environmental matters. They training program include productivity and best management practice subjects on estates operating procedures as well as procedural matters caring for Occupational Health & Safety and Environmental, from felling of oil palm trees, nursery, replanting, harvesting and upkeep of fields to evacuation of FFB to mill. Likewise, at the mill it covers</p>	<p>See OBS below</p>

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	<p>from FFB receipt, grading, processing to Crude Palm Oil, storage and dispatch of CPO, nut kernel and the management of by-products, wastes and waste streams.</p> <p>The training program specified the target group of employees to be trained for the identified subjects. In addition to the Good Mill / Agricultural Practice training, that is, Process stations / field SOP related to trade/job skills, the following topics, among others, were included in the 2019/20 annual training program;</p> <ul style="list-style-type: none"> ➤ OSH Act & regulations 1994. ➤ Environmental Quality Act 1974 ➤ Induction Program for new workers. ➤ OSH Committee and function. ➤ First Aid Training ➤ Scheduled waste training ➤ RSPO/MSPO/ISCC Principles ➤ HCV & Biodiversity training. ➤ Mechanical/electrical workshop ➤ Environmental/safety & health policy/ environmental responsibility, ➤ Emergency Response drill ➤ Social program <p>2019: Observation Training Needs Analysis can be further improved to enable more focused training topics on the significant aspects of the RSPO requirements such as on social and environmental issues and recent developments.</p>	<p>2019: OBS: MAS-01</p>
<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 satisfactorily maintained.</p>	<p>Complied</p>

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

<p>Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.1.1 An environmental impact</p>	<p>The Environmental Aspect and Impacts Assessment were</p>	<p>Complied</p>

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<p>assessment (EIA) shall be documented. Major Compliance</p>	<p>conducted and well documented. The assessment documents had included the identification of aspects from field activities and 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.</p> <p>Documented aspects and impacts risk assessments including those raised through stakeholders' consultations were implemented in accordance with RSPO and legal requirements.</p> <p>There were no operational changes made in year 2019 since the previous assessment.</p>	
<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 management plan. The management plan shall identify the responsible person/persons. Minor Compliance</p>	<p>No changes in current practices required as a result of the impacts identified. The POM and estates continued with the implementation and monitoring of management action plans and continuous improvement programmes. Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were adequately followed up by the Estate managers.</p> <p>Water Management Plans for the POM and Estates were reviewed on July 2019. Action plans has been identified and implemented accordingly.</p> <p>Related Observation OBS: SH-01 However, at Leepang 3 estate, the action taken to address the issues such as water level and soil subsidence was not documented in the Water Management Plan. Nonetheless, the actions to be taken to address the fluctuating water level in the peat area such during occurrence of water level going above and when going below the set limits can be further enhanced. Refer criteria 4.3.4 - 2019: OBS SH-01</p>	<p>2019: Refer to OBS SH-01</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>The Environmental Impact Assessment (EIA) for the POM and estates have been reviewed on September 2019 by the Environmental Liaison Officer (from IOI sustainability dept) and approved by the respective Mill/ Estate Manager. No major changes made to the EIA.</p> <p>Reviews of the EIA for the Morisem 2 Estate, Morisem 4 Estate, Leepang 2 and Leepang 3 Estates were carried out on 12 Sep 2019, 12 Sep 2019, 14 Sep 2010 and 12 Sep 2019, respectively.</p> <p>No operational changes were made at both the estates and POM. The monitoring protocol was continuously implemented to monitor the effectiveness of the mitigation measures taken as planned.</p> <p>The review had considered the mitigation of negative impacts and promotion of positive ones such as the maintenance of the fencing for the water ponds, riparian zones and signages. The implementation and monitoring of the documented environmental improvement plans were reviewed annually and satisfactorily implemented.</p> <p>Related Observation OBS: SH-02 At Morisem 2, Morisem 4, Leepang 2 & Leepang 3 estates, it was found that there were insufficient water sampling points at the above estates for water quality analysis. Action plan already in place to address this issue but has not been implemented by the respective estates; Refer criteria 4.4.1 - 2019: OBS SH-02</p>	<p>Complied</p> <p>2019: Refer to OBS SH-02</p>
<p>Criterion 5.2</p>		

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<p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance</p>	<p>The initial HCV assessment was conducted by the IOI Group HQ and documented in a report dated Oct 2010</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, buffer zones, forest reserve boundaries and was documented.</p> <p>Reviews of the HCV for the Morisem 2 Estate, Morisem 4 Estate, Leepang 2 and Leepang 3 Estates were carried out on 23 July 2019, 12 Sep 2019, 13 Sep 2019 and 13 Sep 2019, respectively. It was reviewed annually and had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Sabah, Department of Irrigation and Drainage, Sabah Wildlife Department and the Department of Environmental.</p> <p>Morisem 2 Estate is surrounded by palm oil estates on all sides. Only a small portion of the estate, at the East, is bordering the Sg. Simpan Forest Reserve. Clear demarcation of 50m buffer zone was provided at the forest border. Other conservation areas/ environmentally sensitive areas identified, i.e. river tributaries, steep hill present in the Estate had also been identified, demarcated the riparian zone and being monitored.</p> <p>Morisem 4 Estate is surrounded by Oil palm estates on all its sides. Tributaries of Sungai Kretam flows inside the estate and riparian zones clearly demarcated and monitored.</p> <p>Leepang 2 is surrounded by oil palm plantations on all its sides and the existence of steep hills and ponds in the area had been identified.</p> <p>Leepang 3 Estate is also surrounded by plantations on all its sides. Riparian buffer zones clearly demarcated and monitored along river tributaries inside the estate.</p> <p>Interview with the managers and visits to HCV areas and other environmentally sensitive areas were carried out and is satisfactorily maintained and monitored.</p>	<p>Complied</p>
<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance</p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the respective estates.</p> <p>50 meters buffer zone was provided and demarcated for estate Morisem 2 bordering the Forest Reserve. Conservation Enactment 1997 and IUCN Red List 2008.</p> <p>Posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Trenches have been dug along the boundaries to deter wildlife from going into the estates. These measures were taken as proposed by the Sabah Wildlife Department to mitigate the incidences of incursions by wild elephants which had been reported in the patrols conducted by the estate personnel.</p> <p>Regular patrols on a monthly basis to monitor the HCV buffer zones have been carried out by both the estate executives and the auxiliary patrol personnel and sightings were recorded in the record book.</p> <p>Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to</p>	<p>Complied</p>

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	have been satisfactorily maintained.	
<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>The estates had taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estates. 'Conservation Zone' signages and "no hunting" policy were prominently displayed and verified to be maintained during field visits.</p> <p>Information on RTE species have been disseminated to the workers through training conducted by all the estates, ex. Morisem 2 estate on 23 July 2019.</p> <p>In addition, a few estate personnel had also been appointed as Honorary Forest Warden to assist in the monitoring and liaison with other relevant departments.</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>Ongoing monitoring of the management plan on the status of HCV and RTE had been carried out and evidences of reporting verified to be available.</p> <p>Management plans were established, and monitoring outcomes were reviewed by the Estate managers.</p> <p>Interview with the estate managers and verification at sites were also made and found to be satisfactory implemented at the estates assessed.</p>	Complied
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the estates assessed. Thus negotiated agreement of such nature is not applicable.</p>	Not applicable
<p>Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p>	<p>Visits made to POM and estates showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and boiler ashes were maintained and monitored at the POM and estates.</p> <p>Scheduled Waste identified include spent hydraulic oil (SW 306), spent lubricant oil (SW 305), 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 at both the mill and estates.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be properly 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 POM and estates. Proper storage areas were identified for the storage of the recyclable wastes at the POM and estates.</p>	Complied

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<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 and according to the legal requirements.</p> <p>Stores for scheduled waste were inspected. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Records of e-Consignments are in order. Latest disposal was done on 9 August 2019 and handled by Lagenda Bumimas Sdn Bhd</p> <p>No new schedule waste being registered or generated at the mill.</p>	<p>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 and satisfactorily.</p> <p>Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory practiced in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the POM and estates.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment i.e. Lagenda Bumimas Sdn Bhd.</p> <p>The solid waste management and disposal plan using landfills was also available at all the estates assessed, namely Morisem 2 estate, Morisem 4 estate, Leepang 2 estate and Leepang 3 estate. The mill is also using the landfill located at Leepang 3 for their domestic waste.</p> <p>It was found that the disposal of household and plantation waste materials were properly monitored and recorded.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.</p>	<p>Complied</p>
<p>Criterion 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance</p>	<p>Monthly records on energy consumption for both renewable fuel (palm fiber and PK shell) and non-renewable fuel (diesel) were maintained at the POM. Usage of diesel was also monitored at the estates assessed. Data compiled (5 years) for comparison and monitored to optimize the use of renewable energy.</p> <p>Record presented had showed a satisfactory monitoring of the resources.</p> <p>Data monitoring to improve efficiency of the use of diesel at the estates was correctly considered for the GHG inputs and calculations.</p> <p>Thus, previous NC (2018): OCL-01 was addressed and implemented for closure.</p>	<p>Complied</p>
<p>Criterion 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as</p>	<p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates.</p>	<p>Complied</p>

<p>identified in the <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003.</i></p> <p>Major Compliance</p>	<p>Field inspections made at estates assessed showed no evidence of open burning.</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></p> <p>Minor Compliance</p>	<p>During the assessment, replanting is in progress at Morisem 2 Estate. The estate adhered to the 'zero burning' policy for replanting. Old tree trunks were chipped off and left on the ground to decay.</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>Complied</p>
<p>Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions; particulate/soot emissions and effluent (see Criterion 4.4).</p> <p>Major Compliance</p>	<p>Environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land was reviewed for the POM, Morisem 2 Estate, Morisem 4 Estate, Leepang 2 and Leepang 3 Estate. The revision was done on 20 Sep 2019, 10 Sep 2019, 10 Sep 2019, and 13 Sep 2019 and 13 Sep 2019 respectively.</p> <p>Mill gas emissions as monitored online by DOE, Sandakan using the Continuous Emissions Monitoring System (CEMS) verified to be within the permissible limits of DOE.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations. Land application of POME was channeled to Leepang 2 estate.</p>	<p>Complied</p>
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p>Major Compliance</p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer usage have been documented at the PMU. This has been verified on-site.</p> <p>Methane capture system for POM is budgeted for approval in 2020 as plan for reduction of GHG emissions.</p> <p>In addition, the POM has achieved the ISCC EU certification for sustainable biofuels production. Thus, the GHG emissions calculation is up to date and has been compiled for FY 2018/2019. The data used in the computation formula was verified correct.</p> <p>GHG calculation report has also been submitted to RSPO on 17 Sep 2019.</p>	<p>Complied</p>
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance.</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered to.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements.</p> <p>The daily CEMS reporting summary chart indicated a maximum of 39.16% and an average of 7.21% opacity (DOE permissible limit is 40% max. opacity).</p> <p>It was verified that the POME is treated using aerobic and anaerobic ponds (total of 8 ponds, consisting of 7 effluent ponds and 1 bio polishing pond). Continuous desludging was also done using the Geotubes.</p>	<p>Complied</p>

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	<p>Water samples were regularly taken monthly and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at the final discharge point. The discharged water is 100% used for land application into Leepang 2 Estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD < 20 ppm). Latest data was recorded on the 17 August 2019.</p> <p>Water samples collected and analysis carried out at twice a year for treated water. The treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Quarterly report on the environmental monitoring was also done and submitted to DOE, latest report dated 11 July 2019.</p>	
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Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mills

<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>Social impacts in IOI Morisem group operations were assessed using various method including consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment (SIA) for each operating unit in IOI Morisem grouping has been reviewed in Sept 2019 and conducted together with relevant external and internal stakeholders.</p>	<p>Complied</p>

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	<p>External stakeholders' consultation was conducted for the whole grouping on 18/08/2019 and the consultation was properly documented. More than 40 participants attended the external stakeholder consultation</p> <p>The stakeholders include:</p> <ul style="list-style-type: none"> • Local communities e.g. neighbouring smallholders and plantations • Suppliers e.g. sundries, office utilities, hardwares, etc. • Contractors e.g. transporters of FFB/EFB and CPO, project contractors such as for building, housing, road and replanting (land preparation – tree felling, terracing and drainage) etc. • Government agencies – government school, HUMANA, CLC, authorities, etc. <p>Internal stakeholders' consultations however conducted separately in each operating unit, between 5/8/2019 and 12/8/2019.</p> <p>Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels.</p> <p>The number of participants were between 9 and 20, which were noted to include:</p> <ul style="list-style-type: none"> • Harvesters – Workers & Mandores / Leaders • Manurers – Workers & Mandores / Leaders • Sprayers – Workers & Mandores / Leaders • Drivers – Tractors and vehicles • HUMANA and CLC teachers • Sundry shops owners <p>It is further noted that the foreign workers nationalities were predominantly Indonesian and a minority group of Filipinos.</p> <p>These consultations were noted to be satisfactorily documented.</p> <p>The SIA for each operating unit was audited and evaluated. Verified that the potential impacts considered to be significant were included, e.g. handover of passports and travelling documents to the foreign workers (for their freedom of movement), timely payment of wages, timely renewal of permits and extension of passports, issuance and replacement of proper PPE for workers, upgraded housing, schools and health clinics, safe transport for workers and children etc.</p>	
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>Major Compliance</p>	<p>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the group. Participants in external and internal stakeholder consultations were already mentioned above (6.1.1). Participants in meeting such as Joint Consultative Committee (JCC) involved workers representatives from different categories of workers such as general workers, sprayers, manuring workers, harvesters, drivers both locals and foreign workers. Participants in Gender Consultative Committee (GCC) mainly are women workers attended by Social Liaison Officer who are mostly male Assistant Manager acting as representatives for male workers.</p> <p>During external and internal stakeholder consultation respond forms were distributed for written inputs, however, verbal inputs were recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. JCC</p>	<p>Complied</p>

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	and GCC meetings. Attendance lists and photos for stakeholders' consultations and meetings conducted were also verified.	
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>The feedbacks received during consultations, meetings and interviews conducted by the POM and the estates were noted to have been considered by the Management and noted to be incorporated into the Business Plan of the respective units.</p> <p>A time frame was developed for implementation with Management involvement and respective persons responsible indicated. The status of the implementations was found to be updated on a monthly basis.</p> <p>It noted that from the SIA actions include continuous improvement plans with following activities identified:</p> <ul style="list-style-type: none"> • Admin infrastructure – SAP for integrated Accounting System (installation of VSAT) to ensure more timely reporting by all estate units (even at remote regions, where internet connectivity is limited) – ongoing from mid-2019 to 2020 • Road system and access for all users e.g. for safer travel and transportation of workers, school children, FFB crop evacuation and EFB distribution – ongoing and re-planning during the planned replanting over next 2-5 years • Re-planning of field drainage system during replanting for better flood mitigation issues at low lying and flood prone areas – ongoing and re-planning during the planned replanting over next 2-5 years • Upgrade and refurbishment of housing sites including construction of concrete drainage system for better hygiene – ongoing over next 2-5 years • Upgrade of water treatment systems for supply to the housing sites – ongoing over next 1-3 years (progressively done since 2018) • Better disposal and planning of larger and more suitable landfill locations (progressively done since 2018) • More regular collection of domestic waste at housing areas. 	Complied
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p>Minor Compliance</p>	<p>The latest Social Impact Assessment and Plans were reviewed for year 2019/2020. The plans are reviewed annually together with affected parties, especially the workers, who were always consulted during the annual internal stakeholder consultation, the JCC meetings, safety meeting, daily morning muster and individual reports made in the Grievance Books.</p>	Complied
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>Minor Compliance</p>	<p>Verified that there was no smallholder scheme within IOI Morisem Grouping, thus this criterion is not applicable.</p>	Not applicable
<p>Criterion 6.2</p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
Indicators	Findings and Objective Evidence	Compliance
6.2.1 Consultation and communication procedures shall be documented.	Procedure related to communication and consultation with the parties mentioned is available at IOI group website at	Complied

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<p>Major Compliance</p>	<p>https://www.ioigroup.com/Content/S/PDF/30 sept 2016 Grievance Mechanism FINAL.pdf. The group has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. their workers, government agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation.</p> <p>At IOI Morisem Grouping level, the procedure mentioned made public to all workers. Furthermore, the procedures were also explained carefully to all level of workers and this was verified through individual interviews with sampled workers during the audit. This procedure were also socialised with external stakeholders during the consultation session and personal interviews conducted by the management.</p>	
<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>In most cases, nominated person responsible as social liaison officers are the Assistant Managers of the operating units. Social liaison officers are responsible in handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties. For example, Mr. Jamuih Kulipang, AM is identified in the SIA as Social Liaison Officer in Morisem POM, Mr. Herche Saidi in Leepang 3 Estate and Mr. Nirwan Moo, AM in Morisem 2 Estate.</p> <p>Names of these nominated officers are made public to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviewed conducted with workers during the audit verified that the workers especially have easy access to these social liaison officers.</p>	<p>Complied</p>
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p> <p>Minor Compliance</p>	<p>The List of stakeholders at the IOI Morisem grouping was found to be adequately maintained and was noted to be kept current and updated.</p> <p>Noted that there are open and transparent methods for communication and consultation as recorded in the Stakeholder consultation meeting minutes and various workers and worker representative meetings held such as the OSH, ECC/JCC and GCC meetings. Communications records was noted to have taken into consideration the languages used particularly for the foreign / migrant workers who were predominantly Indonesian and some Filipino national workers, who could basically understand the Bahasa Malaysia/Indonesian language.</p> <p>The updated Lists of stakeholders at the POM and estates was referenced for selection by the Audit team for sending invitation and contact with external stakeholders for both individual and group external consultation conducted independently by the Audit team. See indicator 6.1.1.</p>	<p>Complied</p>
<p>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.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and found to be satisfactorily implemented in IOI Morisem Grouping.</p> <p>Among others, the affected parties have several options to register their complaints and grievances including via the Annual External and internal stakeholder consultations, morning muster, during ECC, GCC and Safety meetings and use of the Grievance Register/book made available at the offices at site.</p>	<p>Complied</p>

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	<p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanations given on how to utilise this system recorded which was verified by the Auditor through interviews conducted and records inspected.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance were addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received were found to be recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisors, as basically the Social Liaison Officers were of a higher authority than the field supervisors.</p> <p>It was noted that the workers were also allowed to elect their own representatives / leaders (ketua) in the JCC/ECC which were not being dictated by the management.</p> <p>Under the system established and implemented, the complaints and grievances are investigated, addressed and resolved based on their severity. It was further noted that the complaints were mostly minor issues such as repairs and other housing maintenance requests were found to be resolved within 2-3 working days, whilst any major complaints and grievances are considered and resolved based on urgency or budget involved. Requests such as construction of bigger meeting halls, school classrooms, better transport (vans) for the workers school children and weekend outings to nearest town and better recreational facilities were noted to have been considered by the Management and noted to be progressively provided and / or upgraded and also being planned in the annual budget as CSR activities.</p> <p>The procedures have also included maintaining strict privacy and confidentiality of complainants on any issues raised during the Gender Consultative Committee (GCC) meetings or via the workers GCC representatives. There have been no complaints related to sexual harassment received so far.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.</p> <p>It was noted that IOI group had adopted a revised Whistleblowing Policy¹ which was approved by Audit and Risk Management Committee since Nov. 2017. Whistleblowing form was available online at IOI group website². The policy has stated that if in case of mutual resolution is not amicably achieved with complainants such as external stakeholders, the unresolved issues will be brought to attention of local authorities and/or RSPO Secretariat.</p> <p>¹https://www.ioigroup.com/Content/G/PDF/Corp_WhistleblowingPolicy.pdf</p> <p>² https://www.ioigroup.com/Content/G/G_Whistleblowing</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>Verified that all complaints and grievances received were documented either in the Grievance Register, meeting minutes for the JCC, GCC, Safety (OSH) meetings and annual stakeholder consultations respond forms and minutes.</p> <p>Decisions and action taken in response to the complaints and grievances received also well documented with sufficient supporting documents as evidences. Noted that all complaints and grievances are accessible to public, whilst the reports of</p>	<p>Complied</p>

	the Gender representatives were handled with adequate care and confidentiality,	
<p>Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance</p>	<p>The IOI Group procedure and process for identifying legal, customary or user rights, and people entitled to compensation is sighted as maintained at the company's website. At Morisem grouping, it was verified that there were no customary, user rights land or land dispute with the neighbouring estates or villages. Therefore, there has been no records of any negotiation or compensation and no changes in status as at the audit period at the PMU site.</p>	Complied
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance</p>	<p>IOI as a group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. To date, there has been no dispute by any parties reported at the IOI Morisem Grouping.</p>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance</p>	<p>To date, there has been no dispute by any parties reported. Therefore, the process and outcome of compensation could not be observed.</p>	Complied
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.5.1 Documentation of pay and conditions shall be available. Major Compliance</p>	<p>In Morisem POM, the workers are paid with daily rate, whilst in IOI Morisem Grouping estates, most of the workers in the estates, as stated in the workers contract, are considered as "general workers" with piece rated pay. The pay conditions and other benefits were found to be clearly stated in the workers contract. Decision on workers' wages were based on a memorandum dated 7/1/2019 to all IOI groups in Sabah including Morisem grouping. According to this memorandum monthly minimum wages had to be RM1,100/month or RM42.31/day, provided that all qualifying conditions are satisfactory fulfilled. These conditions are clearly stated in the memorandum and in the revised "IOI Plantation Minimum Wages & Leave Pay Policies in Malaysia"¹ which took effect on 1/1/2019 signed by Mr. N.B. Sudhakaran, Plantation Director. Content of this</p>	Complied

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	<p>policy is verified to be satisfactorily understood by workers in the grouping and fulfilled common industry standard as it is in accordance with the MAPA-NUPW agreement 2015 and Minimum Wages Order 2018.</p> <p>¹ https://www.ioigroup.com/Content/S/PDF/Minimum Wage Policy.pdf</p>	
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p>	<p>Pay conditions are clearly detailed in the workers contracts which include pay system used, working hours, overtime, holiday entitlements, etc. Permit from Jabatan Tenaga Kerja (JTK) (Labour Department) for the deduction is sighted.</p> <p>Workers contract is in Bahasa Malaysia which could be understood without difficulty by the foreign workers, who are Indonesian (majority) and Filipinos (minority).</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order (Nov 2018) and other relevant regulations are satisfactorily complied with.</p> <p>Monthly analysis was conducted on the wages received by all the workers. JTK Kunak, was consulted directly in earlier audits by the auditor and it was confirmed that the Sabah Labour Ordinance and the minimum pay conditions for the workers was adhered.</p> <p>Currently wages to the foreign workers in IOI Morisem Grouping are paid by issuing cheques. During the audit and interviews conducted, there was no complaint from any of the workers on the mode of payment.</p> <p>To date, the JTK confirmed that there were no complaints from local nor foreign workers with regards to any unjust pay and working conditions. There was also no complaint raised during any meeting and stakeholder consultation nor recorded in any Grievance Book</p> <p>At the time of audit, no embassies, i.e. Indonesian Consulate and the Philippine Embassies, are known to have issued specific instructions that all employment contracts must be endorsed by the embassies before being used.</p>	<p>Complied</p>
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 (Workers’ Minimum Standards of Housing and Amenities – Act 446). However, this act, as informed by JTK, is yet to be enforced in Sabah, thus IOI Morisem Grouping only implements relevant parts of the act.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are provided with adequate free accommodation at workers quarters with free electricity and treated water. Water treatment are available for each operating unit audited and testing of water quality by external lab is conducted regularly and the results verified to have met permissible regulatory limits. The workers quarters were clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are located in a safe distance from the houses</p> <p><u>Schools</u></p> <p>The migrant workers’ children are given free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are is under the purview of the operating unit management.</p>	<p>Complied</p>

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	<p>HUMANA are mainly for children between 6-13 years old and Community Learning Centre (CLC) is for teenagers up to 15 years old. School children, both local and foreign, are transported with no charge from the operating units in suitable vehicles. A number of school buses sighted during the audit were used to transport the school children.</p> <p>Sundry shops</p> <p>Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p>Crèche (Rumah Asuhan Kanak-kanak)</p> <p>Creche is available in each operating unit and they are well maintained. The crèche caretakers are well trained on procedures of using the first aid kits as well as fire extinguisher. Depending on the operating unit management, some crèche are provided with biscuits or formulated milk powder. During the audit, children were found in good health and the surrounding of the crèche are all well maintained. No overcrowded crèche found and ratio between caretakers with children are well balanced.</p> <p>Clinics</p> <p>Clinics are located in within the vicinity of the estates and the POM. Together with the staff, the Health Attendance (HA) are also responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc. inspection by the staff conducted weekly, whilst inspection by HA conducted monthly. VMO make a monthly visit to the audited estates and check upon a few areas, e.g. referred patients and purchase of the medicines at the clinics, workers quarters, crèche. Valid Foreign Workers Compensation Scheme (FWCS) issued by MSIG in all units audited were also verified. The FWCS was replaced with the Social Security Organisation (SOCSO) contribution for the foreign workers based on Employer's Circular No. 3 Year 2018 issued by The Human Resource Ministry.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>IOI Morisem Grouping has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p> <p>It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon specific request.</p>	<p>Complied</p>
<p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>Published statement recognising freedom of association is mentioned in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy is available online at IOI website.¹</p> <p>¹ https://www.ioigroup.com/Content/S/S_Policy</p>	<p>Complied</p>
<p>6.6.2 Minutes of meetings with main</p>	<p>As an alternative to workers union, IOI Morisem Grouping</p>	<p>Complied</p>

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<p>trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>formed the JCC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of JCC are management representatives and workers representatives elected by the workers including both local and foreign.</p> <p>JCC meetings are scheduled quarterly and each meeting is recorded. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. From sampled JCC meeting minutes, there was no major issue raised by the workers. The meeting minutes are accessible to all members in the JCC and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised. Meeting minutes selected for verification was from Morisem POM on 8/8/2019, at Morisem 2 Estate on 16/7/2019 and at Morisem 4 Estate on 25/7/2019. At Morisem POM, briefing with regards to freedom of association was conducted on 23/7/2019, at Leepang 2 Estate on 22/7/2019 and at Leepang 3 Estate on 17/7/2019.</p> <p>It was found that the workers are represented through their job sectors in these meetings. Representation through job sector is preferable than other sectors, e.g. housing blocks, religion or faith, because the workers have more and regular personal interactions during work hours. Representations through job sectors was verified did not affect the workers ability to raise issues related to social aspects.</p> <p>Interviews conducted with sampled workers confirmed that the policy was generally understood by workers and satisfactorily implemented in the grouping.</p>	
<p>Criterion 6.7 Children are not employed or exploited.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p>	<p>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in Sustainability Policy adopted by the IOI group in 2017.</p> <p>HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which is also managed by HUMANA but was built with the help of the group. Inspection of the employment records including site visit to the estates and this practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</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>Published statement on equal opportunities is mentioned in Sustainability Policy adopted by the IOI group in 2017.</p> <p>This policy clearly state that IOI Group including IOI Morisem prohibits and will actively prevent any discrimination based on race, nationality, religion, or gender.</p>	<p>Complied</p>
<p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and</p>	<p>Based on interviews and feedback from the employees, foreign workers, review of JCC meeting minutes and grievance records, it is verified that there has been no issue of</p>	<p>Complied</p>

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<p>migrant workers have not been discriminated against. Major Compliance</p>	<p>discrimination at the PMU. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</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. Minor Compliance</p>	<p>All operating units audited in IOI Morisem Grouping kept and maintained records of their workers, including credentials and medical history. Credentials for foreign workers are mostly referring to the travel documents, whilst credentials for local staff have more details. Records of medical history for both local and foreign workers are considerably comprehensive kept in the medical clinics within the group.</p> <p>Recruitment and promotion are verified based on skills, capabilities, qualities, and medical fitness necessary for the job. Before hiring, each new foreign workers are required to pass FOMEMA medical check-up as required by law and probation period to evaluate level of skills and the workers attitude towards the new surroundings.</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. Major Compliance</p>	<p>Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainability Policy adopted by the IOI group in 2017.</p> <p>GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to sexual harassment. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted in each operating unit audited. Examples are in Morisem 4 Estate, latest GCC meeting was on 12/7/2019 and on 21/7/2019 in Leepang 3 Estate. Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered including especially on sexual harassment and domestic violence. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p>	<p>Complied</p>
<p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance</p>	<p>As per the IOI policy established, pregnant and breastfeeding women (both local and foreign) were exempted from work associated with potentially hazardous chemicals.</p> <p>Medical checkup was conducted on monthly basis for female workers handling chemicals, Justification given by the Management that this was ensure that any pregnancy will be detected early for work safety reasons, which was noted to be adequately explained to the workers.</p> <p>As per interviews conducted by the Auditor, with sampled local and foreign female workers, it was confirmed the reason for medical checkup was accepted by them and did not pose as infringement of their reproductive rights.</p> <p>Verified that there was provision in the said policy / guidelines on for appropriate actions and options for decisions to be made by the female workers themselves, if found to be pregnant.</p> <p>There were no cases of any pregnant female workers during the audit.</p>	<p>Complied</p>
<p>6.9.3 A specific grievance</p>	<p>The Grievance process flowchart and procedures are displayed</p>	<p>Complied</p>

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<p>mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance</p>	<p>in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are inaccessible to the public.</p>	
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance</p>	<p>FFB prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available for public to access at MPOB website.</p>	<p>Complied</p>
<p>6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance</p>	<p>Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p>	<p>Complied</p>
<p>6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance</p>	<p>Based on employee contracts and meeting minutes (between the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored to follow safety requirements during the work in progress.</p>	<p>Complied</p>
<p>6.10.4 Agreed payments shall be made in a timely manner. 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 are made on time according to common practice of 60-day grace period. This was verified during interview with the stakeholders including the contractors.</p>	<p>Complied</p>
<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>Main contribution of the estates to the local development can be demonstrated in the provision of facilities, services and where feasible, monetary.</p> <ul style="list-style-type: none"> • Involvement in ensuring the achievement of Humana students and discussion on availability of replacement teachers at Humana schools. • Free transportation to schools for primary, secondary and Humana students. • Free housing for Humana teacher and contractor workers. • Free ambulance service to nearest government medical clinic. • Maintenance of places of worships, e.g. mosque and chapel. • Involvement in Department of Health activities, e.g. 	<p>Complied</p>

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	<p>immunisation programme and Hepatitis B vaccination.</p> <ul style="list-style-type: none"> New workers quarters in Morisem 2 & Leepang 3 Estates. 	
<p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity</p> <p>Minor Compliance</p>	<p>The certification scope covered during the audit does not include the smallholders. Thus, this criteria is not applicable.</p> <p>In addition, the PMU have no dealings with smallholders.</p>	Not applicable
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>Major Compliance</p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Regional office (LDRO).</p> <p>All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates.</p> <p>IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the expiry dates of their passports and work permits, FOMEMA tests until collection of work permits from the Immigration Office. Contractor workers were also verified to keep their own passports.</p> <p>It was also verified, workers are aware that legalising process of their dependents are their own responsibilities. The PMU provided necessary assistance such as reference address, transportation, supporting documents, advance payment, etc. for the workers who opted to legalise their dependents. It was verified some invoices from recruitment agency did include charges for renewal of dependent passports.</p> <p>IOI through its revised Sustainability Policy have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the expiry dates of their passports and work permits, FOMEMA tests until collection of work permits from the Immigration Office. Contractor workers were also verified to keep their own passports. There are cases where workers requested the office management to keep their passports for safety reasons by signing "Borang Persetujuan Penyimpanan Passport" (Passport Keeping Agreement Form). In the form it is clearly indicated that the management will furnish the workers with the passports whenever requested.</p>	Complied
<p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred.</p> <p>Minor Compliance</p>	<p>No issue of contract substitution has been found and this was confirmed through interviews mainly with internal stakeholders.</p>	Complied
<p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p>Major Compliance</p>	<p>Published statement and procedures on migrant workers is covered in IOI Plantation Foreign Workers Recruitment Guideline & Procedure in Malaysia adopted by the IOI group was revised in July 2019.</p> <p>Implementation of this policy is evident as explained above, for</p>	Complied

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	<p>example, all decisions related to hiring of new workers shall be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender. Also mentioned above that the equal opportunity policy was adopted and implemented by the PMU and verified to have covered all necessary aspects of including migrant workers related issues. Freedom of association as earlier mentioned permitted not only to the local workers but also to the foreign workers.</p> <p>This policy is communicated to all workers during annual refresher training and to all new intakes.</p>	
<p>Criterion 6.13 Growers and millers respect human rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance</p>	<p>Published statement on human rights is covered in Sustainability Policy adopted by the IOI group in 2017 (revised March 2018) under the Human Rights and Workplace heading. This policy is verified to be communicated to all workers during annual refresher training and to all new intakes.</p>	Complied
<p>6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance</p>	<p>The mill and estates had contributed towards the setting up of the HUMANA and CLC schools for children of all foreign workers, both for their primary and secondary level educations. It was verified that the school building, premises and basic utilities has been adequately maintained and transport has been provided free for children of the workers.</p> <p>Proper monitoring of the attendance of the school going children was evidenced and regular briefing to the parents was noted to have been given to ensure that they also monitor their children's education progress. Thus, previous NC (2018) JMD-02 was found to be addressed and closed.</p>	Complied

Principle 7: Responsible development of new plantings

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

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

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The PMU had submitted the GHG data to the RSPO Secretariat on 15 Sep 2019.

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

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

SUMMARY OF NET GHG EMISSIONS

All information and data below as per the latest summary report generated through **PalmGHG Calculator Version 3.0.1**.

GHG Table 1: Summary of Net GHG Emissions (12 months: Jan – Dec 2018)

Emissions per Product	tCO2e/tProduct
CPO	2.99

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PK	2.99
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Production	t/year
FFB processed	266202.2
CPO Produced	53348.828

Extraction	%
OER	20.04
KER	4.81

GHG Table 2: Summary of Net GHG Emissions

Land use	ha
OP planted area	12590
OP planted on peat	1748.83
Conservation (forested)	97.5
Conservation (non-forested)	366.32
Total	14801.58

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO2e	tCO2e/ha	tCO2e	tCO2e/ha	tCO2e	tCO2e/ha	tCO2e	tCO2e/ha
Emissions								
Land Conversion	125759.95	10.1	0	0	0	0	125759.95	10.1
CO2 Emissions from Fertiliser	27051.71	2.18	0	0	0	0	27051.71	2.18
N2O Emissions	35587.71	2.85	0	0	0	0	35587.71	2.85
Fuel Consumption	6248.34	0.5	0	0	0	0	6248.34	0.5
Peat Oxidation	95486.12	7.58	0	0	0	0	95486.12	7.58
Sinks			0	0	0	0		
Crop Sequestration	-98016.54	-7.88	0	0	0	0	-98016.54	-7.88
Conservation Sequestration	-511.9	-0.04	0	0	0	0	-511.9	-0.04
Total	191605.39	15.29	0	0	0	0	191605.39	15.29

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO2e	tCo2e/tFFB
Emissions		
POME	9243.6	0.03
Fuel Consumption	1671.91	0.01
Grid Electricity Utilisation	0	0

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Credits		
Export of Excess Electricity to Grid and Housing	-4814.59	-0.02
Sales of PKS	0	0
Sales of EFB	0	0
Total	6100.93	0.02

GHG Table 4b: Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0%
Divert to anaerobic digestion	100%

GHG Table 4c: POME Diverted to Anaerobic Digestion

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

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

Criterion 8.1		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
Indicators	Findings and Objective Evidence	Compliance
<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p>	<p>There were action plans implemented for continual improvement in the POM and estates for year 2018/2019.</p> <p><u>Continual improvements for the POM:</u></p> <ol style="list-style-type: none"> 1. The construction of a new facility, biogas plant and expected to be in operation in year 2020. 2. Recycling and reduction of waste (recycle scrap iron, plastic and paper) 3. Development of GHG reduction activities such as the higher use of renewable energy sources (EFB, shredded shell, fiber). 4. Installation of CCTV unit for CEMS monitoring for DOE. 5. In the process of installing smoke monitoring device at boiler No.1 <p><u>Continual improvements for Estates:</u></p> <ol style="list-style-type: none"> 1. Reduce the consumption of pesticides. 2. Increased planting of beneficial plants as direct bio-control to reduce attacks by caterpillars and bag worms. 3. Additional palm top equipment for monitoring of yields from the estates. 4. Involvement in Department of Health activities, e.g. immunisation programme, Hepatitis B vaccination 5. Ongoing RiLeaf project for the planting of forest tree species along river banks at Leepang 4 Estate. <p>Evidence of progress monitoring and completion updates were available for the above continuous improvement action plans.</p>	<p>Complied</p>

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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

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

Details of findings are as follows:

General Chain of Custody Requirements for the supply chain: 2019

5.1 Applicability of the general chain of custody requirements for the supply chain		
Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1. The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification.</p>	<p>The CPO Mill i.e. Morisem Palm Oil Mill Sdn Bhd – Morisem POM & Estates grouping, under the IOI Group takes legal ownership and physically handles the certified FFB, CPO and PK. Verified as at todote, no outsourced facility is used in the processing and production of the CPO and PK.</p>	Complied
<p>5.1.2. Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.</p>	<p>The CPO Mill does not perform direct trading of the certified CPO & PK. All the quantities produced are sold solely to refinery - IOI Edible Oils Sdn Bhd (another IOI subsidiary).</p>	Complied
<p>5.1.3. Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p>	<p>RSPO membership is registered under the parent company: IOI Corporation Berhad (RSPO membership No. 2-0002-04-000-00) and Morisem POM Sdn Bhd unit was registered in the RSPO PalmTrace as follows; Member ID: RSPO_PO1000001098 License ID: CB76921</p>	Complied
<p>5.1.4. Processing aids do not need to be included within an organization's scope of certification.</p>	<p>No processing aid used as this facility is a CPO Mill.</p>	Complied
5.2 Supply chain model		
<p>5.2.1 The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p>	<p>Verified that this facility is a CPO Mill which applies Module D: Identity Preserved (IP)</p>	Complied
<p>5.2.2. The site can use one (1) or a combination of supply chain models as audited and</p>	<p>Verified that this facility is a CPO Mill which applies Module D: Identity Preserved (IP)</p>	Complied

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certified by the CB.		
5.3 Documented procedures		
<p>5.3.1. The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard. 	<p>Documented procedure for CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOSC/SOP/IP/4) - Module D is verified on site. The 'IP module' implementation is verified to adhere to the RSPO SCCS requirement. Production records are maintained and updated on a daily basis and monthly, 3-monthly and annually reports are compiled and for reporting to the IOI Group, HQ.</p> <p>The responsible person identified is the Mill Manager as per the SOP and Organizational chart. Interview done with the Mill Manager (Mr. Hamuddin Bustamin), confirmed that he and his assistants are aware and able to demonstrate the implementation of the RSPO supply chain requirements.</p>	Complied
<p>5.3.2. The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <ol style="list-style-type: none"> i. conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. ii. effectively implements and maintains the standard requirements within its organization. <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization must be able to maintain the internal audit records and reports.</p>	<p>Internal audit SOP: RSPOSC/SOP/IA/1 rev 01 dated 1 Aug 2017 was established and maintained.</p> <p>Documented procedure for CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOSC/SOP/IP/4) - Module D is verified on site. covered the implementation of all elements of Supply chain modules, is verified on-site. Stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements. The SOP had covered the Market Communications and Claims requirements including:</p> <ol style="list-style-type: none"> 1) General corporate communications 2) Business to business communications 3) Business to consumer communication 4) Stamp CSPO/IP or CSPK/IP 5) IP general & Module D: IP for CPO Mill 6) Labelling and trademark 7) Messaging <p>Last Internal audit was done on: 9 Aug 2019. using the checklist as per the RSPO SCC Standard</p>	Complied

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	<p>2017 which included the RSPO Market communication and claims requirements. The last internal audit indicated 1 NC raised which were closed out after corrective actions taken.</p> <p>The Internal audit findings were reviewed during the Management review conducted on: 23 Aug 2019 The management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU Estates. Records of Internal audits and minutes of Management review of past 2 years were maintained and available.</p>	
<p>5.4 Purchasing and goods in</p>		
<p>5.4.1. The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping announcements/ Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. • A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the list of RSPO 	<p>The Daily Production Report showed traceable figures of certified products from certified raw material sources. All incoming certified raw material is recorded by daily, monthly and annual basis. Incoming raw material delivery documents included: Name and address of the product origin, name and address of the receiver; ticket number, delivery order no.; contract no.; date; quantity; transporter; type of product; Supply Chain model used - IP and RSPO certificate number. Note: Current PT license: 18 Dec 2018 – 17 Dec 2019</p> <p>Incoming FFB from supply base are entirely from owned estates only under the grouping.</p> <p>Samples taken at POM (Receiving site): Between: 1 Jan 2019 and 15 Sept 2019</p> <p>Estates Origin: Morisem Plantations SB – Morisem 2 estate Priceland SB – Morisem 4 estate BA Plantations SB - Leepang 2 estate BA Plantations SB - Leepang 3 estate</p> <p>Common information details of Delivery: Address: Lahad Datu, Sabah Country of origin: Lahad Datu, Sabah, Malaysia Receiver: Morisem POM Address: Lahad Datu, Sabah, Malaysia Product: FFB – RSPO / IP Certified - CSFFB RSPO Cert no: RSPO 928588</p> <p>Sampled - Delivery Notes: Dated; 10 -12 Jan 2019 Morisem Plantations SB – Morisem 2 estate DN 52520, WB 467025 Priceland SB – Morisem 4 estate DN 18759, WB 467020 BA Plantations SB - Leepang 2 estate, DN 11678, WB Ticket no: 465069 BA Plantations SB - Leepang 3 estate DN 68001, WB ticket no: 465070</p> <p>Dated: 31 July – 10 Sept 2019 Morisem Plantations SB – Morisem 2 DN 77883, WB 491017 Priceland SB – Morisem 4</p>	<p align="center">Complied</p>

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<p>Supply Chain Certified sites on the RSPO website (www.rspo.org) at least annually or through the RSPO IT Platform by confirmation of (shipping) announcements.</p> <ul style="list-style-type: none"> The validity of license for traders and distributors shall also be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements/announcements. 	<p>DN 21780, WB 491020 BA Plantations SB - Leepang 2 estate, DN 11678, WB Ticket no: 491675 BA Plantations SB - Leepang 3 estate DN 78109, WB ticket no: 491783</p> <p>Quantity: Between 2980 - 14200 kg Net Product: FFB – RSPO / IP Certified - CSFFB RSPO Cert no: RSPO 928588</p>	
<p>5.4.2. The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p>	<p>As per the SOP for POM: IOI/Stop/ 09 issue 02, 01 July 2019 (Product Storage & Dispatch) available at the POM for the IP based incoming FFB and documentations such as Estates Delivery Notes and Weighbridge tickets at POM, the control mechanism noted to be in order, includes CPO despatch by Barge – as applied at Morisem POM.</p> <p>Mechanism for handling of NC OP products and documentation stated in Section 12 – NC products / documents / certification issues.</p> <p>So far, there was no evidence of any occurrence of non-conforming products or related documents.</p>	<p>Complied</p>
<p>5.5 Outsourcing activities</p>		
<p>5.5.1. In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.</p> <p>This requirement is not applicable to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the certified organization (not the tank farm manager).</p>	<p>Verified that there are no outsourced processing activities to Independent third parties.</p> <p>Transport of FFB, CPO and PK as arranged by the Estates and POM Management are controlled via contracts with transporters and inspection of the transportation vehicles used prior to and upon completion of loading and off-loading. This are evidenced in the Delivery chits and weighbridge tickets which indicate the Transport vehicle no, weight and driver involved.</p>	<p>Complied</p>
<p>5.5.2. Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ol style="list-style-type: none"> The site has legal ownership of all input material to be included in outsourced processes; The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed 	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>

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<p>necessary.</p> <p>c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</p> <p>d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.</p>		
<p>5.5.3. The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>Transport contractor for the transportation of the CSPO & CSPK are monitored and valid contracts are available and verified at the POM.</p>	<p>Complied</p>
<p>5.5.4. The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>
<p>5.6 Sales and goods out</p>		
<p>5.6.1. The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer;</p> <ul style="list-style-type: none"> • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number of the seller; • A unique identification number. • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements / Announcements and 	<p>CPO Mill: Morisem Palm Oil Mill Sdn Bhd - Morisem POM, sales and delivery documents information includes:</p> <ul style="list-style-type: none"> - Name and address of production unit. - Name and address of buyer - WB Ticket number - Date of delivery - Transporter ID / - Type of product / Supply chain model - Quantity: - RSPO certificate no.928588 <p>Delivery is lorry tankers for CPO. Off loaded to Barge and then shipped to Refinery (at Sandakan)</p> <p><u>Sample - Outgoing product - CSPO:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Morisem POM - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: KM 12, Sungai Mowtas, Jalan Jaya, PO Box 3423, 90738 Sandakan, Sabah, Malaysia - WB Ticket no. 105869 / 107163 - Date: 28 Dec 2018 / 16 July 2019 - Transport ID: SS 6249 E / SS1695 F - Product: CSPO / IP - Quantity: 27,130 kg (net) / 24,660 kg (net) - RSPO Cert no: RSPO 928588 <p><u>Outgoing product - CSPK:</u> Eg:</p> <ul style="list-style-type: none"> - Origin: Morisem POM - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd 	<p>Complied</p>

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<p>Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance.</p>	<ul style="list-style-type: none"> - Address: KM 12, Sungai Mowtas, Jalan Jaya, PO Box 3423, 90738 Sandakan, Sabah, Malaysia - WB Ticket no. 44248 / 44459 - Date: 21 Dec 2018 /31 July 2019 - Transport ID: SS 2168 J / SS 4168 F - Product: CSPK / IP - Quantity: 28,050 kg / 30,350 kg net - RSPO Cert no: RSPO 928588 	
<p>5.7 Registration of transactions</p>		
<p>5.7.1. Supply chain actors who:</p> <ul style="list-style-type: none"> • are mills, traders, crushers and refineries; and • take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable. 	<p>Legal ownership and physically handling of the RSPO CSPO & CSPK is confirmed for the past 12 months. Records for the transactions made from the POM as sold to the next owner (IOI Edible Oils Sdn Bhd) are confirmed to be appropriately maintained.</p> <p>Morisem POM Sdn Bhd unit was registered in the RSPO PalmTrace as follows; Member ID: RSPO_PO1000001098 License ID: CB76921 is identified during certified products trading.</p>	<p align="center">Complied</p>
<p>5.7.2. The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:</p> <ul style="list-style-type: none"> • Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures. • Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually. • Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. • Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements. 	<p>The company has registered their transactions as per the Palm trace.</p> <p>Checked information: Transaction ID: stated Seller: Morisem POM Sdn Bhd (Morisem POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPO Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: Jan- July 2019</p> <p>Transaction ID: stated Seller: Morisem POM Sdn Bhd (Morisem POM) Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPK Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: Jan- July 2019</p>	<p align="center">Complied</p>
<p>5.8.1. The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff.</p>	<p>The POM has an annual Training 2018 /2019, which includes refresher training on the RSPO SCCS. Training records are updated for personnel which includes attendance list and photograph as evidence are verified and available.</p>	<p align="center">Complied</p>

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<p>5.8.2. Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed.</p>	<p>The last training was done on 21 Jan 2019, attended 8 participants which included the Mill Manager, Executives, Assistants, Weighbridge clerks who are involved in implementation of the RSPO SCCS. Understanding by personnel was confirmed during audit at the POM.</p>	<p>Complied</p>
<p>5.9 Record keeping</p>		
<p>5.9.1. The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements.</p>	<p>The company has procedure to maintain and update all documents and records of RSPO supply chain system as required by the RSPO supply chain. The company has maintained, updated report & record which covering all aspects of RSPO SCCS requirements, such as: daily report, monthly report, 3-months mass balance report, delivery note, balancing stock report, complaint record, non-conforming product report, etc.</p>	<p>Complied</p>
<p>5.9.2. Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.</p>	<p>As per the RSPO SCC SOP, the minimum retention time of record for 2 years was stated. The retention of accounting related records including contracts, invoices etc. had complied with the minimum 7 years as per the Annual Accounting report and Stock Inventory done by the Accounting Dept. Based on sampling done for RSPO transactions, the related records were noted to be retained and available at site.</p>	<p>Complied</p>
<p>5.9.3. The organization must be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.</p>	<p>The PMU has updated the record keeping of the volumes of FFB purchased, processed and claimed as RSPO certified oil palm products. The Monthly, 3- Monthly, and Annual data over past 12 months was available.</p>	<p>Complied</p>
<p>5.10 Conversion factors</p>		
<p>5.10.1 Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries.</p>	<p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p>	<p>Not applicable</p>
<p>5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.</p>	<p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p>	<p>Not applicable</p>
<p>5.11 Claim</p>		

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5.11.1. The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.	As at to-date, there has been no evidence of any no incorrect or inappropriate claims made at this unit.	Complied
RSPO Rules on Market Communications and Claims:		
General Corporate communications		
4.1 Highlights RSPO membership and/or commitment to RSPO Principles	The RSPO membership number is stated under the parent company of IOI Corporation Berhad as indicated in the RSPO website and CH certificate.	Complied
4.2 a) displays RSPO membership number b) displays RSPO web address (www.rspo.org.) c) states support for RSPO work	Noted done via the ACOP submitted on annual basis eg for year 2017 and 2018.	Complied
4.3 No misleading claim on RSPO membership on sale of certified RSPO products	There has been no evidence of any misleading claim as at the time of audit on the sale of the CSPO & CSPK for past 12 months (Jan-Dec 2018)	Complied
4.4 No misleading claim to consumers and stakeholders.	As above.	Complied
4.5 Use of RSPO logo	No evidence of inappropriate use of the RSPO logo.	Complied
Business to Business communications		
5.1 Appropriate communications for B to B	Transactions and communications are presently internal i.e. between the IOI POM (seller) and IOI Edible Oils Sdn Bhd – Refinery (buyer)	Complied
5.2 Communication of claims of SCC Model and Certificates	Verified that claims using the IP model / status as issued in the CH certificate was correctly stated.	Complied
5.3 Distributor or wholesaler License use	Not applicable as the POM is not a distributor / wholesaler.	Not applicable
5.4 Declarations of certified palm oil are as per RSPO rules.	Verified that claims made on CSPO & CSPK are as per RSPO Rules.	Complied
Business to Consumer communications		
6.1 Any business to consumer claims made?	Not applicable as the POM does not make any communications with consumers.	Not applicable
6.2 Are the RSPO Marks and logos appropriately used and communicated.	Not applicable.	Complied
6.3 On-pack label and claim use	Not applicable.	Not applicable
6.4 Any disclosure of supplier membership status	Not applicable.	Not applicable
6.5 Appropriate and accurate claims made on certified products	Verified that transaction and claims on certified CSPO & CSPK are appropriate and accurate over past 12 months.	Complied
6.6 Use of RSPO Marks and logos	Verified that there was no inappropriate use of RSPO Marks & Logos.	Complied
6.7	Not applicable.	Not

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Retailer or Food Services company use of RSPO Marks and logos		applicable
6.8 Appropriate and accurate claims made on certified products under 6.7	As above	Not applicable
5.12 Complaints		
5.12.1. The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Documented procedure for CPO Mill for Palm Products. SOP Section 11, verified on site, included the collecting and resolving of stakeholder complaints and any quality issues. There has been no complaint received since previous audit.	Complied
5.13 Management review		
5.13.1. The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	Management review is planned on an annual basis. Last Internal audit was done on: 9 Aug 2019. using the checklist as per the RSPO SCC Standard 2017 which included the RSPO Market communication and claims requirements. The last internal audit indicated 1 NC raised which were closed out after corrective actions taken. The Internal audit findings were reviewed during the Management review conducted on: 23 Aug 2019 The management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU Estates. Records of Internal audits and minutes of Management review of past 2 years were maintained and available.	Complied
5.13.2. The input to management review shall include information on: <ul style="list-style-type: none"> Results of internal audits covering RSPO Supply Chain Certification Standard. Customer feedback. Status of preventive and corrective actions. Follow-up actions from management reviews. Changes that could affect the management system. Recommendations for improvement. 	Minutes meeting of management review has included all the required inputs. Review of inputs had covered the both the internal audit results on 1 internal audit finding and the NC findings from external audits (from CB and other parties). Review of corrective and preventive actions and the follow up actions from customer feedbacks, previous management review and changes that could affect the management system were minuted.	Complied
5.13.3. The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> Improvement of the effectiveness of the management system and its processes. Resource needs. 	Outputs of management review has included recommendations for improvement such as the progressive planning for changeover to a SAP system and training needed for the personnel over the next 12 months.	Complied

RSPO Supply chain requirements – Module D (IP) for CPO Mill

D.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
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	The POM only processed FFB from its own supply base (see Section 1.3).	Complied

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<p>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>It was verified that there were no sources of FFB from any outgrowers or independent suppliers / smallholders.</p> <p>Therefore, the CPO Mill continues to apply the Identity Preserved (IP) module as was in the previous year.</p>	
D.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance
<p>D.2.1</p> <p>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 and submitted by the POM. The data is verified during the current assessment.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year i.e. estimated for 2018.</p> <p>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>	Complied
<p>D.2.2</p> <p>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>	Complied
D.3 Documented procedures		
<p>D.3.1</p> <p>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 CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOSC/SOP/IP/4 is verified on site,</p>	Complied
<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. The implementation includes controlling of FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	Complied
<p>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.</p>	<p>Mill Manager, Mr. Zulkarnain Abd. Rahman has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Asst. Mill Manager, Mr. Harry Dania) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard requirements and its implementation. Interviews of the relevant staff confirmed their</p>	Complied

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	<p>knowledge of the RSPO Supply Chain Certification Standard requirements for the respective areas of operations.</p> <p>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.</p>	
<p>D.3.2</p> <p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>For the year 2018 / 2019, the POM only received and processed FFB entirely from the PMU group estates. Verified that there is no evidence of any non-certified FFB from other sources or suppliers.</p> <p>All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.</p> <p>The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure.</p> <p>The POM has 6 CPO storage tanks that stored the IP quantities.</p>	Complied
D.4 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
<p>D.4.1</p> <p>The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional Office and weekly to the Head Office at Putrajaya.</p>	Complied
<p>D.4.2</p> <p>The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>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.</p>	Complied
D.5 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
<p>D.5.1</p> <p>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.</p>	<p>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. The 3-monthly summary of incoming FFB and outgoing CPO & PK are available and checked to be accurately recorded.</p>	Complied
D.6 Processing		
Indicators	Findings and Objective Evidence	Compliance
<p>D.6.1</p> <p>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. The processing facility has established and implemented a clear procedure and mechanism for the IP module.</p> <p>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.</p> <p>Transaction documents and bookkeeping of FFB, CPO</p>	Complied

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	and PK are done daily, and monthly summary submitted to Head Office. All CPO and PK are sold to IOI Edible Oil Sdn Bhd (Refinery at Sandakan, Sabah).	
D.6.2 The objective is for 100 % segregated material to be reached.	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 were indicated as CSPO/IP and CSPK/IP on relevant documents.	Complied

3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the POM has been able to comply with the requirements of the RSPO SCCS under the 'IP' module and is thus eligible for 'IP' trading for its palm products for **year 2019/2020**.

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3.1.3 Summary of Certified Product Volumes (Produced and Traded):

The Production data and traded volumes of certified products which was verified for current and next year's projection is detailed as per Table 8 below:

Details as per RSPO Certification System Document		
	CPO (MT)	PK (MT)
Last year's (Projected) Certified volume (RSPO Certified)	57,747	12,899
a) Last year's Actual sold volume (RSPO Certified) (Sept 18 – Aug 19)	39,835.71	10,931.44
b) Last year's Actual sold volume * (Other Schemes Certified) (Sept 18 – Aug 19)	1,345.79	-
c) Last Year's Actual sold volume ** Conventional (Sept 18 – Aug 19)	-	-
Total of (a) + (b) + (c)	41,181.50	10,931.44
New (Projected) Certified Volume (RSPO Certified)	53,000	12,190

Notes:

- Verified that the total Actual sold (for last year) has not exceeded the Projected (for last year)
- * No volumes were sold under 'Other Schemes certified' (noted: POM is also certified under ISCC scheme).
- ** Remaining volumes traded not claimed under 'Certified' were traded as 'Conventional' volume.
- The Actual volume figure in table was from 2 period (Sept 18 – Dec 18 and Jan 19 – Aug 19)
- Actual sold volume (RSPO Certified-CPO) for the period Sept 18 – Dec 18 was 10,980.53 mt while for the period Jan 19 – Aug 19 was 28,855.18 mt
- Actual sold volume (RSPO Certified-PK) for the period Sept 18 – Dec 18 was 4,416.49 mt while for the period Jan 19 – Aug 19 was 6,514.95 mt
- Actual sold volume (Other Scheme) for the period Sept 18 – Dec 18 was 0 mt while for the period Jan 19 – Aug 19 was 1,345.79 mt

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

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

Assessment Type	Year	Noncompliance (NC)	Observations (OBS)	Follow up status
Re-Certification Assessment	2018	4 (0 Major, 4 Minor)	1	Actions taken on the NCs was verified to be effective during ASA-01
Annual Surveillance-01 (2 nd Certification cycle)	2019	0	3	Observations issued to be followed up in next audit.

3.2.1 Year 2019: ASA-01, 0 NCs

The Audit team has been verified and noted that the CH unit had taken appropriate corrective actions on the previous NCs raised and on overall appropriate measures were found in the implementations of requirements at the CH unit during the audit.

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3.2.2 Year 2019: ASA-01, 3 Observations

Ref No:	RSPO P&C Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: SH-01	4.3.4	Leepang 3 estate: The actions to be taken to address the fluctuating water level in the peat area such during occurrence of water level going above or below the set limits can be further enhanced.	20 Sept 2019		Follow up next audit
OBS: SH-01	4.4.1	At Estates Morisem 2, 4, Leepang 2 and 3: Monitoring of incoming and outgoing water quality analysis for natural watercourses can be further enhanced by increasing the number of sampling points as per action plan that has been documented in respective Water Management Plans.	20 Sept 2019		Follow up next audit
OBS: MAS-01	4.8.1	At POM & Estates Training Needs Analysis can be further improved to enable more focused training topics on the significant aspects of the RSPO requirements such as on social and environmental issues and recent developments.	20 Sept 2019		Follow up next audit

3.2.3 Year 2018: Re-certification Assessment: 4 Minor NCs

NC#	MYNI Indicator	Details of NC
Minor JMD-01	2.1.3	Date issued: 28/09/2018
		Indicator requirement: A mechanism for ensuring compliance shall be implemented.
		Statement of Nonconformance: Valid work permits are not available for a few workers at time of audit.
		Evidence of Nonconformance: Location: Leepang 3 Estate and Leepang 4 Estate Application for work permits for seven workers in Leepang 3 Estate and four workers in Leepang 4 Estate are still in progress since Sep 2017 and the workers are already working at the time of audit.

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: All the mentioned workers are actually have undergone legalization program under the government's 3+1 and Rehiring program. The related documents such as <i>Permohonan Membawa Masuk Pekerja Asing, Akuan Penerimaan Penyerahan, Penyerahan Dokumen Kompaun</i>, etc. from Immigration Department are all available on-site as the evidences that the workers has really gone through the program.</p> <p>It is important to take note that these workers is already residing in Sabah for years. The reason why they did not acquire the legal status is probably because they have been moving from one company to another, or their previous employer did not employ them through a proper channel, or fail to retain their legal status (e.g. passport or work permit renewal). This is currently one of the biggest challenges faced by the industry player in Sabah, not in just in the mentioned estates.</p> <p>Due to the long period needed for the legalization process to be completed, the management had decided to allow the workers to work during this processing period to ensure the workers can sustain their source of income. Otherwise, the workers are not going to be able to secure any income needed for maintain their daily subsistence cost along with their dependents who are currently depending on them.</p> <p>This decision is made in consideration of human right and humanitarian basis to ensure all workers who are employed by the company will be well taken care and their welfare are secured and properly looked after.</p> <p>Corrective Action: The process is still on-going and as per the latest update, the workers are currently in the process to undergone FOMEMA health check. Subsequent to this, the process for the issuance of the work permit will be continuing which will be further guided by Immigration Department. The whole process usually will take one to two years period despite all the procedure for renewal of work permit had been taken and completed by the company.</p>		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. Document of <i>Permohonan Membawa Masuk Pekerja Asing</i> from Immigration Department. 2. Document of <i>Akuan Penerimaan Penyerahan</i> Document from Immigration Department. 3. Document of <i>Penyerahan Dokumen Kompaun</i> from Immigration Department. 4. Official receipt of <i>Permohonan Baru Pas Khas – Tujuan lain-lain</i>. <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/11/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018			
		<p>Verification (for effectiveness):</p> <p>Corrective actions found to be effectively implemented during ASA-01 audit and accepted for closure.</p> <p>By Auditor: JMD Date: 20 Sept 2019</p>		

NC#	MYNI Indicator	Details of NC
Minor CBK-01	4.7.5	Date issued: 28/09/2018
		<p>Indicator requirement:</p> <p>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.</p>

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	Statement of Nonconformance: Training on safety for harvesters is not effective as seen from lack of understanding by the worker concerned.
	Evidence of Nonconformance: Location: Leepang 4 Estate During the interview, a harvester confirmed that he carried the harvesting pole to the field while riding on a motorcycle. This is not in accordance with "Prosedur kerja Selamat Memotong Buah Sawit / Pelepah (Doc: IOI-OSH 3.2.2)" where it is stated that motorcycle is not allowed to be used for carrying harvesting pole, sickle or lance.
	Root Cause and Corrective Action: Root Cause: Lack of understanding of the workers although already been given training and training analysis on the SOP of Harvesting. Various safety signboard and continuous monitoring from the Safety Officer and SPO Supervisor have also already put in place to avoid such practice by the harvester. Corrective Action: The management will conduct a refreshment training to all harvesters on SOP harvesting which also including the transporting of harvesting poles using tractors instead of motorcycle. Increase the frequency of morning briefing to the workers especially harvester to twice a week. Addition of signboard on prohibition of transporting harvesting poles by motorcycle. Monitoring of SPO supervisor/ AP during workplace inspection on the transport of harvesting pole Warning letter will be issued to the harvester if spotted doing so.
	Verification (Corrective Action): Off-site verification carried out. Following supporting evidences submitted: 1. Training record for SOP harvesting 2. Record of morning briefing twice a week 3. Pictorial evidence of addition new signboards at linesite or strategic locations in field. 4. Record of workplace inspection by SPO supervisor/ Auxiliary police 5. Sample of warning letter to be issued to harvester. The corrective action satisfactorily addressed the non-conformance.
	NC status verified by auditor: Closed by OCL Date closed: 14/11/2018
	Verification (for effectiveness): Corrective actions found to be effectively implemented during ASA-01 audit and accepted for closure. By Auditor: MAS Date: 20 Sept 2019

NC#	MYNI Indicator	Details of NC
Minor OCL-01	5.4.1	Date issued: 28/09/2018
		Indicator requirement: A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.
		Statement of Nonconformance: Comparison of diesel usage per MT FFB is not consistent.

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		<p>Evidence of Nonconformance:</p> <p>Location: Morisem 3 Estate</p> <p>Data were compiled for 5 years (from FY2013/2014 to FY2017/2018) for comparison and monitoring to improve efficiency of the use of diesel at the estates.</p> <p>The data used by Morisem 1, Leepang 3 and Leepang 4 Estates were based upon the volumes of litres of diesel used per MT of FFB used in FFB transportation. However, the data used by Morisem 3 Estate was different in that it included diesel used for other purpose such as road maintenance vehicles and gen set. The same basis for data must be used for consistency in comparison.</p>		
		<p>Root Cause and Corrective Action:</p> <p>Root Cause: The diesel usage record in Morisem 3 is the total amount of diesel usage by both Morisem 3 Estate and Engineering Lahad Datu (ELD). The ELD lorries often help the sister estate to transport FFB to Morisem Mill as well as road maintenance activities which cause the high diesel usage in the diesel usage record.</p> <p>Corrective Action: The diesel usage by the ELD will be excluded from Morisem 3 Estate. The five years diesel usage for the estate will be breakdown to reflect the actual usage of the estate, and how much is being used for other purposes (by ELD). This will be able to ensure a more accurate presentation of the data.</p>		
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. Record of new amended diesel usage record of Morisem 3 Estate. 2. The movement record of ELD lorries as well as the diesel used. 3. The diesel record of estates that included the diesel usage by ELD lorries <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1"> <tr> <td>NC status verified by auditor: Closed by OCL</td> <td>Date closed: 14/11/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018
		NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018	
<p>Verification (for effectiveness):</p> <p>Corrective actions found to be effectively implemented during ASA-01 audit and accepted for closure.</p> <p>By Auditor: SH Date: 20 Sept 2019</p>				

NC#	MYNI Indicator	Details of NC
Minor JMD-02	6.13.2	Date issued: 28/09/2018
		<p>Indicator requirement:</p> <p>As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.</p>
		<p>Statement of Nonconformance:</p> <p>Measures taken by the plantation management to ensure children of foreign workers attending school is inadequate.</p>
		<p>Evidence of Nonconformance:</p> <p>Location: Morisem 03 Estate</p> <p>A few children were found not attending school during school day for no apparent reasons. Parents and teacher of the children were interviewed and no satisfactory answers provided.</p>

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause: This is due to the lack of awareness from some of the parents who does not prioritize their children education. Some of the parents prefer their children to do house chores or babysitting their younger sibling/relatives at home.</p> <p>Corrective Action: Management has conducted a meeting session with the parents who not sent their child to HUMANA and discuss the importance of education and to encourage the parent to send their kids to school.</p> <p>To further improve the attendance of the children to HUMANA, the operating unit shall monitor the name list of the children at the schooling age and verify their attendance at the school from time to time.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out. Following supporting evidences submitted:</p> <ol style="list-style-type: none"> 1. The meeting with the parents who not sent their child to HUMANA regarding the importance of education. 2. New Registration record of HUMANA children. <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 14/11/2018</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018
NC status verified by auditor: Closed by OCL	Date closed: 14/11/2018			
		<p>Verification (for effectiveness): Corrective actions found to be effectively implemented during ASA-01 audit and accepted for closure.</p> <p>By Auditor: JMD Date: 20 Sept 2019</p>		

3.2.4 Year 2018: Re-certification Assessment: 1 Observation

Ref No:	RSPO P&C Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS# OCL-01	5.2.1	Morisem 1, Morisem 3, Leepang 3, Leepang 4 Estates	HCV assessment was conducted by the Sustainability Team and documented in reports dated 13/09/2018 for Morisem 1, Morisem 3, Leepang 3 Estates and in a report dated 12/09/2018 for Leepang 4 Estate. It was found that although Ladang Asas (Tas & Halusah) Estate had been transferred from IOI Morisem Grouping to IOI UNICO Grouping, the reports still mentioned this estate.	28 Sept 2018	20 Sept 2019	Addressed and closed

3.2.5 Identified Positive Elements

- 1) The PMU has contributed towards the education of children of estate migrant workers. On overall, IOI Corporation Berhad has continued to provide educational assistance in terms of school building and associated facilities for more than 2000 estate children of migrant workers both at the primary and secondary level under the Borneo Childcare (Social NGO) based HUMANA educational programme.
- 2) The PMU has contributed towards the local economy in terms of business and job opportunities and had provided proper and improved infrastructure such as ferry & transport services, road access, housing, sports and recreational facilities.

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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 Morisem 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 (Surveillance Assessment ASA-01 – Year 2019)

Communication was done via email on 15 Aug 2019 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that good rapport has been maintained with the respective Government agencies.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that good rapport has been maintained with the respective NGOs active at the Kinabatangan areas.	Nil
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 20 Sept 2019.</p> <p>A total of 8 stakeholders (including HUMANA teachers, Contractors, Suppliers, Village and Government agency representatives) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Regular programme to communicate awareness of malaria and dengue risks for workers and children. 2. Regular medical checks on children and immunisation programmes to be continued for outbreaks of any infectious diseases such as Measles 3. Improve security and facilities as the HUMANA schools. 4. More regular Ferry services for 	The PMU will consider the concerns and suggestions from the stakeholders (briefed by the auditors during the closing meeting.)	2019: Continued monitoring and further followed up during the next Assessment.	

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transporting local villagers especially during the monthly Tamu held.			
Interviews of sampled staff and workers were also conducted by the auditors during ASA-01 field visits. Staff / Workers sampling: POM = 7 male, 8 female Estates = 41 male, 42 female (including Office & Field workers) No significant negative issues raised by the sampled staff and workers Overall, feedback was that positive improvements were noted over the past 12 months.	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 (Re-Certification Assessment – Year 2018)

Communication done via email on 14 Aug 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 28/9/2018. A total of 5 stakeholders (including school, HUMANA and government agency) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations: 1) Collaboration between schools and the group to conduct Perintis Industri Menengah Atas (PIMA). 2) Collaboration between the schools and the group to conduct Mud Ball Programme (environmental protection programme). 3) Estate Health Assistants to assist in malaria and dengue detection programme among workers.	The PMU will consider the concerns and suggestions from the stakeholders (briefed by the auditors during the closing meeting.)	2018: To be followed up during the next Assessment. Note: See follow up findings in 2019.	2019: Following actions were verified during ASA-01 There was increased rapport with the Local school and HUMANA on environmental awareness programme Active measures were taken at the Clinics to promote awareness of

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<p>4) Workers with infectious diseases confirmed during FOMEMA process must be sent back to the country of origins and not staying at the workers quarters.</p> <p>5) External drinking water lab result should be submitted to Unit Kawalan Mutu Air Minuman, Kementerian Kesihatan for drinking water quality monitoring by the government.</p> <p>6) Fund collection among workers for children measles immunisation. Measles found to have spread in certain years and could lead to mortality cases.</p> <p>7) Improve ferry landing area for the convenience of the passengers.</p> <p>8) Improve security at HUMANA schools especially during school holidays. The schools are always found to have been broken into during school holidays.</p>			<p>mosquito borne diseases.</p> <p>More in depth review of FOMEMA reports on workers' health.</p> <p>Submission of drinking water quality reports to the Kementerian Kesihatan Malaysia.</p> <p>Ongoing Immunisation Programs for the workers children.</p> <p>More regular trips of ferry services for the local community.</p> <p>Improved security at HUMANA schools with regular surveillance by the Auxiliary Police at schools during evenings.</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 24 to 28 Sep 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 12 male, 13 female Estate = 45 male, 43 female</p> <p>No issues raised by the sampled staff and workers.</p>	No response needed.	No response needed.	Nil
<p>Other Interested parties: No feedback received.</p>	No response needed.	No response needed.	Nil

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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

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

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

Signed for and on behalf of
Intertek Certification International Sdn Bhd



Augustine Loh
Lead Assessor
Date: 25 Nov 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd



Mr. Zakaria B. Arshad
Plantation Controller, Morisem/Baturong Grouping
Date: 28 Nov 2019

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4.2 INTERTEK- RSPO P&C Certificate details for the PMU

Certificate No:	RSPO 928588
Original Start date:	18 Dec 2013
New Start date (Re-cert):	18 Dec 2018
Expiry date:	17 Dec 2023
New PalmTrace License Start date	18 Dec 2019
Expiry date for PalmTrace	17 Dec 2020
Organization	IOI Corporation Berhad
Address of Head Office:	Level 27, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Malaysia.
RSPO Membership No:	2-0002-04-000-00
Management Unit:	Morisem Palm Oil Mill Sdn Bhd – Morisem POM & Estates Grouping
Address of POM:	MDLD 5123, KM 3, Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model at POM	Identity Preserved (IP)

Details of the Mill and Supply Base covered by this certificate and the tonnages approved are:

Name	Address	GPS Reference		Certified (Titled) Area - ha	Mature Planted Area - ha
		Latitude	Longitude		
Morisem Palm Oil Mill Sdn Bhd - Morisem Palm Oil Mill Capacity: 105 MT/hour	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E	-	-
1 Morisem 1 Estate Morisem (Sabah) Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E	2032.00	1896
2 Morisem 2 Estate Morisem Plantation Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E	2042.14	1847
3 Morisem 3 Estate PR Enterprise Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E	2013.70	1131
4 Morisem 4 Estate Priceland Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E	2023.00	1073
5 Leepang 2 Estate B.A Plantations Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E	2159.19	1847
6 Leepang 3 Estate B.A Plantations Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E	1914.43	1838
7 Leepang 4 Estate Pine Capital Sdn Bhd	MDLD 5123, KM 3, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E	1425.21	1352

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The certified tonnages available for trade under PalmTrace by the CH unit for 2019/2020 are as follows:

Morisem Palm Oil Mill Sdn Bhd - Morisem Palm Oil Mill	Tonnages (MT) 2019/2020
Certified FFB	265,000
Certified CPO	53,000
Certified PK	12,190
Supply chain module	Identity Preserved (IP)

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

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

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

Mr. Szali Hasni – Assessor / Technical Expert

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

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

Mr. Jumat Majid – Assessor / Technical Expert

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

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

Mr. Mohamad Hafiz Mat Hussain (MMH) – Lead Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management, Safety and Health)
- Bachelor in Technology and Plantation Management (UiTM)

Mr. Mohamad Hafiz has more than 5 years working experience in the oil palm plantation operations, agriculture, safety and health related field. He was attached to a large publicly listed plantation organisation from 2009-2013. His job responsibilities include supervision and monitoring to ensure that all estate operations are complying to the RSPO requirements and regulations, Good Agricultural Practice and other standard operation procedures. He had spent 6 years being previously engaged with international CBs in conducting certification audits of plantation operations for compliance with the RSPO and MSPO requirements. He has successfully completed RSPO Principles & Criteria Lead Auditor course in 2014 and the RSPO Supply Chain Certification Lead assessor course in 2016 and the MSPO Lead Auditor course in 2017. He has good on-field knowledge in the Palm Oil sector such as industry fundamentals on good agricultural practices (GAP), best management practices (BMP), 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 qualified Lead Auditor for both the RSPO and MSPO certification audits.

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Mr. Mohamad Amirul Saifullah Mohamad Senan (MAS) – Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management, Safety and Health)

– Bachelor of Agricultural Science (UPM)

Mr. Mohamad Amirul has more than 6 years working experience in the oil palm plantation operations, agriculture, safety and health related field. He was attached to a large publicly listed plantation organisation since 2012. His job responsibilities include supervision and monitoring to ensure that all estate operations are complying to the RSPO, ISCC and MSPO requirements and regulations, Good Agricultural Practice and other standard operation procedures. He was involved in the Internal Audits of plantation operations for compliance with the RSPO, ISCC and MSPO requirements. He has successfully completed RSPO Principles & Criteria Lead Auditor course and the RSPO Supply Chain Certification Lead assessor course in Jan 2019 and the MSPO Lead Auditor course in 2018. He has good on-field knowledge in the Palm Oil sector such as industry fundamentals on good agricultural practices (GAP), best management practices (BMP), 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 also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

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Appendix B:

Assessment Plan (Actual)

At HQ site: 11 Sept 2019

Date	Time (Note 3)	Assessors and Assessment Activity			
		Assessment Team (Lead Assessor: AL)			
13 Sept 2019	9.00 am – 1.00 pm	Opening Meeting and Briefing at HQ Office (to be attended by representatives from the HQ Management)			
		<ul style="list-style-type: none"> Review of documentation changes (incl. Organization, Policies, SOPs, and Laws etc.) Evaluation of the Pre-Verification Data Review of Time Bound Plan (TBP) Verification on compliance with Minimum requirements for Multiple Management Units (MMU) Verification of implementation effectiveness for corrective actions on previous NCs 			
	1.00 pm - 2.00 pm	Lunch Break			
	2.00 pm – 4.30 pm	Continue site assessment at HQ			
	4.30 pm – 5.30 pm	Briefing of findings on areas/ issues related to HQ			

At PMU site: 17 – 21 September 2019

Date	Time	Assessors and Assessment Activity			
		Assessment Team			
17 Sept 2019 (Day 1)	7.00 am – 1.00 pm	Travel to Morisem Palm Oil Mill			
	1.00 pm – 2.00 pm	Lunch Break			
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)			
	2.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM			
		AL	JMD & MHH	SH	MAS
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P1 Transparency P2 Laws & regulations P3 Economic & Financial Viability P8 Continual Improvement SCC for POM 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P2 Laws & regulations P6 Employees, Individuals & Communities incl. Gender Issues P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P2 Laws & regulations P5 Environmental, Conservation, HCV & GHG P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P2 Laws & regulations P4 Best Practices at Estates P8 Continual Improvement
	<ul style="list-style-type: none"> Verification of effectiveness of corrective actions for non-conformances Review of Time Bound Plan Verification for compliance with rules on partial certification 				
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion				

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Date	Time	Assessors and Assessment Activity			
18 Sept 2019 (Day 2)	8.30 am – 12.30pm	AL	JMD & MHH	SH	MAS
		Site assessment at Estate 1 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 am – 5.30pm	AL	JMD & MHH	SH	MAS
		Site assessment at Estate 2 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 2 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement
5.30 pm – 6.30 pm	Travel to Hotel & Break				
6.30 pm – 7.30 pm	Team Meeting and Discussion				

Date	Time	Assessors and Assessment Activity			
19 Sept 2019 (Day 3)	8.30 am – 12.30pm	AL	JMD & MHH	SH	MAS
		Site assessment at Estate 3 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 am – 5.30pm	AL	JMD & MHH	SH	MAS
		Site assessment at Estate 4 <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement 	Site assessment at Estate 4 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement
5.30 pm – 6.30 pm	Travel to Hotel & Break				
6.30 pm – 7.30 pm	Team Meeting and Discussion				

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Date	Time	Assessors and Assessment Activity			
		AL	JMD & MHH	SH	MAS
20 Sept 2019 (Day 4)	8.30 am – 10.30 am	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation, HCV & GHG • P8 Continual Improvement • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • 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			
	3.00 pm – 4.30 pm	Team Meeting and Discussions with Morisem Management Representative			
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office			
	5.30 pm onwards	Travel to Hotel (at Sandakan)			

Date	Time	Assessors and Assessment Activity			
		AL	JMD & MHH	SH	MAS
21 Sept 2019 (Day 5)	8.30 am onwards	Travel - Flight back to KL			

Appendix: Assessment Team Competency Matrix

RSPO P&C	Areas	Lead Assessor (LA) / Assessors (A) / Technical Experts (TE)				
		AL (LA/TE)	JMD (A/TE)	SH (A/TE)	MAS (A/TE)	MHH (A/TE)
P1	Transparency	√	√	√	√	√
P2	Laws & Regulations	√	√	√	√	√
P3	Economic & Financial Viability	√	√	√	√	√
P4	Best Practices at Estates & Mill	√		√	√	√
P5	Environmental, Conservation, HCV & GHG	√		√		√
P6	Social - Employees, Individuals & Communities incl. Gender issues	√	√			√
P7	New Plantings	√			√	√
P8	Continual Improvement	√	√	√	√	√
RSPO SCC	Supply Chain Certification (SCC) for Palm Oil Mill	√			√	√

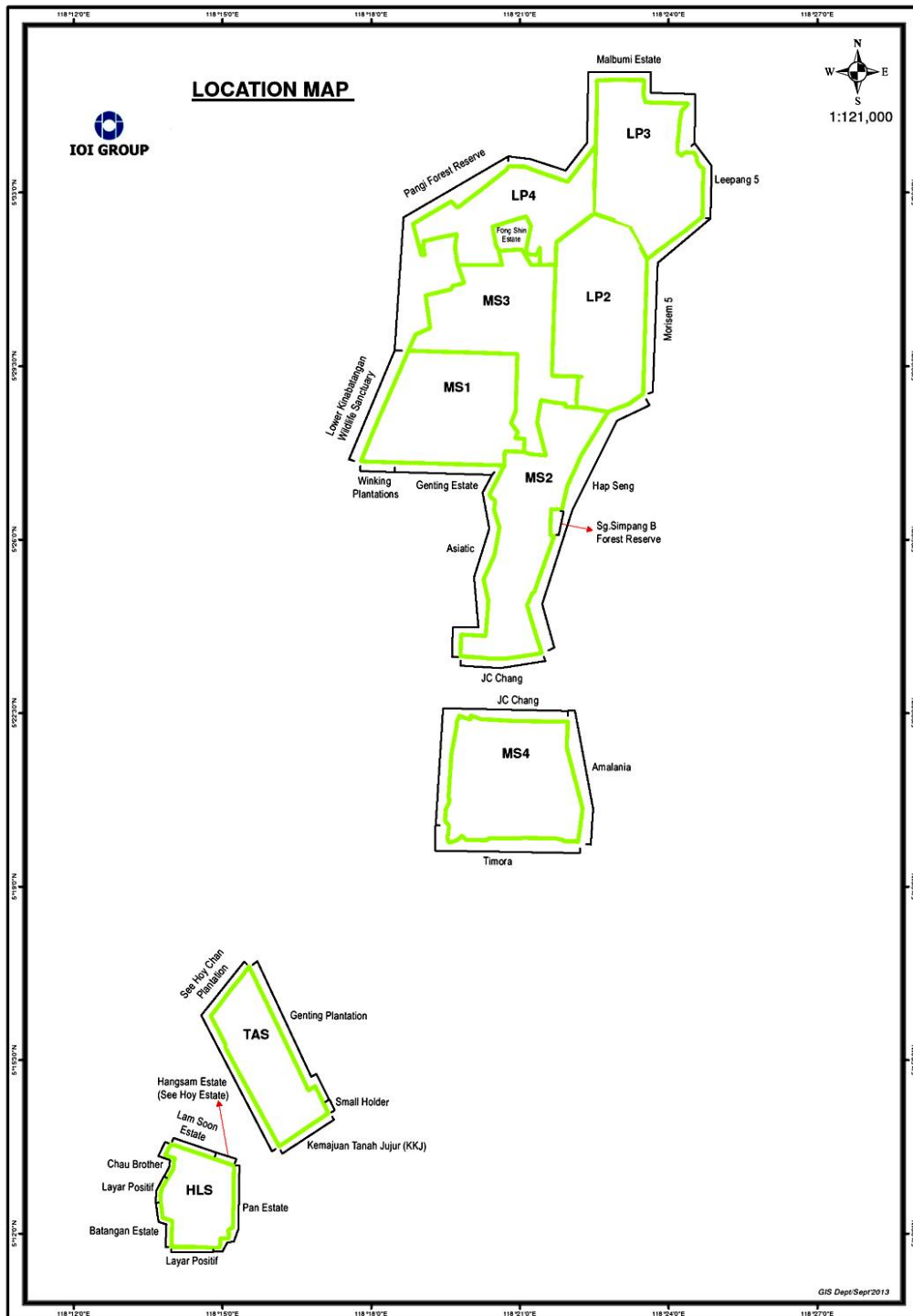
Appendix C-1:

Location Map of IOI Morisem Grouping, Lahad Datu, Sabah
Scale 1: 200 km



Appendix C-2:

Location Map of IOI Morisem Grouping, Lahad Datu, Sabah, Malaysia

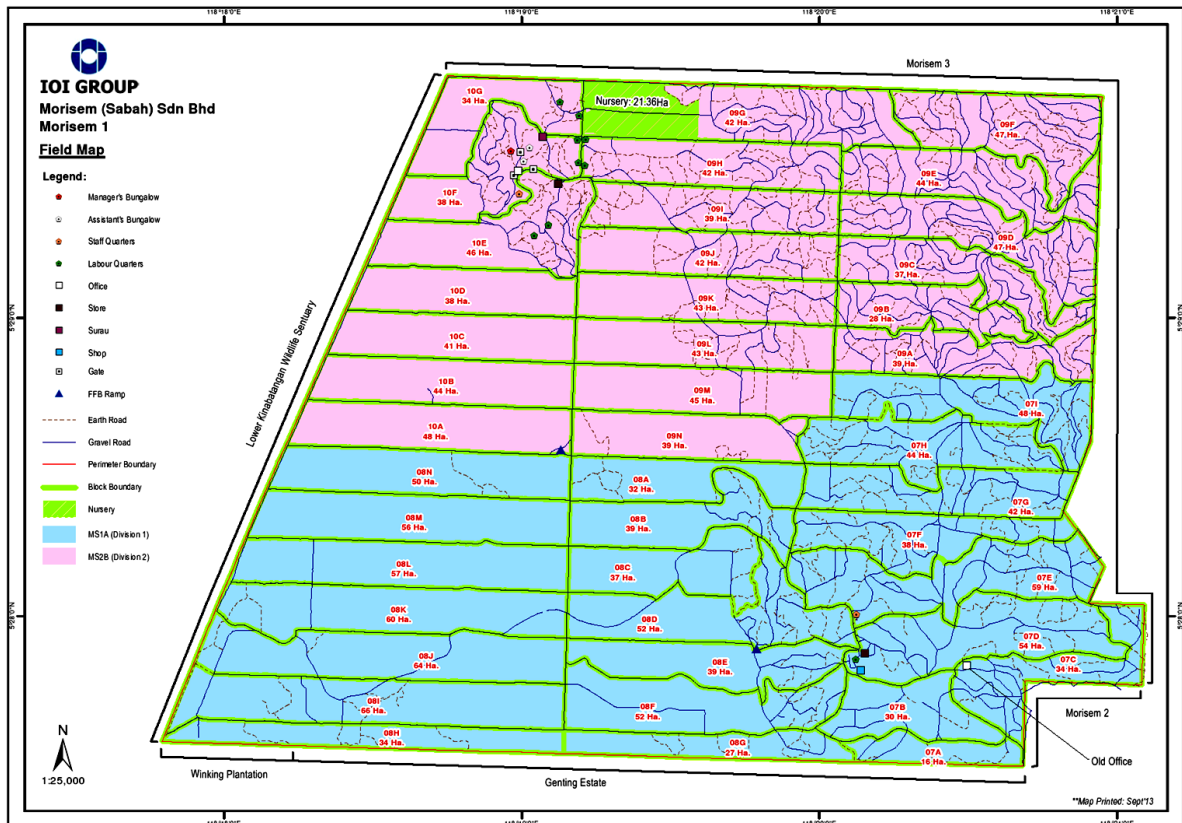


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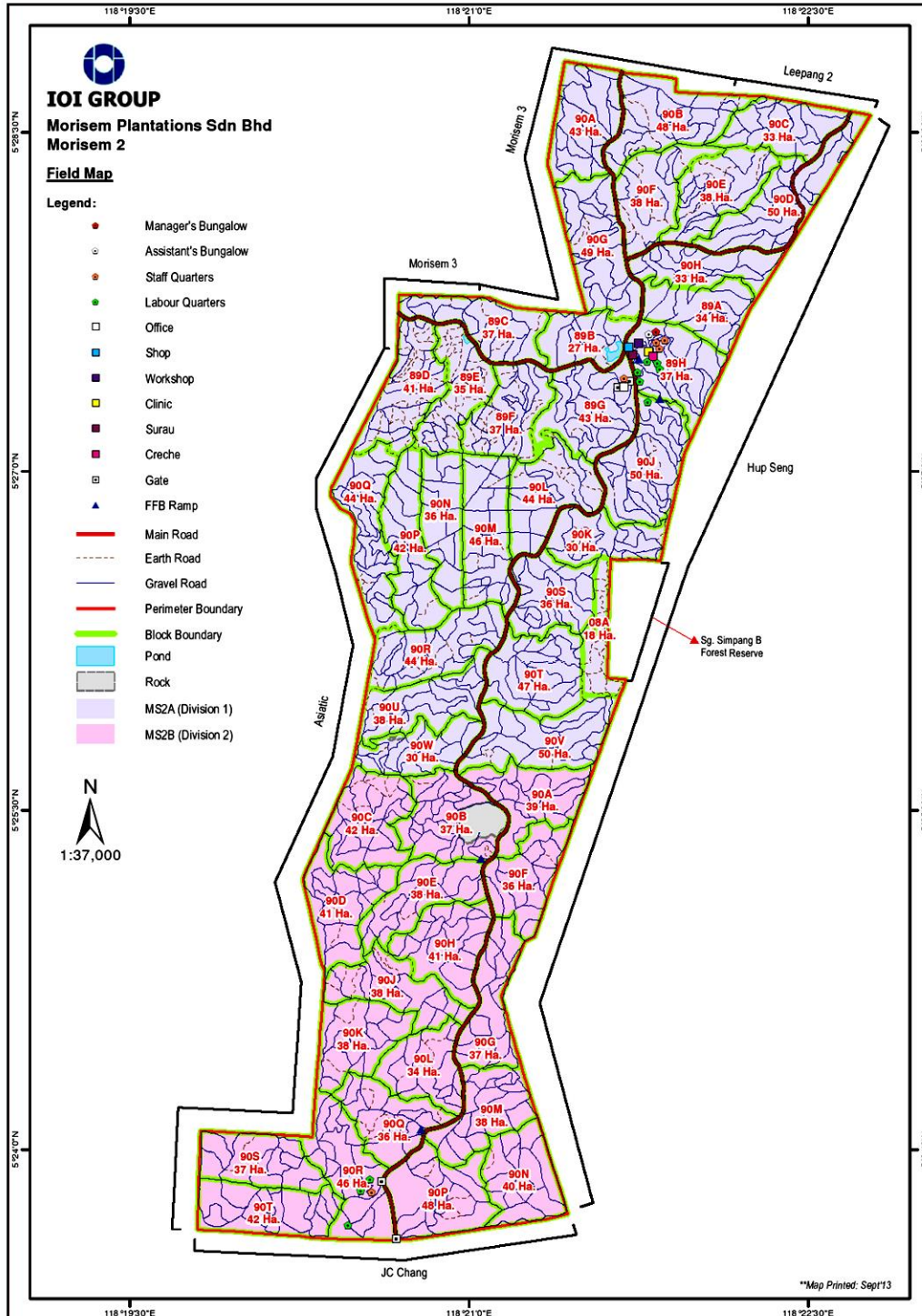
Appendix C-3-1:

Morisem 1 Estate



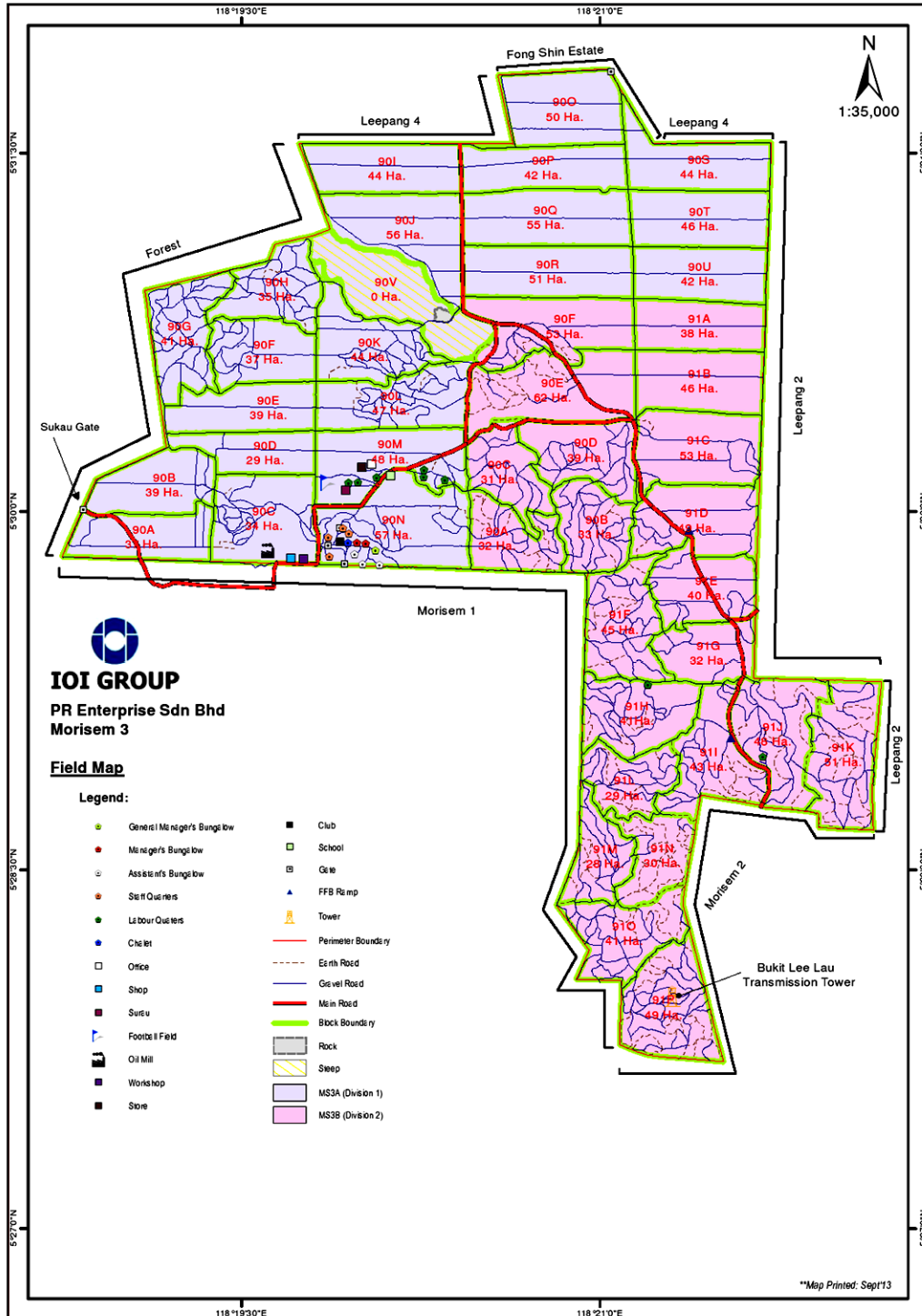
Appendix C-3-2:

Morisem 2 Estate



Appendix C-3-3:

Morisem 3 Estate



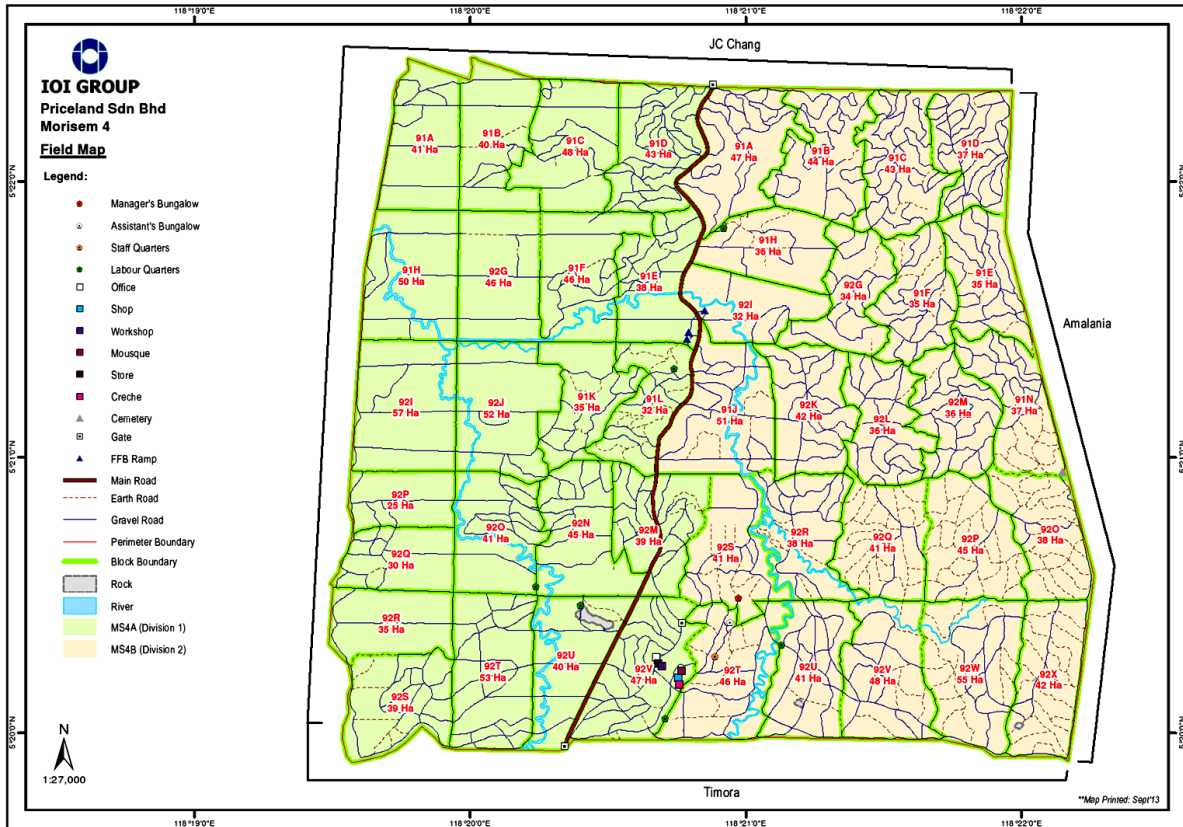
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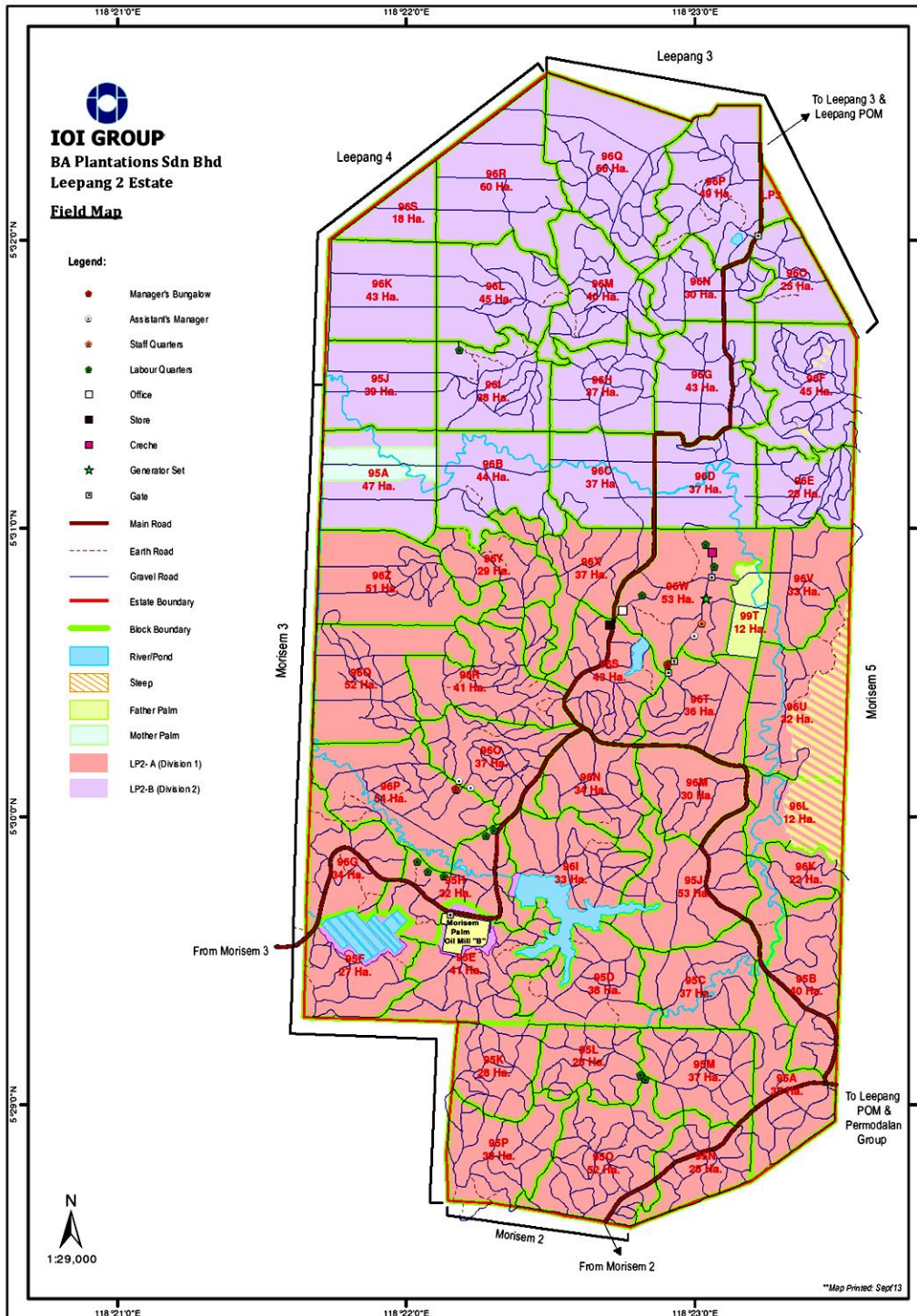
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Appendix C-3-4:

Morisem 4 Estate

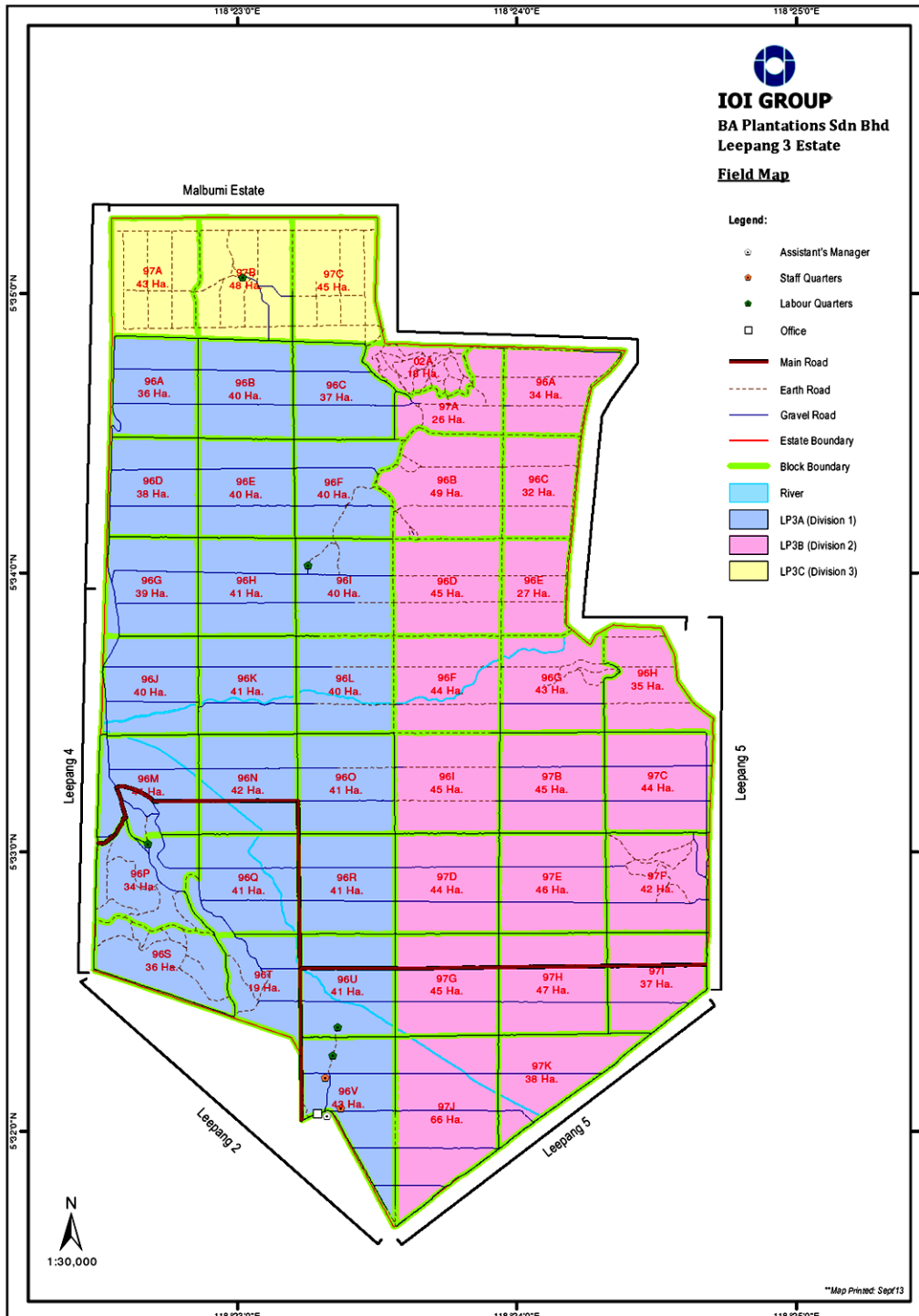


Appendix C-3-5:
Leepang 2 Estate



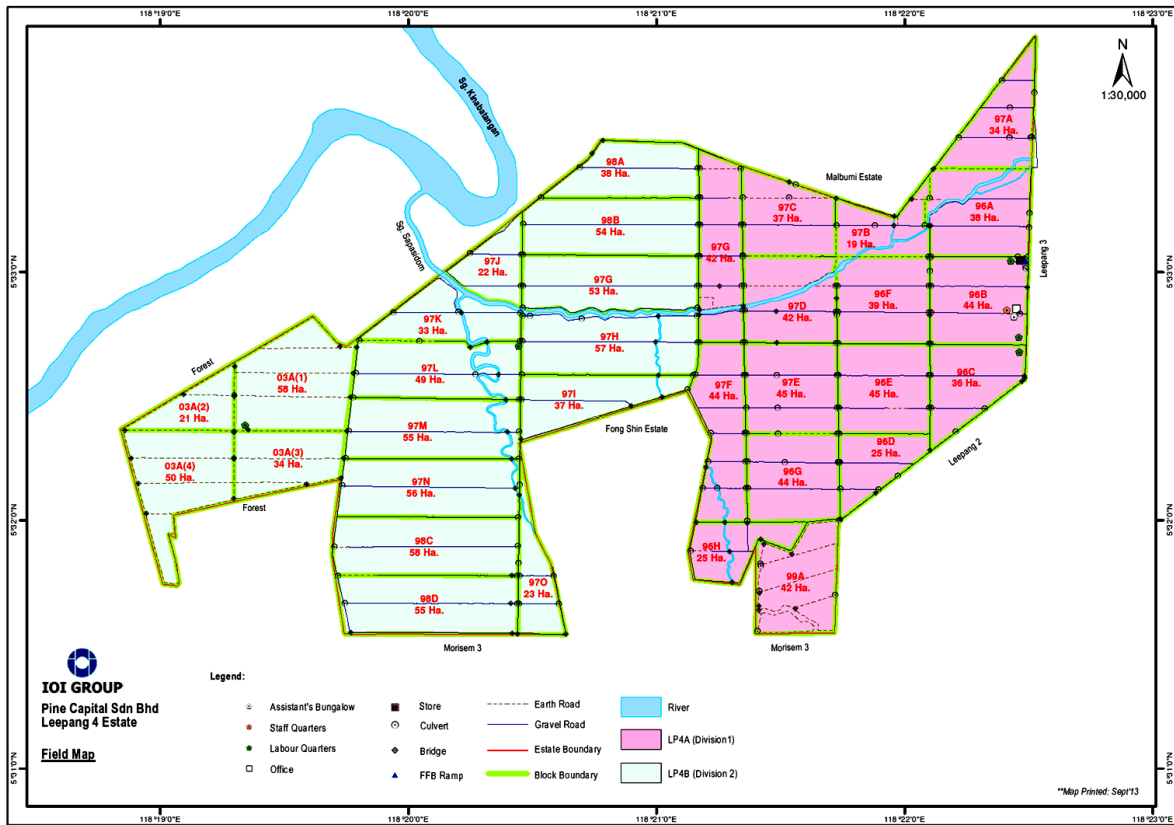
Appendix C-3-6:

Leepang 3 Estate



Appendix C-3-7:

Leepang 4 Estate



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Appendix D:

Time Bound Plan

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

No	PMU	Supply Bases (Estate Name)	Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1, 4.5.3 & 4.5.4 RSPO Certification Systems for Principles & Criteria
1.	Pamol (Sabah) POM, Sabah	Meliau, Nangoh, Rungus, Tindakon, Ulu, Sugut & Bayok	May 2008	Re-Certified in November 2016	ASA-02 completed in September 2018	No outstanding issues
2.	Sakilan POM	Sakilan, Linbar 1 and Linbar 2	Nov 2008	Re-Certified in Mar 2015	ASA-04 completed in December 2018.	No outstanding issues
3.	Pamol Kluang POM	Pamol Timur, Pamol Barat, Mamor, Unijaya, Kahang and Swee Lam	Mar 2009	Re-Certified in Mar 2015	ASA-04 completed in Dec 2018	No outstanding issues
4.	Gomali POM	Gomali, Paya Lang, Bahau, Bertam, Bukit Dinding, Kuala Jelai, Tambang, Regent, Sagil, Jasin Lalang and Sembilan Tani (Associated Outgrower)	Aug 2009	Re-Certified in Aug 2015	ASA-04 completed in May 2019	In the progress of closing the NCs
5.	Baturong POM	Baturong 1, Baturong 2, Baturong 3 and Cantawan	Sept 2009	Re-Certified in Oct 2015	ASA-03 completed in July 2019.	In the progress of closing the NCs
6.	Bukit Leelau POM	Bukit Leelau, Detas, Merchong, Mekassar, Leepang A and Laukin A	Apr 2010	Re-Certified in Nov 2015	ASA-03 completed in September 2018	No outstanding issues
7.	Mayvin POM	Mayvin 1, Mayvin 2, Mayvin 5, Mayvin 6 and Tangkulap	Aug 2010	Re-Certified in Dec 2015	ASA-03 completed in October 2018	No outstanding issues
8.	Pukin POM, Pahang	Pukin, Shahzan 1, Shahzan 2, Segamat and Bukit Serampang	Dec 2010	Re-certified in June 2016	ASA-03 completed in March 2019	No outstanding issues
9.	Leepang	Morisem 5,	Aug 2012	Pending for	Recertification	No outstanding issues.

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	(Sabah) POM	Leepang 1, Leepang 5, Permodalan 1, Permodalan 2, Permodalan 3, Permodalan 4		Cert Issuance	audit completed in November 2018	
10.	Syarimo POM	Syarimo 1, Syarimo 2, Syarimo 3, Syarimo 4, Syarimo 5, Syarimo 6, Syarimo 7, Syarimo 8 and Syarimo 9	Sept 2012	Re-certified in Mar 2018	ASA-01 audit completed in January 2019.	No outstanding issues
11.	Ladang Sabah POM	Moynod, Luangmanis, Terusan Baru, Sungai Sapi, Laukin, Labuk, Bimbingan 1, Bimbingan 2	Oct 2012	Re-certified in July 2018	ASA-01 audit completed in January 2019.	No outstanding issues
12.	Morisem POM, Sabah	Morisem 1, Morisem 2, Morisem 3, Morisem 4, Leepang 2, Leepang 3, and Leepang 4	Sept 2013	Certified in Dec 2013	Recertification audit completed in September 2018	No outstanding issues
13.	Unico POM-1, Sabah	Unico 6, Ladang Asas (Tas & Halusah), 31 outgrowers and 1 Collection Centre	Planned - 2018	Certified in July 2018	ASA-01 audit completed in April 2019.	No outstanding issues Outgrowers are not part of the certified area
14.	Unico Desa POM-2, Sabah	Unico 1, Unico 2, Unico 3, Unico 4, Unico 5 and 16 outgrowers	Dec 2017	Certified in May 2018	ASA-01 audit completed in February 2019.	No outstanding issues Outgrowers are not part of the certified area
15.	IOI – Pelita, Sarawak	Sejap and Tegai	Planned – TBC as it is in the resolution process	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is in the resolution process	On 18 January 2019, IOI retained the services of the Community's Information and Communication Centre (CICOM), a local NGO, to conduct Community Capacity Building program, which is the main component of Stage I of the Resolution Plan. In mid-March 2019, IOI and CICOM launched the Community Capacity Building program, the purpose of which was to do the following: <ul style="list-style-type: none"> • Double check whether the communities have good understanding of a) RSPO

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					<p>Principles & Criteria on conflict resolution, b) Free, Prior and Informed Consent process, and c) Resolution Plan itself;</p> <ul style="list-style-type: none"> • Provide affected communities with any needed advice and technical expertise; • Gather community grievances, on the basis of which the Community Participatory Mapping would be designed. <p>CICOM completed the Capacity Building Program at the end of June 2019.</p> <p>Currently, with input from all stakeholders, including the State of Sarawak Government, IOI is evaluating options in regards to the surveyors to be involved in the Community Participatory Mapping.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) IOI Pelita Land Dispute Resolution Plan</p> <p>(b) Current progress on IOI Pelita Land Dispute Resolution Process</p> <p>(c) https://www.ioigroup.com/Content/MEDIA/M_Media?Category=7</p> <p>(d) RSPO Case Tracker – IOI Pelita Status of Complaints</p>
16.	PT SKS, Indonesia	SKS 1, SKS 2, and SKS 3	Planned - 2019	Uncertified Unit	<p>In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in September 2019</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official</p>

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					<p>announced "that the monitoring of the implementation of the Complaints Panel directives for "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 (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements set by the Complaints Panel."</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p><u>(a) RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</u></p> <p><u>(b) RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</u></p> <p>The RSPO P&C audit is expected to be conducted in August 2019.</p> <p>Pending issuance of HGU.</p>
17.	PT BNS, Indonesia	BNS 1, BNS 2, BNS 3 and BNS 4	Planned - 2019	Uncertified Unit	<p>In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in September 2019</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "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 (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p>

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					<p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements set by the Complaints Panel."</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) <u>RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</u></p> <p>(b) <u>RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</u></p> <p>The RSPO P&C pre-audit to be conducted in September 2019.</p> <p>Pending issuance of HGU.</p>
18.	PT BSS, Indonesia	BSS 1, BSS 2, BSS 3 and BSS 4	Planned - 2019	Uncertified Unit	<p>In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in September 2019</p> <p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "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 (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements</p>

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						<p>set by the Complaints Panel."</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) <u>RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</u></p> <p>(b) <u>RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</u></p> <p>The RSPO P&C pre-audit to be conducted in September 2019.</p> <p>Pending issuance of HGU.</p>
19.	PT KPAM, Indonesia	Under Development	Planned - 2023	Uncertified Unit	<p>NPP and HCSA was approved in April 2018.</p> <p>Currently under development.</p>	<p>RSPO has approved PT. KPAM NPP Summary Report and was published in RSPO website for public notification on 13 April 2018. The NPP public notification could be assessed through the link below:</p> <p><u>https://rspo.org/certification/new-planting-procedures/public-consultations/ioi-group-pt-kalimantan-prima-agro-mandiri</u></p> <p>HCSA Peer Review Assessment completed on 14 May 2018. The HCSA Peer Review Report and Summary Report could be assessed through the link below:</p> <p><u>http://highcarbonstock.org/registered-hcs-assessments/</u></p>

CB Evaluation and verification:

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

- End of Report -