

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Morisem Grouping

Lahad Datu, Sabah, Malaysia



Valued Quality. Delivered.

Assessment Report

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INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9285/13-5 IOI Corporation Berhad
Morisem Grouping: ASA-04

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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 Grouping
Lahad Datu, Sabah, Malaysia

Certificate No:

RSPO 928588

Issued date:

18 Dec 2013

Expiry date:

17 Dec 2018

Assessment Type

Assessment Dates

Re-Certification

23 - 26 Sep 2013

Annual Surveillance Assessment (ASA-01)

13 - 16 Oct 2014

Annual Surveillance Assessment (ASA-03)

14 - 17 Sep 2015

Annual Surveillance Assessment (ASA-03)

19 - 22 Sep 2016

Annual Surveillance Assessment (ASA-04)

25 - 28 Sep 2017

Re-Certification

Intertek Certification International Sdn Bhd

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Annual Surveillance Assessment (ASA-04) was conducted on the Plantation Management Unit (PMU) Morisem Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **25 – 28 Sept 2017**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

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

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

The Morisem Grouping consists of one (1) palm oil mill, namely Morisem Palm Oil Mill and eight (8) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 8 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 POM (Capacity: 105 MT/hour)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E
1. Morisem 1	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E
2. Morisem 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E
3. Morisem 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E
4. Morisem 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E
5. Leepang 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E
6. Leepang 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E
7. Leepang 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E
8. Ladang Asas (Tas & Halusah)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"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 8 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 for Morisem Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous (FY Jul 2015 / Jun 2016)		Area Summary (ha) – Current (FY Jul 2016 / Jun 2017)	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 1 estate	2032.00	1896.00	2032.00	1896.00
Morisem 2 estate	2042.14	1886.00	2042.14	1886.00
Morisem 3 estate	2013.70	1830.00	2013.70	1819.00
Morisem 4 estate	2023.00	1896.00	2023.00	1896.00
Leepang 2 estate	2159.19	1962.00	2159.19	1962.00
Leepang 3 estate	1914.43	1838.00	1914.43	1838.00
Leepang 4 estate	1425.21	1354.00	1425.21	1354.00
Ladang Asas estate (Tas & Halusah)	2021.85	1909.00	2021.85	1909.00
Total:	15,631.52	14,571.00	15,631.52	14,560.00
Percentage:	100 %	93.22%	100%	93.19%

Notes:

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

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1.4 Summary of plantings and cycle

The 8 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 (FY Jul 2016 / Jun 2017)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Morisem 1 estate	2007-2010	2 nd Cycle	1896	0	1896
Morisem 2 estate	2008-2014	2 nd Cycle	1489	397	1886
Morisem 3 estate	1990-1991 2014-2017	1 st Cycle 2 nd Cycle	1308	511	1819
Morisem 4 estate	1991-1992 2013-2014	1 st Cycle 2 nd Cycle	1517	379	1896
Leepang 2 estate	1995-1999 2015-2016	1 st Cycle 2 nd Cycle	1637	325	1962
Leepang 3 estate	1996-2002	1 st Cycle	1838	0	1838
Leepang 4 estate	1996-2003	1 st Cycle	1354	0	1354
Ladang Asas estate (Tas & Halusah)	1992-1998 2014-2016	1 st cycle 2 nd cycle	1185	724	1909
		Total	12,224	2,343	14,560

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

1.5 Summary of 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)	(FY Jul 2015 / Jun 2016) Hectarage – Ha	(FY Jul 2016 / Jun 2017) Hectarage – Ha
1	Planted Area (ha) – Oil Palm		
	- Mature	12,186	12,224
	- Immature	2,385	2,343
2	Conservation Area (ha)		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	61.91	430.62
3	HCV Area (ha)		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	13.33	97.50

Note:

The increase in the Conservation and HCV areas was due to the land re-survey and mapping carried out in Dec 2016. The HCV areas near the Forest Reserves are currently marked out whilst the 'old palms' are still existing. The said areas will be progressively abandoned as actual buffer areas during the planned replanting to be carried out over the next 10 years.



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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. Dickens Mambu
Sustainability Manager
IOI Plantation Services Sdn Bhd
Level 8, Two IOI Square,
IOI Resort, 62502, Putrajaya
Tel: 603-89478888
Fax: 603-89478988
Email: dickens.mambu@ioigroup.com

At Leepang (Sabah) Grouping - PMU:

Mr. S.S Ragupathy,
General Manager (Sabah Region)
IOI Plantation Services Sdn Bhd
Tel: 089 509101/102
Fax: 089 509100
Email: ioi.ldro.sabah@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 for Certification (FY Jul 2016 / Jun 2017)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Morisem 1 estate	47,157.13	Morisem POM	Intertek
2.	Morisem 2 estate	25,097.07	Morisem POM	Intertek
3.	Morisem 3 estate	27,285.30	Morisem POM	Intertek
4.	Morisem 4 estate	31,725.68	Morisem POM	Intertek
5.	Leepang 2 estate	44,638.69	Morisem POM	Intertek
6.	Leepang 3 estate	34,871.18	Morisem POM	Intertek
7.	Leepang 4 estate	32,961.30	Morisem POM	Intertek
8.	Ladang Asas /Halusah estate	0	Diverted to Unico POM	-
	Sub-total for PMU estates	243,736.35		
9.	Other IOI PMUs Estates:	0	-	-
10.	Outside Crop Producers (OCP):	0	-	-
	Grand total	243,736.35		

Note:

The entire FFB crop from Ladang Asas/Halusah estate has been diverted to Unico POM (another IOI Group POM nearby) for FY 2016 / 2017.

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

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

Estate / Supplier	FFB Processed in FY Jul 2015 / Jun 2016 - Actual		FFB Processed in FY Jul 2016 / Jun 2017 - Actual		FFB Processed for FY Jul 2017 / Jun 2018 - Projected	
	MT	%	MT	%	MT	%
Morisem PMU Estates	245,086.70	100	243,736.35	100	277,460	100
Other certified IOI PMUs	0	0	0	0	0	0
Certified FFB	245,086.70	100	243,736.35	100	277,460	100
Non-certified FFB	0	0	0	0	0	0
Total	245,086.70	100	243,736.35	100	277,460	100
SCCS Model for POM	IP		IP		IP	

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

Table 7: Certified FFB Tonnages

POM	FY Jul 2015 – Jun 2016 - Actual		FY Jul 2016 – Jun 2017 - Actual		FY Jul 2017 – Jun 2018 – Actual + Projected	
Total certified FFB Processed (MT)	245,086.70		243,736.35		277,460	
Total certified CPO Production (MT)	51,838.62	OER: 21.15%	49,997.07	OER: 20.51%	59,654	OER: 21.50%
Total certified PK Production (MT)	12,222.64	KER: 4.99%	11,846.97	KER: 4.86%	14,567	KER: 5.25%
SCCS Model for POM	IP		IP		IP	

Notes:

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

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

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

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

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

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

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

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

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

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

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

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



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1.10 Abbreviations Used

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



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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 21 Aug 2017, 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 Morisem Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 25 to 28 Sep 2017, the Assessment team of Intertek conducted the Assessment in which 4 out of the 8 estates of Morisem Grouping, namely Morisem 1, Morisem 4, Leepang 2 and Leepang 4 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 for this PMU considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

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

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

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

2.2 Date of next scheduled visit

The next scheduled visit will be the Re-Certification Assessment which will be carried out within a 12-month period of the certificate anniversary date / certificate expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

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2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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



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

Local community (On-site interviews)

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

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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1		
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
<p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Minor Compliance</p>	<p>The PMU has established and implemented 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>IOI had provided a detailed response to the Greenpeace report “A Deadly Trade-Off” dated 27 Sep 2016 concerning policy violations in IOI’s third-party supply chain – for more details, please refer to: http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819</p> <p>On 28 Apr 2017, Greenpeace announced their decision to suspend their campaign against IOI Corporation and re-engage with the company. (http://www.greenpeace.org/international/en/press/releases/2017/Palm-oil-giant-IOI-moves-to-eliminate-deforestation-and-human-rights-abuses-from-supply-chain/).</p> <p>Date of public notification of this assessment of the PMU was made on 21 August 2017.</p> <p>As at the period 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 25 Aug 2017. Feedback given concerning condition of road humps and safety, school repairs, riparian zone, signboards at border with forest reserve and joint patrols with Wildlife authorities were among the matters covered for improvement in the local community.</p> <p>The POM and estates had conducted their respective internal stakeholders’ consultations between 04 and 15 Sep 2017.</p> <p>The feedback given were concerning pot holes on road, repair of worker houses and workshops, replacement with LED lighting, request for football field, badminton court, futsal court, multipurpose hall, replacement of septic tanks and drainage systems, street lighting in housing areas etc.</p> <p>Records of participants and feedback given were maintained and appropriate follow up actions were taken.</p>	Complied
Criterion 1.2		



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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 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society.</p> <p>IOI Corp. Bhd. further revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017.</p> <p>(http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845).</p> <p>The said revised policy was communicated to all levels of the workforce at the Office and workers at the POM and estates via a training conducted on 2 Aug 2017 and found to be understood during interview of sampled personnel.</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, • 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.</p> <p>Continual Improvement Action Plans include budgets approved and progress implementations for social, environmental improvements and crop productivity.</p>	Complied
<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>	Complied
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Occupational Safety and Health Plan has been established. Annual review was conducted by the Group Safety & Environmental Manager (Sabah region) together with the respective Safety Officers for POM and estates.</p> <p>Safety Policy and HIRAC documented was reviewed for the POM and estates.</p> <p>The OSH Programme 2017 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, 	Complied



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	<ul style="list-style-type: none"> • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKPP 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 report of Feb 2015 was maintained with validity till 2020. Surveillance programmes for protecting workers' health and safety were satisfactorily implemented.</p>	
<ul style="list-style-type: none"> • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>Environmental 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-June 2017 sighted). Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment carried out. Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied
<ul style="list-style-type: none"> • HCV documentation (Criteria 5.2 and 7.3); 	<p>The Internal "HCV and Conservation Areas" Assessments for POM and estates audited were reviewed between 11 and 20 Sept 2017. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective estates.</p>	Complied
<ul style="list-style-type: none"> • Pollution prevention and reduction plans (Criterion 5.6); 	<p>Pollution Prevention Management Plans were reviewed annually for FY2016/2017.</p> <p>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).</p>	Complied
<ul style="list-style-type: none"> • Details of complaints and grievances (Criterion 6.3); 	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and verified to be in order.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p> <p>(1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/80</p> <p>(2) RSPO Case Tracker on: IOI Pelita Sdn Bhd</p>	Complied



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	<p>Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/4</p>	
<ul style="list-style-type: none"> • Negotiation procedures (Criterion 6.4); 	<p>Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained.</p> <p>The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Timebound Plan.</p>	Complied
<ul style="list-style-type: none"> • Continual improvement plans (Criterion 8.1); 	<p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented.</p>	Complied
<ul style="list-style-type: none"> • Public summary of certification assessment report; 	<p>Public summary of certification assessment reports are available from the company upon request.</p>	Complied
<ul style="list-style-type: none"> • Human Rights Policy (Criterion 6.13). 	<p>The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised on 08 Aug 2016 and signed by the Group CEO.</p> <p>IOI Corp. Bhd had revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. Web link: http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845 . See also Appendix F, item (3)</p>	Complied
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>Minor Compliance</p>	<p>IOI Group has a documented policy “Code of Business Conduct and Ethics” signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015.</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>	Complied

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1



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There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Major Compliance</p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates on 11 Jan 2017 for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Noise Monitoring Report is available. Annual Audiometric testing of workers exposed to high noise levels were done on 15 May 2017. No workers found with hearing impairments.</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</p>	<p>Complied</p>

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	imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.	
<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>	Complied
<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 internal audit on 18 July 2017 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained.</p>	Complied
<p>2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register.</p> <p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. Monitoring of changes to the applicable laws and regulations was carried out through periodical review in accordance with the documented procedure. Noted that change had included the Minimum Wage Order 2016 which came into effect in 1 July 2016 was implemented.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
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. 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 audit.</p> <p>There has been no recorded dispute over the ownership during the tenure of the land.</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. 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 palms and agricultural use.</p> <p>Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1-meter differential Global Positioning System (GPS).</p>	Complied

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	Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.	
<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>	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.	Not applicable
<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>	There were no land conflicts in this PMU.	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>	No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.	Not applicable
<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>	No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.	Not applicable
<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>		
Indicators	Findings and Objective Evidence	Compliance
<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>Maps showing the extent of the legal boundary of the Estates were available. Re-survey was conducted on Dec 2016.</p> <p>The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas.</p> <p>There is no dispute on the land rights in the PMU.</p> <p>The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.</p>	Complied
<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</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).	Complied

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<p>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>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	<p>No cases of land claims in this PMU. As such this process is not applicable for verification.</p>	<p>Not applicable</p>
<p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	<p>This process is not applicable during current assessment.</p>	<p>Not applicable</p>

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

<p>Criterion 3.1</p>		
<p>There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>Major Compliance</p>	<p>The 5-year Business Management Plan (FY 2016/2017 to FY 2020/2021) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.); (7) Budget for Environmental, Social, Safety & Health, Training and Promotions. <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p>	<p>Complied</p>



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	Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.	
<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 2026/2027 for the estates. A replanting cycle of 25 years has been adopted by the Group.</p> <p>The replanting areas (ha) at the estates audited are as follows:</p> <p>Morisem 1: No replanting until 2027 (all palms are in 2nd cycle) Morisem 4: Replanting in 2017 to 2020 (est. 350 ha/year) Leepang 2: Replanting from 2019 to 2023 (est. 300 ha/year) Leepang 4: Replanting from 2020 onwards (est. 300 ha/year)</p> <p>The replanting program was annually reviewed by the GM together with the respective Estate Managers.</p>	Complied

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

<p>Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p>	<p>POM has documented SOPs for its operations. The procedures included the following:</p> <ol style="list-style-type: none"> 1. Palm Oil Mill Operation from reception of FFB, Operations for Laboratory, Biogas Plant, Polishing Plant, Water Treatment Plant, Boiler, Engine room, Workshops etc. for the processing until the delivery of processed oil and POME management. This was revised i.e. Doc No IOI/StOP/A on 01 July 2017 (Issue 02). 2. Quality, Environmental and Occupational Health & Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling. 3. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the POM includes hazards identification, risk assessment and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and "permit to work system" for the mill. 4. SOP for Mill RSPO Supply Chain Certification System was revised on 01 Aug 2017 (Rev.1). Presently applied by POM is the Identity Preserved (IP) module. <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> 1. Sustainable Oil Palm Estate Operation Manual - The manual describes operational procedure of nursery practices, land preparation, planting practices, ground cover maintenance, roads, immature stage, harvesting, collection of bunches, manuring, pesticide application, pests & diseases control. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators. 2. SOP for riparian zone management with specified buffer zones. <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	Complied



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<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records were checked by the Assistant Managers and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit.</p> <p>Verified that Internal audit on the estates operations were conducted between 10 and 21 July 2017 at the estates audited and records were maintained.</p> <p>A noncompliance finding was issued as follows: Monitoring mechanism of Road Tax, Driving license and Insurance is available. However, the monitoring of driving license of a driver (RBA) under the contractor Uniharvest Sdn Bhd, which expired on 8 August 2017 was not detected.</p>	<p align="center">Minor NC: AL-01</p>
<p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates.</p> <p>Daily Muster chits were available at estates.</p> <p>During field visits at the estates, daily spraying records indicated the chemicals used.</p> <p>Verified that monitoring records were available and satisfactorily maintained.</p>	<p align="center">Complied</p>
<p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	<p>The POM did not source any FFB from third-party. The entire crop was supplied by the estates under this certified PMU.</p>	<p align="center">Complied</p>
<p>Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>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</p>	<p>GAP for minimization of soil erosion and maintenance of soil fertility is maintained via the frond stacking and fertilizer application as per the recommendation provided by the Agronomist from IOI Research Centre.</p> <p>These had been verified through the records for fertilizer application and observation during field visit. Evidences provided were verified as following good agricultural practices.</p> <p>Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels.</p> <p>Noted that proper pesticide/herbicide spraying had also been done.</p>	<p align="center">Complied</p>
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>Records of fertilizer application have been verified to be in order.</p>	<p align="center">Complied</p>
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p>	<p>Leaf and soil sampling and analysis had been carried out annually to determine the nutrient levels.</p> <p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactory.</p>	<p align="center">Complied</p>

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<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>Geotubes used to filter the solid from the POME and the solid would be used by the estates for field application as organic fertilizer. Land application of POME is done via gravitation flow into the field in Leepang 2 estate, which is nearest to the POM. All the EFB from the POM are delivered to the estates as evidenced by the "Daily/Monthly Summary Report of EFB" maintained by the POM. EFB Mulching Application and field maps indicate the amounts and locations of EFB application in the estates. EFB mulching had been carried out in mature area along the inter-row, and around the circle in the immature palms. A noncompliance finding was issued as follows: During field visit it was noted that several heaps of EFB for mulching were left as it was at Leepang 2 estate for quite some time and has not been attended to accordingly.</p>	<p style="text-align: right;">Minor NC: AL-02</p>
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Estate soils show no fragile or marginal soil existence. Soil types as indicated in soil maps were: Luangmanis (Mudstone & alluvium), Gomantong (limestone), Kretam (mudstone & sandstone) and Kinabatangan (alluvium)</p>	<p>Complied</p>
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>Planting terraces were constructed on land with slope more than 6°. Terraces constructed had included proper stop bunds which were verified on the estates during field visits. It was observed during field visits that there was no planting at slopes of greater than 25°. The PMU has a SOP (Best Management Practices) for erosion control during replanting or any activities involving earth disturbance. Steps were taken for erosion control included soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no apparent soil erosion observed during the field inspections. Leguminous cover crop, <i>macuna bracteata</i> was well established at the replanted field blocks.</p>	<p>Complied</p>
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Estate roads were maintained and found to be in satisfactory condition. Scupper drains were noted to be constructed and maintained as part of road maintenance and erosion control. Road maintenance programme was available and records of maintenance works completed were verified to be updated.</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>It was verified during current assessment on site that there are no peat soils at Morisem 1, Morisem 4, Leepang 2 and Leepang 4 estates. Peat soils exists at Leepang 3 estate only and no peat soil in the other estates. Noted that SOP and Water and ground cover management plan was documented for the monitoring of the subsistence of the peat soils. Water table levels were maintained at the minimum of 50 cm level at Leepang 3 estate.</p>	<p>Complied</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.</p>	<p>There is no replanting yet at Leepang 3 estate which has peat soil. Replanting is only due in year 2020. Drainability assessment is therefore not yet applicable. There was no peat soil on the other estates as confirmed during field visits.</p>	<p>Not Applicable</p>



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<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>	Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on these estates.	Not Applicable
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p>	<p>Documented water management plan verified to be in place for the palm oil mill and estates. The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering streams/rivers.</p> <p>Annual review of the Water management plan was done on 15 Sept 2017.</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.</p> <p>There are water ponds in the POM and estates. Water samples collected and analysis carried out at least twice a year. The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Rainfall data found to be monitored as part of the water management plan.</p> <p>The water supply for domestic use to staff and workers' housing is piped water from the water treatment plant in the mill and estates. Rain water is also harvested for washing and cleaning.</p>	Complied
<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.</p> <p>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone.</p> <p>There are only streams and no major rivers passing through the estates audited. There was no construction of bunds/weirs/dams across the waterways passing through the estates.</p>	Complied
<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.</p> <p>Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>BOD levels had been in the range of 11.2 to 19.5 ppm for the period Jun 2016 to Aug 2017. The current allowable upper limit specified by D.O.E. Sabah < 20 ppm.</p> <p>Analysis results meet the following DOE limits specified for the final discharge water samples as follows:</p> <ul style="list-style-type: none"> • BOD < 20 mg/l, • Total Suspended Solids < 400 mg/l, • Oil & Grease < 50 mg/l, 	Complied

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	<ul style="list-style-type: none"> • Ammoniacal Nitrogen < 150 mg/l, • Total Nitrogen < 20 mg/l, • pH = 5 to 9, • Temperature < 45°C 	
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	Water usage in the mill averaged at 1.18 m ³ /tonne FFB. The level of water usage is within the industry norm.	Complied
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>Beneficial plants such as <i>Cassia cobanensis</i>, <i>Antigonon leptopus</i> and <i>Tunera subulata</i> are grown in the estates. The recommended ratio of 60:20:20% for respective plants are adhered.</p> <p>Records of planting of new areas and maintenance of existing areas of beneficial plants and location maps are available.</p> <p>Records of rat baiting census and rhinoceros beetles control are available.</p> <p>Rat baiting (using Brodifacoum 0.003% and 0.005%) was carried out only when rat damage exceed 5 % on FFB as reviewed from the summary of grading of FFB for rat damage which occurred at the Morisem 1 and Leepang 4 estates. The rat baiting program was noted to be ceased once the census showed < 5% rat damage.</p> <p>There are no barn owls in the PMU estates.</p> <p>No reported infestation by other pests (bagworms). Pest infestation was minimal on the estates.</p>	Complied
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p>	IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.	Complied
<p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable. The PMU has an Approved List of Pesticides registered under 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) Brodifacoum (0.005% a.i.) <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p>	Complied
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated,</p>	Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of	Complied



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<p>amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>applications had been maintained and kept for a minimum of 5 years. Verified that the Summary of Pesticides usage for past 5 years till current audit in 2017 were satisfactorily maintained.</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 be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan. The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been slight decline in pesticide usage per hectare on a year to year basis. No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p>	Complied
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>The use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates. Alternatives such as Round up (Glyphosate Isopropyl amine) and Ally (Metsulfuron Methyl) had replaced paraquat. First Aid Kits found to be available during pesticides spraying in the fields (4th Schedule). Portable signboard noted to be displayed at areas of spraying activity (5th Schedule).</p>	Complied
<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	<p>All pesticide operators (including the contractor's workers) have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves & aprons) have been provided and used by the pesticides operators. All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers. Programme and training records verified to be satisfactory. The training include spraying technique, precautions and symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency showers and eye wash were verified to be available and in proper working order at the pesticides mixing area. Appropriate PPE was available for mixing of pesticides. Adequate segregated washrooms and cleaning up facilities after field work were available for the workers. Suitable storage areas for PPE was verified to be available.</p>	Complied
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and</p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974. Emergency shower and eye wash are available near the pesticides store in case of accidents. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers).</p>	Complied



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<p>Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Used chemical containers were either reused as containers for spraying solution. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</p>	
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Programme and training records verified to be satisfactory.</p>	Complied
<p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p>	<p>It has been the policy of the company not to carry out aerial application of pesticides. This policy has been adhered at the PMU estates.</p>	Complied
<p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p>	<p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	Complied
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>Records of scheduled waste sent by the estates to the POM and collection done at the mill was satisfactorily maintained. Empty pesticide containers are triple rinsed and pierced for disposal as scheduled waste. Scheduled waste collected by the POM and estates had been disposed of through a DOE licensed scheduled waste contractor. Records of scheduled waste disposal from the storage at the POM was verified to be satisfactorily.</p>	Complied
<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance</p>	<p>Annual medical surveillance for all pesticide operators had been implemented in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2. It was verified that the CHRA recommendations has been satisfactorily followed. Medical surveillance reports of individual sprayers, store and workshop personnel were checked and no abnormalities reported by the OSH Approved Medical doctor. At Morisem 1 (20 workers), Morisem 4 (14 workers), Leepang 2 (12 workers) and Leepang 4 (18 workers) were sent for medical surveillance between 11 April and 26 July 2017. 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. Besides the annual medical surveillance, monthly clinical tests (to check lungs, gastro intestinal, urinary system, pregnancy, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p>	Complied



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<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>Verified during field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator. Monthly clinical checks for pregnancy was also conducted for the female workers.</p>	<p>Complied</p>
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>The occupational health and safety plan shall cover the following: 4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health. The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved as Chairman and Secretary respectively of the estate Safety Committees. Quarterly committee meetings were conducted and decisions and planned actions were recorded in the meeting minutes.</p>	<p>Complied</p>
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance</p>	<p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards. There was an assessment of noise levels in the POM as sighted on the Consultant report of Nov 2011. Work areas identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db. Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear mufflers. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 15 May 2017 (total: 98 workers). The audiometric reports of some employees indicated as having hearing impairment and recommended to wear hearing protector. Baseline audiogram and occupational and medical history records of workers were maintained. Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) 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 mufflers 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</p>	<p>Complied</p>



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	<p>are replenished and found to be complete and in usable order during field visit. Monthly checks on the contents were recorded.</p> <p>Annual training for workers in First Aid was carried out in the mill and estates and the records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety & Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p>	
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Major Compliance</p>	<p>Training programme planned for year 2016 includes training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2017 and evaluation carried out on each of the trainings to determine its effectiveness.</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>	Complied
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	<p>The responsible persons were the Assistant Mill Manager and the Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss health and safety issues had been verified to be satisfactorily maintained.</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.</p> <p>Minor Compliance</p>	<p>Accident and emergency procedures had been established 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) committee.</p>	Complied
<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance.</p> <p>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 noted to be valid.</p>	Complied



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<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 and occupational injuries were available and verified to be satisfactorily maintained.</p>	<p>Complied</p>
<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>A formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.</p>	<p>Complied</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 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 assessment (EIA) shall be documented. Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment were 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. Documented aspects and impacts risk assessments including those raised through stake-holders' consultations were implemented in accordance with RSPO and legal requirements. There were no changes made since the last assessment as verified in current assessment in 2017.</p>	<p>Complied</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. Water Management Plans for the POM and Estates were reviewed on September 2017. Action plans has been identified and implemented accordingly.</p>	<p>Complied</p>
<p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are</p>	<p>The Environmental Impact Assessment (E IA) for the POM have been reviewed on 12 Sept 2017 by the Environmental Liaison Officer (one of the Assistant Mill Managers) and approved by the Mill Manager. No major changes made to the EIA. Reviews of the EIA for the Morisem 1 Estate, Morisem 4 Estate, Leepang 2 and Leepang 4 Estates were carried out on 12 Sep 2017, 18 Sep 2017, 14 Sep 2017 and 23 Sep 2017, respectively.</p>	<p>Complied</p>



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<p>operational changes that may have positive and negative environmental impacts. Minor Compliance</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, electrical fencing and signages. The implementation and monitoring of the documented environmental improvement plans were reviewed annually and satisfactorily implemented.</p>	
<p>Criterion 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</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 and reviewed annually and had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Department of Irrigation and Drainage, Sabah Wildlife Department and Environmental Protection Department. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, buffer zones, forest reserve boundaries and was documented. Reviews of the HCV for the Morisem 1 Estate, Morisem 4 Estate, Leepang 2 and Leepang 4 Estates were carried out on 12 Sep 2017, 18 Sep 2017, 14 Sep 2017 and 19 Sep 2017, respectively. Site visits to HCV areas and other environmentally sensitive areas were carried out and is satisfactorily maintained and monitored. Morisem 1 Estate is bordered with Wildlife Forest Reserve on the East side and surrounded by palm oil estates on other sides. Conservation areas/ environmentally sensitive areas, i.e. buffer zones along the stretches of tributaries of Sungai Sukau, which pass through the Estate had been identified and being monitored. Morisem 4 Estate is surrounded by Oil palm estates on all its sides. Tributaries of Sungai Kretam flows inside the estate and buffer zones clearly demarcated and monitored. Leepang 2 is surrounded by oil palm plantations on all its sides and the existence of steep hills and ponds in the area. Leepang 4 Estate has the Pangi Forest and the Kinabatangan Wildlife Sanctuary on its west boundary. Other sides are borders with neighboring palm oil estates. Sungai Sipasidom passes through the estate and lead to Sungai Kinabatangan. Riparian buffer zones were clearly demarcated and monitored. It is noted that the riparian buffer zones demarcation was to disallow any spraying or manuring activities within the zone whilst harvesting is still permitted. Harvesting activities will be ceased at the zone and will be completely left undisturbed when palm replanting is due at the field block area. The Management and personnel are aware that the forest reserve is an important habitat for some potential RTE (rare, threatened and endangered) species of flora and fauna such as hornbills, rhinoceros, pygmy elephants, wild buffaloes and orangutans.</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,</p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been</p>	<p>Complied</p>



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<p>appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p>Major Compliance</p>	<p>considered in the 'HCV & Conservation Areas' management plans at the respective estates.</p> <p>The HCV report had reviewed the conservation needed for the wildlife identified such as proboscis monkeys, estuarine crocodiles, pygmy elephants, orangutans, long and short tailed macaque, white beaked hornbills and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.</p> <p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Trenches have been dug and electric wire fencing built 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>Verified that regular patrols on a weekly 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 patrolling record book.</p> <p>In addition the signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p>	
<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 has 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, e.g. Morisem 1 estate on 14 Jun 2017 and Leepang 4 estate on 19 Jun 2017.</p> <p>In addition, several Estate Managers and personnel has attended training and were appointed as Honorary Forest Warden by the Forestry Dept. 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 and updated.</p> <p>Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification at sites were 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</p>		



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Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.3.1 All waste products and sources of pollution shall be identified and documented. Major Compliance</p>	<p>Visits made to POM and estates 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 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented 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
<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.</p> <p>Records of e-Consignments are in order. Latest disposal was done on the 23 Sep 2017 and handled by Lagenda Bumimas Sdn Bhd.</p>	Complied
<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 1, Morisem 4, Leepang 2 and Leepang 4 estates. 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>Nevertheless, it was noted that the access road leading to the landfill situated at Morisem 1 estate was not adequately</p>	



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	<p>maintained as there was apparent difficulty transporting the waste materials to the area.</p> <p>Thus a NC was issued as follows:</p> <p>Landfill Management: The access road leading to the Landfill site at Morisem 1 estate has not been properly maintained. The condition of the road is poor and may lead to potential issues such as spillages, driver and vehicle safety.</p>	<p>Minor NC: SH-01</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. Data compiled (5 years) for comparison and monitored to optimize the use of renewable energy. Record presented had showed a satisfactory monitoring of the resources.</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 identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance</p>	<p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates. Field inspections made at estates assessed showed no evidence of open burning.</p>	<p>Complied</p>
<p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance</p>	<p>During the assessment, replanting in progress at Morisem 1 Estate. The estate adhered to the 'zero burning' policy for replanting. 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). 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, Morisem1 Estate, Morisem 4 Estate, Leepang 2 and Leepang 4 Estate on. The reviews were done on 20 Sep 2017, 12 Sep 2017, 18 Sep 2017, and 14 Sep 2017 and 23 Sep 2017 respectively. 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>Complied</p>



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	POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations. Land application of POME was channeled to the nearest estate i.e. Leepang 2 estate.	
5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	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. The POM has achieved the ISCC EU certification for sustainable biofuels production. The GHG emissions calculation has been compiled for FY 2016/2017 using the Palm GHG calculator v3.01. The GHG calculation report has also been submitted to RSPO on 20 Sep 2017 and acknowledgement from RSPO was evidenced.	Complied
5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance.	Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered to. 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. 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). 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) 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. Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD < 20 ppm). 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). Quarterly report on the environmental monitoring was also done and submitted to DOE, latest report dated 12 July 2017.	Complied

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

Criterion 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
Indicators	Findings and Objective Evidence	Compliance
6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	At Morisem PMU, the respective Social Impact Assessment reports and Management plans at all the estates and mill was specific and individually documented by the Sustainability Team of IOI. External stakeholder consultation with local communities was conducted for the whole PMU on 28 August 2017 at the IOI Lahad	Complied



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	<p>Datu Regional Office. Internal stakeholder consultations were conducted at the POM and each respective estates.</p> <p>Each estate and the POM had reviewed and updated their SIAs and Management Plans accordingly as follows:</p> <p>POM last revision on 20 Sep 2017 Morisem 1 Estate on 13 Sep 2017 Morisem 4 Estate on 18 Sep 2017 Leepang 4 Estate on 30 Aug 2017</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>The PMU has considered issues of social impact to employees and communities affected by their activities. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p> <p>In all meeting minutes of Employee Consultative Committee (ECC) and Gender Consultative Committee (GCC), list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. Through verification of entries made in the Complaints & Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</p>	Complied
<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>A time table of activities identified was sighted with time frame on implementation plans. Site inspection carried out confirmed that the implementations were in progress. In the plans, there were monitoring of negative impacts and enhancement of positive ones.</p> <p>The Social Impact Assessment reports and Management plans were reviewed and timetables established were also updated appropriately to reflect current changes. Reviewed process has been done with the participation of stakeholders (including foreign workers) appropriately. Records of meetings were available and indicated that concerns were generally working conditions, cultural/festival activities, health facilities and other community concerns.</p>	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 available for the year 2017. Affected parties especially the workers were consulted during the ECC meetings, Daily morning muster and individual responses made to reports in the Grievance Books maintained.</p>	Complied
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>Minor Compliance</p>	<p>There are no smallholders at the PMU. Thus this 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



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<p>6.2.1 Consultation and communication procedures shall be documented. Major Compliance</p>	<p>IOI's Group consultation and communication procedures are available via website link: http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm The PMU has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p>	<p>Complied</p>
<p>6.2.2 A management official responsible for these issues shall be nominated. Minor Compliance</p>	<p>Nominated respective officers at the operating unit are responsible to represent the PMU Morisem grouping when any relevant issues raised by local communities and other affected or interested parties. For example, the following were nominated as Social Liaison Officer: POM : Mr. Jamuih Kulipang Morisem 1 & Leepang 2 Estates: Mr. Hamza Bin Hasan Morisem 4 Estate: Mr. Surian Sha Labaronko Leepang 4 Estate: Mr. M. Zulazmi Abd. Rahim</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. Minor Compliance</p>	<p>The maintenance of the list of stakeholders at the IOI Morisem grouping is adequate and has ensured that the list is kept current. Noted that there are open and transparent methods for communication and consultation which has taken into consideration the local mechanisms including migrant workers and languages. The lists of stakeholders are and was used to send invitation to external stakeholders during the external consultation conducted on 28 Aug 2017 at the IOI Lahad Datu Regional Office [LDRO].</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. Major Compliance</p>	<p>The POM and all the estates in Morisem grouping have established complaints and grievances procedures and it was well implemented. Complaints and Grievances Books were sighted in the POM and all estates in the grouping and the logbooks are actively used by workers. Timelines for response to complaints and grievances are either through the Complaints and Grievance Book or ECC representatives are appropriately established and implemented. Generally respond time for minor requests will be within a week. The estates had maintained the established complaints and grievances procedures. Complaints and Grievances Books were used in the POM and estates appropriately and records of corrective actions implemented were stated in the books. ECC representatives interviewed understood that roles, responsibility and treated them as an important matter. For complaints that are private and confidential in nature, this will be handled directly by the Mill Manager or the Estate Managers. Separate meetings for discussion with the affected parties will be conducted. Solutions will be proposed and affected parties to mutually agree.</p>	<p>Complied</p>



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	It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.	
6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. Minor Compliance	The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.	Complied
Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		
Indicators	Findings and Objective Evidence	Compliance
6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	There were no borders at estates in Morisem grouping which were adjacent to any villages or native land. Therefore there has been no records of any negotiation or compensation pertaining to this criteria. No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion.	Complied
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	The IOI Group has a procedure for calculating and distributing compensation which is available. To date, there has been no dispute by any parties reported at the Morisem PMU.	Complied
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	To date, there has been no report of any dispute by any parties. Therefore the process and outcome of compensation could not be observed.	Complied
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.		
Indicators	Findings and Objective Evidence	Compliance
6.5.1 Documentation of pay and conditions shall be available. Major Compliance	Documentation and conditions of pay for foreign workers hired in the POM and all estates visited are available for verification. Employment agreement with foreign workers, who are mostly from Indonesia, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. IOI procedures require the employment contract to be explained by management to potential migrant workers before the contracts are signed.	Complied

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	<p>The payment slips for foreign workers at the POM and estates visited are easy to understand and this fact was further verified with migrant workers. Payments are made latest by 7th of each month.</p> <p>Holidays entitlements as required by the laws are satisfactorily fulfilled. This includes annual leave, public holidays, maternity leave and vacation leave pay for 2017, which were sighted at the POM and estate offices.</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>Minor Compliance</p>	<p>In Morisem grouping since January 2013 offer letter has been revised to reflect the new Minimum Wage Order 2012. The employment contracts used are approved by the Sabah Human Resources Department, i.e. Jabatan Tenaga Kerja Sabah.</p> <p>The document covers all issue such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, and reasons for dismissal, period of notice made available in Bahasa Malaysia which is understood by the workers.</p> <p>There were workers with salary less than RM920 as required by the regulation at the Morisem POM and estates. Further verification showed the reasons why these workers received less than RM920 were:</p> <ul style="list-style-type: none"> - They had resigned before the month ended. - They were absent even though work was offered to them <p>All foreign as well as local workers hired by IOI are provided with free housing and clean water supply, free electricity, medical benefits, insurance cover and basic amenities that over all constitutes decent living for the employees.</p>	Complied
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) is yet to be enforced by Sabah Labour Department. However, the PMU is noted to have provided adequate amenities to their local and foreign workers as well the grouping has provided adequate housing, water supplies, medical, educational and public amenities.</p> <p>Site visits to foreign workers' quarters as well as the staff quarters and interviews with their dependents revealed their general satisfaction with their housing conditions and amenities.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. Poultry are kept at a safe distance from the workers quarters. The workers staying in the estate are provided with free electricity from 4.00am to 6.30am and from 5.30pm to midnight. Treated pond water was available daily. There are still wooden quarters being used however the grouping is in the process of replacing them with terrace houses of permanent materials. Linesite inspection is conducted twice a month by EHA to ensure the safety and cleanliness at the linesite.</p> <p><u>Schools</u></p> <p>The migrant workers' children had received free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are is under the purview of the estate management. Furthermore, the foreign teachers originally from Indonesia are paid by the estate management.</p>	Complied



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	<p><u>Sundry shops</u> Sundry shops available within and outside each estate audited. From interviews with the workers in grouping, it was found that most household sundries, including frozen foodstuffs were available. Fresh and frozen food, such as fish, chicken, vegetable and meat are also brought in by fresh food suppliers into the estates in food trucks at least twice a week.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u> Crèche is available in each estate and they are well maintained. The crèche ayahs are well trained on procedures of using the first aid kits. Depending on the estate management, some crèche are provided biscuits or chocolate drink or milk.</p> <p><u>Medical clinics</u> Clinics of the audited estates are manned by Estate Health Assistants. No limit was imposed for medical expenses for the workers. Public fogging has been conducted following a complaint from the workers staying at the quarters. Pregnant women field workers are not allowed to work until the child is weaning.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. Minor Compliance</p>	<p>Morisem PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the estates. There are alternative outlets such as Tamus and sundry shops outside the estates where the workers can obtain their food supplies from.</p> <p>It is verified that office and field workers were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day.</p> <p>However, there was a lack of evidence on monitoring of the activity below:</p> <p>At Morisem 4 Estate, price checks at the sundry shop located in the estate were conducted twice in 2017 where prices of food items were recorded by the Social Liaison Officer. The records did not have any dates to indicate historical sequence.</p> <p>The information thus obtained were not able to form basis to conclude whether prices had increased or decreased significantly that could impact on affordability.</p> <p>The price checks did not include items such as fish, meat, vegetables, chicken and did not include other shops or places that the workers obtained their foods from.</p> <p>Hence, a noncompliance was raised. (NC# CBK-01).</p>	<p>Minor NC: CBK-01</p>
<p>Criterion 6.6 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>6.6.1 A published statement in local languages recognising freedom of association shall be available. Major Compliance</p>	<p>Findings and Objective Evidence</p> <p>The published statements of policy which recognizes the employee's freedom of association, was noted to be available and displayed in Bahasa Malaysia and English which can be understood by the staff and workers.</p>	<p>Compliance</p> <p>Complied</p>



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	<p>The estate management had formed the ECC as an alternative mechanism to cater to the collective bargaining needs of the workers.</p> <p>Results of ECC meetings were minuted and available for verification at each estate.</p>	
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>Minutes of ECC meetings sighted for example in Morisem 1, latest ECC meeting was on 9 Sept 2017 and in Morisem POM the meeting was conducted on 12 Sept 2017. All minutes are properly kept.</p> <p>In all meeting minutes of ECC, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties.</p>	Complied
<p>Criterion 6.7 Children are not employed or exploited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p>	<p>Employees and workers profile were sighted during the audit. No underage workers found. This fact was further verified through interviews with staff and workers in the PMUs. Passport photos and birthdays of the foreign workers hired by IOI were checked and none of them found to be underage.</p> <p>The Child Labour policy 2009 adopted by IOI clearly stated that the minimum age of workers is 16 years old as stated in the Children and Young Persons (Employment) Act 1966 (Act 350). In Sabah, the Sabah Labour Ordinance, however, stated minimum age for employment is 17 years old. Further verification found that IOI employment guidelines stated only those persons of 18 years old and above are qualified to be employed.</p>	Complied
<p>Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.</p> <p>Major Compliance</p>	<p>The policy statements which recognize Equal Job Opportunity were widely available and displayed in local languages and English.</p> <p>The policy Included commitment to:</p> <ul style="list-style-type: none"> • providing equal opportunities regardless of race, colour, ethnic or national origins, religion or belief, gender, marital status, part-time or fixed term employee status, or age. • freedom of association of employees according and within the labour laws and Immigration Act of Malaysia • recruiting employees and providing an environment which is free from unlawful discrimination, harassment or victimization. <p>Verification of the employment records showed that this policy had been implemented and maintained.</p>	Complied
<p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p>Major Compliance</p>	<p>Based on interviews and feedback from the employees and migrant workers and review of ECC meeting minutes, it is verified that there has been no issue of discrimination at the PMU.</p>	Complied



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<p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p>Minor Compliance</p>	<p>Morisem PMU demonstrated that staff are hired and promoted based on specific criteria. However, promotion to higher position sometime take a longer period due to the position sought is not yet vacant.</p> <p>In general, it was evident that no discrimination on promotion as both men and women, local and foreign workers have equal opportunity to be promoted.</p>	<p style="text-align: center;">Complied</p>
<p>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p>	<p>The established social policy has covered aspects on sexual harassment, gender and women reproductive rights. There was a documented procedure on the management of sexual harassment.</p> <p>There is also a gender committee specifically to address areas of concern to women. This committee consisted of a chairperson and, has representatives from all areas of work. Minutes of Gender Committee meetings held were retained such as at Morisem 1 estate, the latest meeting was on 20 Apr 2017.</p> <p>The Policy On Prevention And Eradication Of Sexual Harassment In The Workplace was available and displayed in local language and English.</p> <p>Interview with the workers during field visits indicated they were briefed regularly of the policy and were able to describe the procedure for lodging complaints if being sexually harassed.</p>	<p style="text-align: center;">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.</p> <p>Major Compliance</p>	<p>The established Policy on Protection Of Reproductive Rights has covered aspects of reproductive decision-making rights, including voluntary choice in marriage, family formation and determination of the number, timing of one's children. Meeting minutes of the committee. Gender Consultative Committees (GCC) has been maintained and verified.</p> <p>At the POM and Estates, the foreign workers were informed that when pregnancy was detected, the Estate Health Assistant would immediately submit a work removal recommendation letter to the management taking into consideration the worker's safety. The workers were briefed during muster. Interview with the female workers confirmed that they were aware of such practice.</p> <p>Local female staff are fully aware that they are entitled for two months paid maternity leave. Maternity leave pay made was verified.</p> <p>Verified that the local female staff who were pregnant or breastfeeding would be exempted from work associated with potentially hazardous chemicals and were given light duties in and around the office.</p>	<p style="text-align: center;">Complied</p>
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the POM and estate offices. The grievance mechanisms established at the PMU had been maintained.</p> <p>There was a gender committee specifically to address areas of concern to women. This committee was headed by an office staff and representatives from all areas of work. The minutes of meetings were documented and properly kept.</p>	<p style="text-align: center;">Complied</p>



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Criterion 6.10		
Growers and millers deal fairly and transparently with smallholders and other local businesses.		
Indicators	Findings and Objective Evidence	Compliance
6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	FFB pricing is available at the POM office. The POM and estates in the PMU do not have any dealings with any smallholders.	Complied
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	The PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.	Complied
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	Based on contracts agreed between contractors/service providers and POM/Estates, it was evident that all parties understand the contractual agreements they entered into, and that contracts are fair, legal and transparent. Interviews with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. The contractors are monitored during work in progress to follow safety requirements.	Complied
6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance	The PMU has a policy to ensure agreed payments were made within the period specified in the agreement. It is industrial norm that payments were made within 60 days.	Complied
Criterion 6.11		
Growers and millers contribute to local sustainable development where appropriate.		
Indicators	Findings and Objective Evidence	Compliance
6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	Main contribution of the estates to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The management also contributed school bags for school children attending the HUMANA school.	Complied
6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity Minor Compliance	Not applicable. There was no scheme smallholders.	Not applicable
Criterion 6.12		
No forms of forced or trafficked labour are used.		
6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	Personnel file records of the foreign workers such as personal biodata, passports and work permits were checked and it was verified that all the workers were recruited through legal means and according to the regulatory requirements. Interviews with the foreign workers at the estates confirmed that there was no forced or trafficked labour.	Complied
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	No incidents of contract substitution have been found and this is confirmed during interviews with external stakeholders.	Complied



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<p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance</p>	<p>A policy on Equal Opportunity was adopted and implemented by Morisem PMU seemed to cover all necessary aspects of migrant workers related issues.</p>	<p>Complied</p>
<p>Criterion 6.13 Growers and millers respect human rights.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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>IOI had adopted revised “Group Sustainable Palm Oil Policy” in June 2017 signed by Group CEO, Dato’ Lee Yeow Chor which covered the necessary aspects of human rights related issues. This is confirmed to have been explained and understood by the different levels of personnel interviewed during the assessment.</p>	<p>Complied</p>
<p>6.13.2 As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. Minor Compliance</p>	<p>The mill and estates had contributed towards the setting up of the Humana school with Continued Learning Centre (CLC) for children of Indonesian workers for their primary and secondary level educations. It was verified that transport has been provided free for children of the workers.</p>	<p>Complied</p>

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 GHG Calculation Report was submitted to RSPO Secretariat on 20 Sept 2017.

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

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

<p>Criterion 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>



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<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>The PMU had planned and progressively implemented continual improvement activities in the POM and estates:</p> <p><u>Continual improvements for the POM:</u></p> <ol style="list-style-type: none"> 1. Timely monitoring, disposal and updating records for disposal of Schedules Wastes via e-consignment: spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409) and used filters (SW 410). 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. Replacement of chimney for boiler No.2 effective Nov 2016. 5. Planting of leguminous crop at mill compound beginning March 2017. 6. New drainage system at EFB dumpsite (pumping it to effluent pond) preventing leachate from EFB / boiler ash going to stream. <p><u>Continual improvements for Estates:</u></p> <ol style="list-style-type: none"> 1. Increased planting of beneficial plants as such as Cassia cobanensis to 70% ratio as direct bio-control for the prevention of bag worm development. 2. Reduce the usage of pesticides. 3. Increase collection of plastic waste for recycling 4. Additional palm top equipment for monitoring of yields from the estates. 5. Leepang 2 estate: Installation of Electric fencing to ward of elephant incursions at the replanting areas. 6. Leepang 3 & 4 estate: New building for HUMANA school 7. Leepang 4 Estate: Introduction on the use of Barn owls for the reduction in chemical usage. Construction of the barn owls is in the initial stage. 8. Ongoing RiLeaf project for the planting of forest tree species along river banks at Leepang 4. <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:

D.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1</p> <p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>The POM only processed FFB from its own supply base (see Section 1.3).</p> <p>It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.</p>	<p>Complied</p>
D.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance
<p>D.2.1</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 in this Assessment Report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced has been recorded in each annual surveillance report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	<p>Complied</p>
<p>D.2.2</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). Currently the platform used is known as RSPO Palm Trace.</p>	<p>Complied</p>
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 IP Module is available. RSPOSC/SOP/IP/3 was further revised on 01 Aug 2017 (Rev.1). The procedure has covered the implementation of all elements of IP Module.</p>	<p>Complied</p>



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a) Complete and up to date procedures covering the implementation of all the elements in these requirements	The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.	Complied
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>Mill Manager, Mr. Zulkarnain Abd. Rahman (contact no: 012-7222514) has the overall responsibility and authority for implementation and compliance with the documented procedure.</p> <p>He and other relevant staff (e.g. Asst. Mill Manager, Mr. Harry Danial) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation.</p> <p>Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> <p>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>	Complied
D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>For the period FY 2016/2017, the POM only received and processed FFB from the PMU estates.</p> <p>The PMU did not receive 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 4 CPO storage tanks that stored the IP quantities.</p>	Complied
D.4 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.	The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional Office and weekly to the Head Office at Putrajaya.	Complied
D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.	<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.</p> <p>There is no projected overproduction todate.</p>	Complied
D.5 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
D.5.1 The site shall record and balance all receipts of RSPO certified FFB and	The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible.	Complied

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deliveries of RSPO certified CPO and PK on a three-monthly basis.	Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.	
D.6 Processing		
Indicators	Findings and Objective Evidence	
D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	Confirmed from records that the POM only received and processed certified FFB from its own estates for FY2016/2017. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill, including transport and storage. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months. The POM does not produce PKO. The PK is sold to IOI Edible Oil and there is no outsourcing of the PK crush to an independent palm kernel crusher.	Complied
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 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 2016/2017.

3.1.3 Monitoring of Certified Sustainable Palm Products traded:

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

	CSPO - Actual Jul 2015-Jun 2016 (MT)	CSPK - Actual Jul 2015-Jun 2016 (MT)	CSPO - Actual Jul 2016 till current (MT)	CSPK - Actual Jul 2016 till current (MT)
RSPO IP	25,889.17	11,979.71	42,542.38	13,670.22
Book & Claim (GreenPalm)	0	0	0	0
ISCC	24,108.88	0	17,361.45	0
Total Traded	49,998.05	11,979.71	59,903.83	13,670.22
Actual Produced	51,838.62	12,222.64	61,844.06	13,986.67

Notes:



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- Based on records maintained at the POM, it was verified that the total tonnage of certified products traded has not exceeded the annual certified quantity.
- The PK is entirely sold to IOI Edible Oils Sdn Bhd (Refinery) at Sandakan, Sabah and there is no outsourcing of the PK crush to an independent palm kernel crusher.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2013	1 (1 Minor)	5	Actions taken on the NCRs and OBS verified to be effective during ASA-01.
Annual Surveillance-01	2014	2 (2 Minor)	2	Actions taken on the NCRs and OBS verified to be effective during ASA-02.
Annual Surveillance-02	2015	3 (3 Minor)	1	Actions taken on the NCRs and OBS verified to be effective during ASA-03.
Annual Surveillance-03	2016	1 (1 Minor)	0	Actions taken on the NCR was verified to be effective during ASA-04.
Annual Surveillance-04	2017	4 (4 Minor)	0	Next assessment (Re-Certification)

3.2.1 Year 2016: Surveillance Assessment ASA-03 (1 Minor NCR)

NCR	MYNI Indicator	Details of NCR	
Minor OCL-01	Clause 4.2.4 (b) and (c) of the RSPO Certification Standard	Date issued: 22/09/2016	
		Nonconformance: Clause 4.2.4 (b) and (c) of the RSPO Certification Standard requires the Certification Body to review the appropriateness of the Time-bound Plan (TBP). The Morisem PMU has submitted the TBP as at Sep 2016 to the Lead Auditor during the assessment. However, it was found that the submitted TBP contained incorrect/outdated details on the current status (column 5) of the 12 PMUs listed under item no. 1 to 12.	
		Root Cause and Corrective Action: The update details in some of the columns in the TBP were missed during the latest review of the document in September 2016 as much as the attentions were only given to the uncertified units. Necessary action has been taken to update the document and the issue is noted and to ensure no recurrence during the next revision of the document.	
		Verification (Corrective Action): Off-site verification was carried out. Verified that the Corrective Action taken by submission of a revised TBP is acceptable.	
		NC status verified by auditor: Closed by OCL	Date closed: 30/09/2016
		Verification (for effectiveness): During ASA-04 Assessment: Verified that the implementation of the internal audits and the updating done on status of uncertified units is detailed and effective for closure.	
		Effectiveness verified by auditor: Accepted by AL	Date verified: 28 Sept 2017



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3.2.2 Year 2016: Surveillance Assessment ASA-03: 0 Observation

3.2.3 Year 2017: Surveillance Assessment ASA-04 (4 Minor NCRs)

NCR	MYNI Indicator	Details of NCR
Minor AL-01	4.1.2	Date issued: 28 Sept 2017
		Nonconformance: Monitoring mechanism of Road Tax, Driving license and Insurance is available. However, the monitoring of driving license of a driver (RBA) under the contractor Uniharvest Sdn Bhd, which expired on 8 August 2017 was not detected.
		Root Cause: Monitoring form of contractor documents was implemented by Morisem Palm Oil Mill. However, mill management was overlooked to detect the expired driving license on 08 August 2017 by UniHarvest Sdn. Bhd
		Corrective Action: A latest monitoring form with valid contractor's documents was provided by the mill management. This form will be updating every month. At entrance point of MPOM, there is a Palm Kernel Trailer & Safety checklists document to be check by the security. Trainings are also given to the security and as well as to the mill management personnel which includes the critical control point operators (weighbridge, office and security) to ensure that the checklist will be used before any of the contractors enter the mill. The monitoring form will be counter checked by the mill's executive.
		Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017: 1) Copy of the updated monitoring form of contractor's documents which includes details such as Driver's license and valid Road Tax. 2) Palm Kernel Trailer & Safety Checklists as implemented. 3) Record of training given to Assistant Managers & Mill Executives and critical control point. (<i>Latihan "Palm Kernel Trailer and Safety Checklist" dan Pemantauan Lesen Memandu Memandu dan Cukai Jalan Lori/Trailer</i>). 4) Supporting photos of usage of monitoring form for contractor at security and weighbridge points. The corrective actions satisfactorily addressed the non-conformance.
NC status verified by auditor: Closed by AL		Date closed: 1 Nov 2017
Verification (for effectiveness): At next Assessment (Re-Certification)		

NCR	MYNI Indicator	Details of NCR
Minor AL-02	4.2.4	Date issued: 28 Sept 2017
		Nonconformance: During field visit it was noted that several heaps of EFB for mulching were left as it was at Leepang 2 estate for quite some time and has not been attended to accordingly.



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		<p>Root Cause: The EFB was not mulched/leveled due to the shortage of the workers for the said activity at the estate.</p> <p>Corrective Action: The identified locations of EFB heaping has been leveled immediately. The SPO supervisor was instructed to include the EFB mulching status into their daily report. Further planning and instructions will be given by the Estate management for the levelling of the offloaded EFB heaps. A work programme for EFB levelling using the backhoe has been developed to ensure that all EFB offloaded for field application is leveled promptly.</p>		
		<p>Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017:</p> <ol style="list-style-type: none"> 1) Copy of Daily report for SPO field supervisor to include EFB mulching / levelling status. 2) Copy of Work programme of backhoe which matches with the field block at which the EFB is applied. <p>The corrective actions satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL</td> <td style="width: 40%;">Date closed: 1 Nov 2017</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017
NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017			
		Verification (for effectiveness): At next Assessment (Re-Certification)		

NCR	MYNI Indicator	Details of NCR
Minor SH-01	5.3.3	Date issued: 28 Sept 2017
		<p>Nonconformance:</p> <p>Landfill Management: The access road leading to the Landfill site at Morisem 1 estate has not been properly maintained. The condition of the road is poor and may lead to potential issues such as spillages, driver and vehicle safety.</p>
		<p>Root Cause: The poor road condition is due to rainy season in September 2017. This has prevented the road repairing to be done by the management on time according to the planning</p> <p>Corrective Action: The poor road condition observed during the audit has already been repaired by the management. A road maintenance plan/record that focused and emphasized on the main road and that are frequently used has also been made available. These roads include the road to the landfill, ramp, labour quarters etc.</p>
		<p>Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017:</p> <ol style="list-style-type: none"> 1) Copy of Record of rainfall book for September. 2) Copy of Record of road maintenance done at the field block of the landfill. 3) Copy of Record of work done and road maintenance programme at the road to the Landfill block (09L) 4) Supporting photo of road maintenance done at Block 09L. <p>The corrective actions satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL</td> <td style="width: 40%;">Date closed: 1 Nov 2017</td> </tr> </table>
NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017	
		Verification (for effectiveness): At next Assessment (Re-Certification)



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NCR	MYNI Indicator	Details of NCR
Minor CBK-01	6.5.4	Date issued: 28 Sept 2017
		<p>Nonconformance:</p> <p>At Morisem 4 Estate, price checks at the sundry shop located in the estate were conducted twice in 2017 where prices of food items were recorded by the Social Liaison Officer. The records did not have any dates to indicate historical sequence. The information thus obtained were not able to form basis to conclude whether prices had increased or decreased significantly that could impact on affordability. The price checks did not include items such as fish, meat, vegetables, chicken and did not include other shops or places that the workers obtained their foods from.</p>
		<p>Root Cause: The estate management overlooked to put the date on the price list items in Morisem 4 Estate. The price items also does not include fresh produce such as fish, meat, vegetables, and chicken due to the fact that it is only occasionally available in sundry shop. The price list also did not include the price other shops or places that the workers could obtain their foodstuff from.</p> <p>Corrective Action: A new list of price items has been prepared which able to show the comparison prices for every six months starting on the month of October 2017 and subsequent 6 months till April 2018. This price items included fresh produce such as fish, meat, vegetables, and chicken. A separated lists of price items also prepared that shows the comparison of both price sold in estate shop and outside estate to ensure price offers by the estate shop is affordable by the workers. Training on shop inspection was given to SLO and SPO Staff to ensure the responsible person is well aware on the shop price and its whole condition.</p>
		<p>Verification (Corrective Action): Off-site verification carried out confirmed the following evidences of implementation of the corrective actions submitted on 31 Oct 2017:</p> <ol style="list-style-type: none"> 1) Copy of the new Lists of Price items on the month of October 2017 and next 6 months till April 2018. The price items had included pricing items such as fish, meat, vegetables and chicken. 2) A Tabulated lists of price items sold in Morisem 4 Estate and outside estate showing the price comparison between the estate shop and outside shops. 3) Training record given to Social Liaison Officer (SLO), Executive level and SPO Staff on Inspection of Shops items and reasonably affordable pricing at estates. <p>The corrective actions satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL</td> <td style="width: 40%;">Date closed: 1 Nov 2017</td> </tr> </table>
NC status verified by auditor: Closed by AL	Date closed: 1 Nov 2017	
		Verification (for effectiveness): At next Assessment (Re-Certification)

3.2.4 Year 2017: Surveillance Assessment ASA-04: 0 Observation

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.

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- 2) The PMU has contributed towards the local economy and provided proper infrastructure such as road access, housing, sports and recreational facilities.

3.3 Feedback Raised by Stakeholders and Findings

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

3.3.1 Feedback Raised by Stakeholders (Surveillance Assessment ASA-03 – Year 2016)

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: Feedback via email dated 05 Sep 2016 from Environment Protection Department, Kota Kinabalu, Sabah. This feedback is concerning the status of compliance of the PMU against the requirements of the EIA report. Details of the feedback are in the attached document below:</p> <div style="text-align: center;">  Feedback IOI Morisem ASA-03_EPI </div>	<p>The PMU had taken actions as required by the Environment Protection Department, Kota Kinabalu, Sabah.</p>	<p>Verified during on-site assessment that the PMU had implemented the actions and responded to the Environment Protection Department, Kota Kinabalu, Sabah as evidenced in a letter dated 20/05/2016.</p>	<p>No further action required.</p>
<p>Non-Governmental Organizations: No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 22 Sep 2016. A total of 7 stakeholders (3 Contractor/FFB transporter, 3 Teachers, 1 Supplier) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Positive comments given by the stakeholders 2. Suggestion by the school teacher that there should be no other heavy vehicles at the same time when the school 	<p>The PMU will consider implementation of this suggestion.</p>	<p>To be followed up during the next Annual Surveillance Assessment.</p>	<p>Adequate actions taken during ASA-04</p>

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bus is on the IOI ferry. This to prevent from the ferry from tilting to one side.			
<p>Local Communities - Interviews: Feedbacks also received from: 1. Suppliers' stating that there was no clerk to receive goods delivered by the suppliers at certain times. 2. SK Ladang Sg. Bendera, Permodalan 2 Estate concerning speeding vehicles raising dust at the school area. 3. SK Ladang Sg. Bendera, Permodalan 2 Estate concerning stray dogs scavenging on garbage causing mess at the school.</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 19 to 22 Sep 2016 at the PMU:</p> <p>Staff/Workers interviewed: POM = 8 males, 8 females Estate Offices = 19 males, 11 females Field/sites visit = 8 males, 19 females</p> <p>No issues raised by the sampled staff and workers.</p>	<p>1. Immediate action taken to reschedule the rest shifts from 2 shifts to 3 shifts.</p> <p>2. Speed bumps to be constructed immediately.</p> <p>3. Immediate action taken to transport the stray dogs near forest area and domestic waste collected twice a week.</p>	To be followed up during the next Annual Surveillance Assessment.	Adequate actions taken during ASA-04
<p>Other Interested parties: No feedback received.</p>	No response needed.	No response needed.	Nil

3.3.2 Feedback Raised by Stakeholders (Surveillance Assessment ASA-04 – Year 2017)

Communication was done via email to various categories of stakeholders (see list under para 2.5):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: No new feedback received during current assesement in 2017.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that the PMU had maintained implementation of feedbacks obtained from previous assessments.	No further action required.
<p>Non-Governmental Organizations: No new feedback received during current assesement in 2017.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that the PMU had maintained implementation of feedbacks obtained from previous assessments.	No further action required.
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete</p>			

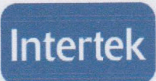


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<p>range of various stakeholder categories were invited for the Stakeholders' Consultation on 28 Sep 2017. A total of 12 stakeholders: (3 from neighbouring estates, 1 smallholder, 2 from school, 2 contractors & 4 suppliers) were present at the consultation. 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. Request for contribution in the maintenance of classrooms at SK Ladang Sg. Bendera</p>	<p>The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting</p>	<p>To be followed up during the next Assessment.</p>	<p>-</p>
<p>Local Communities & Workers Interviews: Additional feedbacks received include: 1. Sundry suppliers confirmed improved services for goods receiving and delivery. 2. SK Ladang Sg. Bandera, Permodalan 2 Estate confirmed control of stray dogs and proper disposal of garbage and waste at the school. 3. Interviews of sampled staff and workers were also conducted by the auditors during field visits during ASA-04 at the PMU. Staff / Workers interviewed: POM = 9 males, 8 females Estate Offices = 12 males, 13 females Field/sites visit = 18 males, 39 females Confirmed that complaints & requests for improvements has been attended in a timely manner. No new issues raised by the sampled staff and workers.</p>	<p>Ongoing consultations will be maintained. 1. No response needed. 2. Continued monitoring actions for any stray dogs and domestic waste collection. 3. No response needed.</p>	<p>No response needed. Monitoring to continued during next assessment.</p>	<p>-</p>
<p>Other Interested parties: No other feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>



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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: 26 Nov 2017

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI CORPORATION BERHAD

Mr. S.S. Ragupathy
General Manager (Sabah Region)
Date: 28 Nov 2017



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

Certificate No:	RSPO 928588
Original Issue date:	18 Dec 2013
New issue date (ASA-04):	18 Dec 2017
Expiry date:	17 Dec 2018
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Morisem Grouping
Address of POM:	MDLD 5123, KM 2, 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 bases covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Certified (Titled) Area - ha
		Latitude	Longitude	
Morisem POM (Capacity:105 MT/hour)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E	15,631.52
Morisem 1	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E	
Morisem 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E	
Morisem 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E	
Morisem 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E	
Leepang 2	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E	
Leepang 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E	
Leepang 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E	



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Ladang Asas (Tas & Halusah)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"E	
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The annual certified tonnages produced at the PMU are detailed as follows:

Morisem POM	Annual Tonnages (MT)
Certified FFB	277,460
Certified CPO	59,654
Certified PK	14,567
Supply chain module	Identity Preserved (IP)



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Appendix A:

Qualifications of Lead Assessor and Assessment Team

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

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

Mr. Augustine Loh is an IRCA Third Party Assessment (TPA) Lead Auditor and IRCA Lead Tutor for IRCA ISO 9001 and OHSAS 18001 Lead Auditor Courses as well as Tutor for RSPO Certification Programs and Integrated Management System in Intertek, Malaysia. He has over 25 years of fieldwork and experience in Palm based product survey, supply chain monitoring, inspection and testing. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001, ISO 14001, OHSAS 18001, ISO 22001, ISO 27001, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification and the International Sustainable Carbon Certification (ISCC) Lead Auditor courses. He has also completed the RSPO training on RSPO P&C, RSPO Palm GHG tool and RSPO RED 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.

Mr. Sazali Hasni (SH) – Assessor / Technical Expert

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

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

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

(Good Agriculture Practice, Integrated Pest Management and Social)
– BSc in Food Technology, University of Reading, UK

Mr. Chin Bit Kee has more than 10 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.



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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
25 Sep 2017 (Day 1)	8.00 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	CBK	SH
		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 • 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 • P4 Best Practices at Mill • 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			

Date	Time	Assessors and Assessment Activity		
		AL	CBK	SH
26 Sep 2017 (Day 2)	8.30 am – 12.30 pm	Site assessment at Morisem 1 estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Morisem 1 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Morisem 1 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement
		Lunch Break		
	1.30 pm - 5.30 pm	Site assessment at Morisem 4 estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Morisem 4 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Morisem 4 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement



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	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		
27 Sep 2017 (Day 3)	8.30 am – 12.30 pm	AL	CBK	SH
		Site assessment at Leepang 2 estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Leepang 2 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Leepang 2 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Site assessment at Leepang 4 estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Leepang 4 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	Site assessment at Leepang 4 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estates • 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		
28 Sep 2017 (Day 4)	8.30 am – 11.00 am	AL	CBK	SH
		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 • 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 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	
	11.00 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 – 3.30 pm	Preparation for Closing Meeting		

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3.30 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative
4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office
5.30 pm – 6.30 pm	Travel to Hotel

Appendix C-1:

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

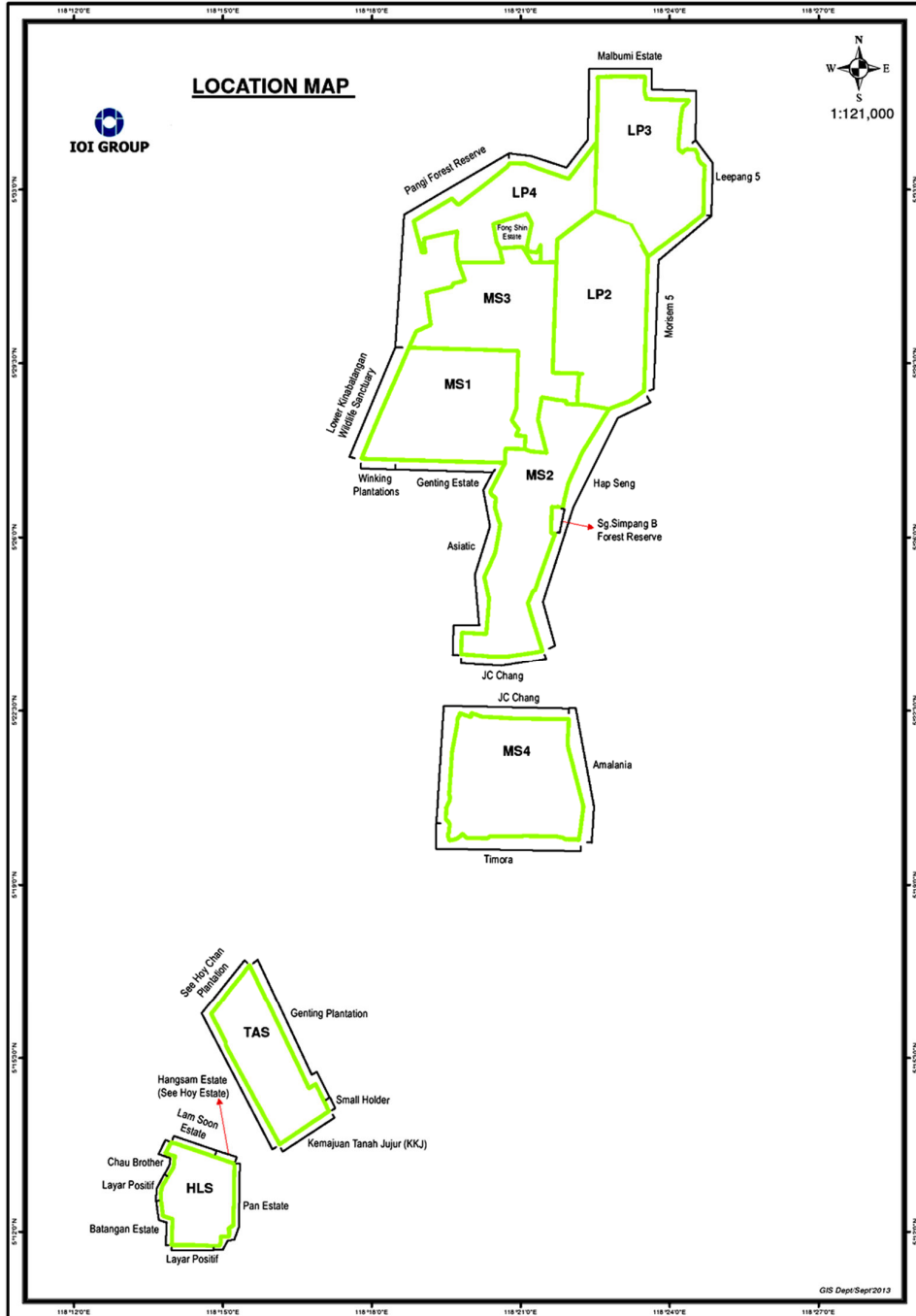


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Appendix C-2:

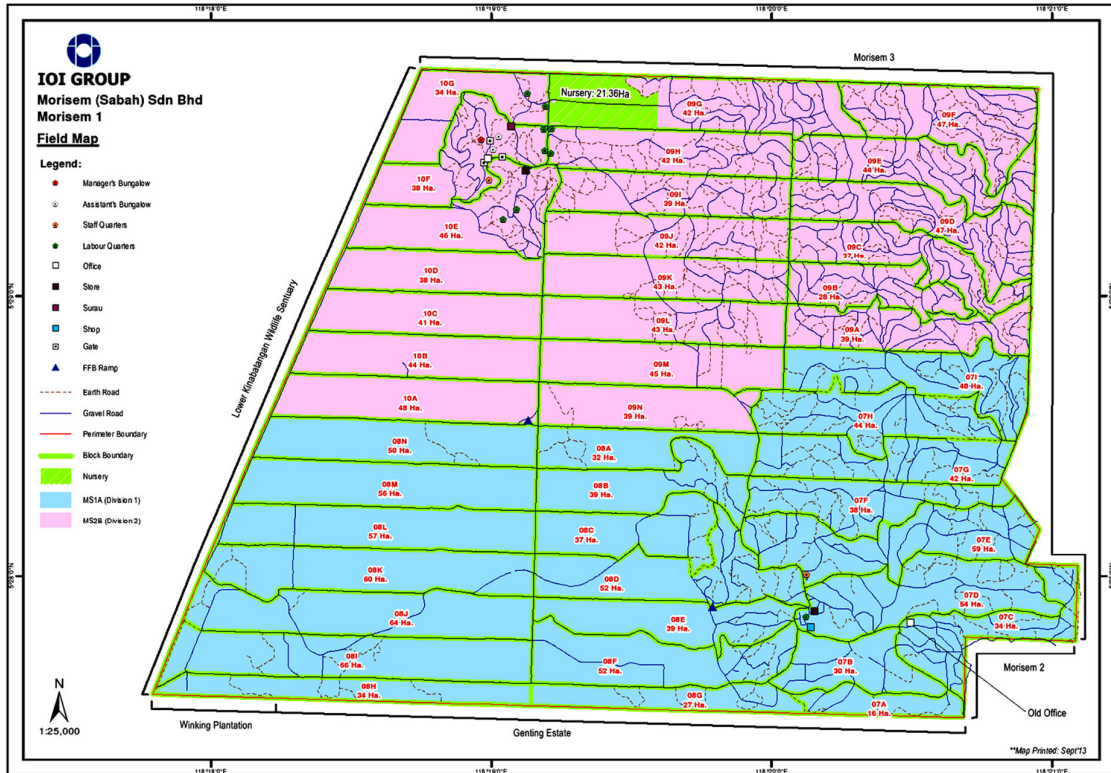
Location Map of IOI Morisem Grouping, Lahad Datu, Sabah, Malaysia



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Appendix C-3-1:
Morisem 1 Estate

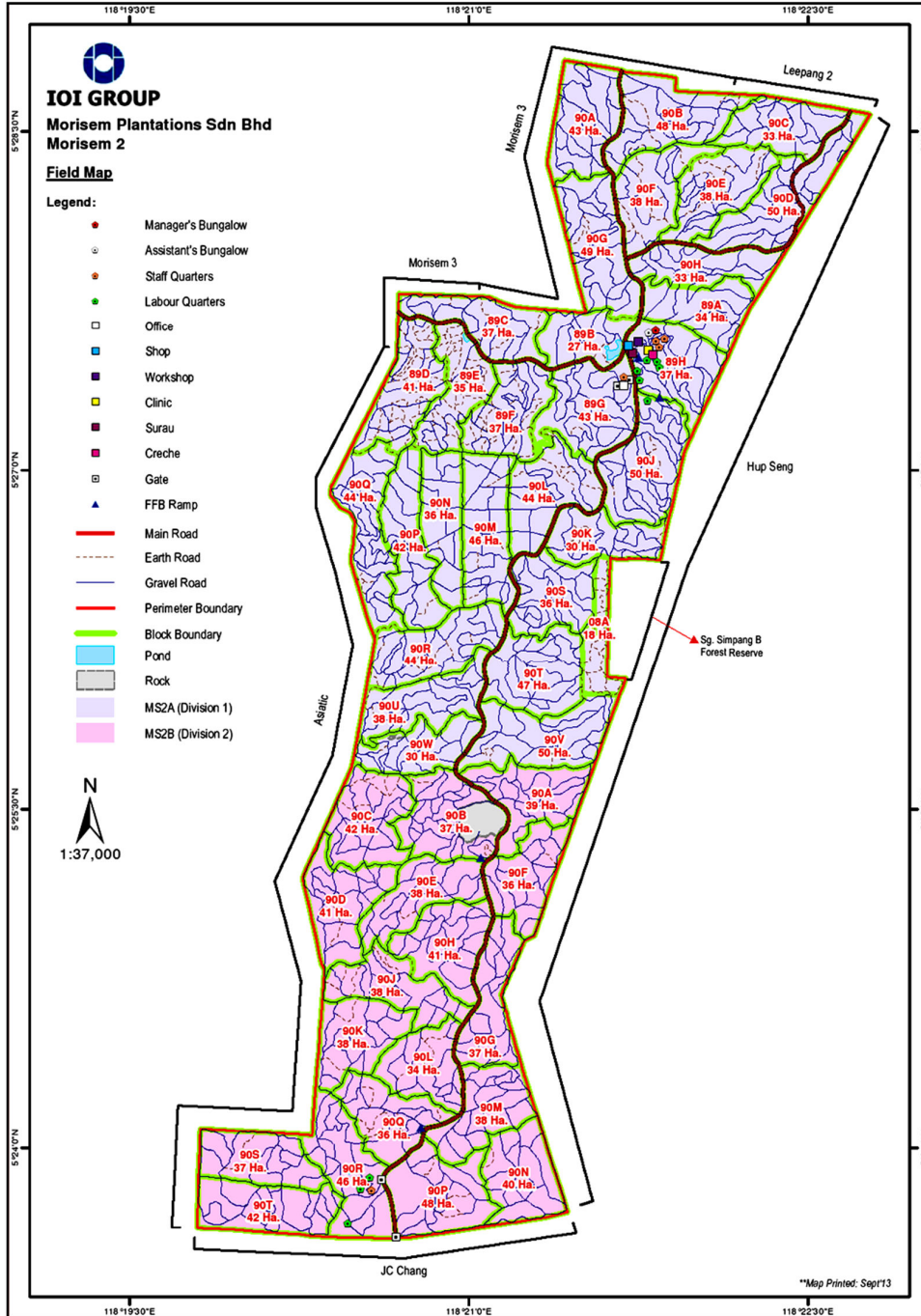


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Appendix C-3-2:

Morisem 2 Estate

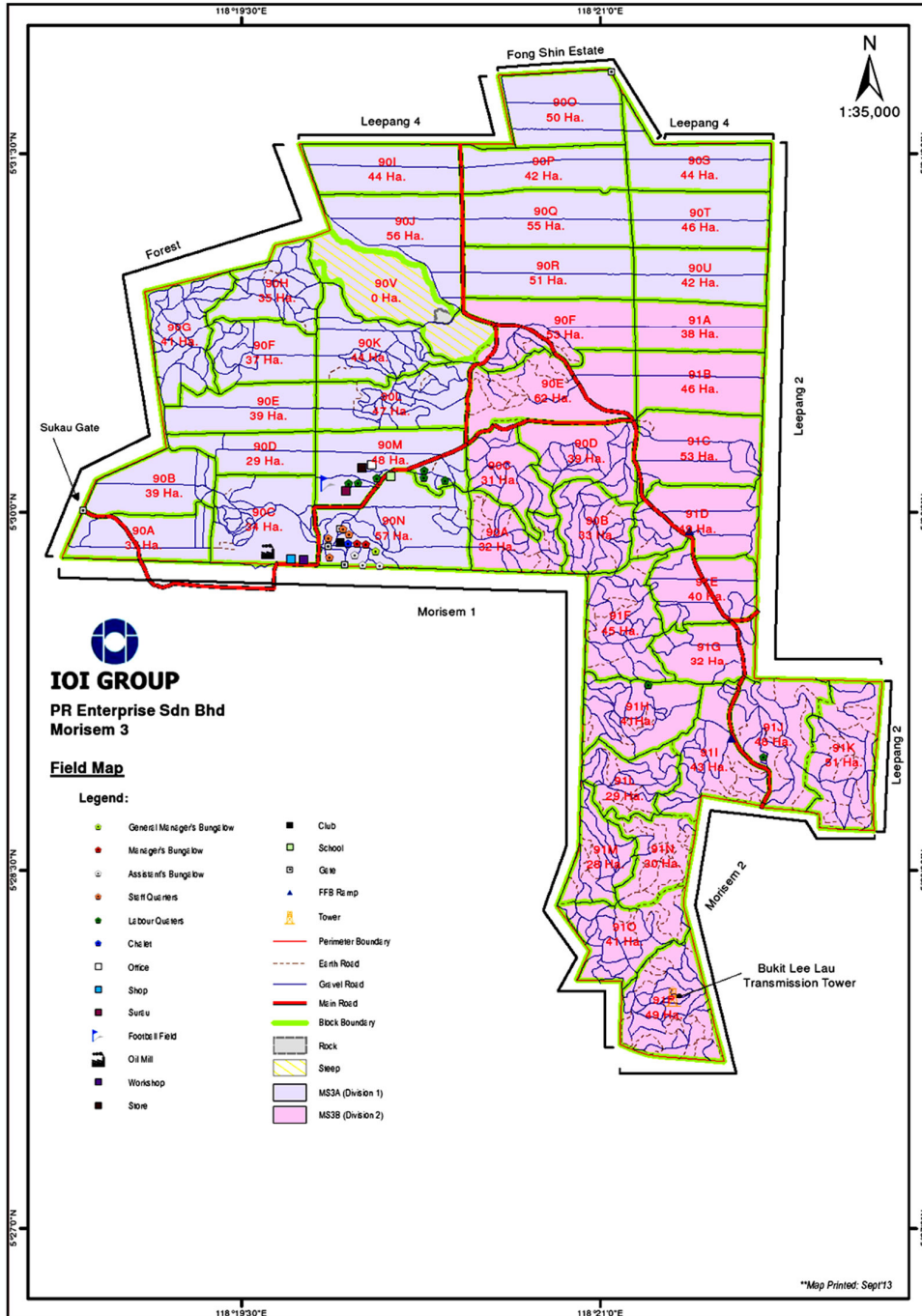


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Appendix C-3-3:

Morisem 3 Estate

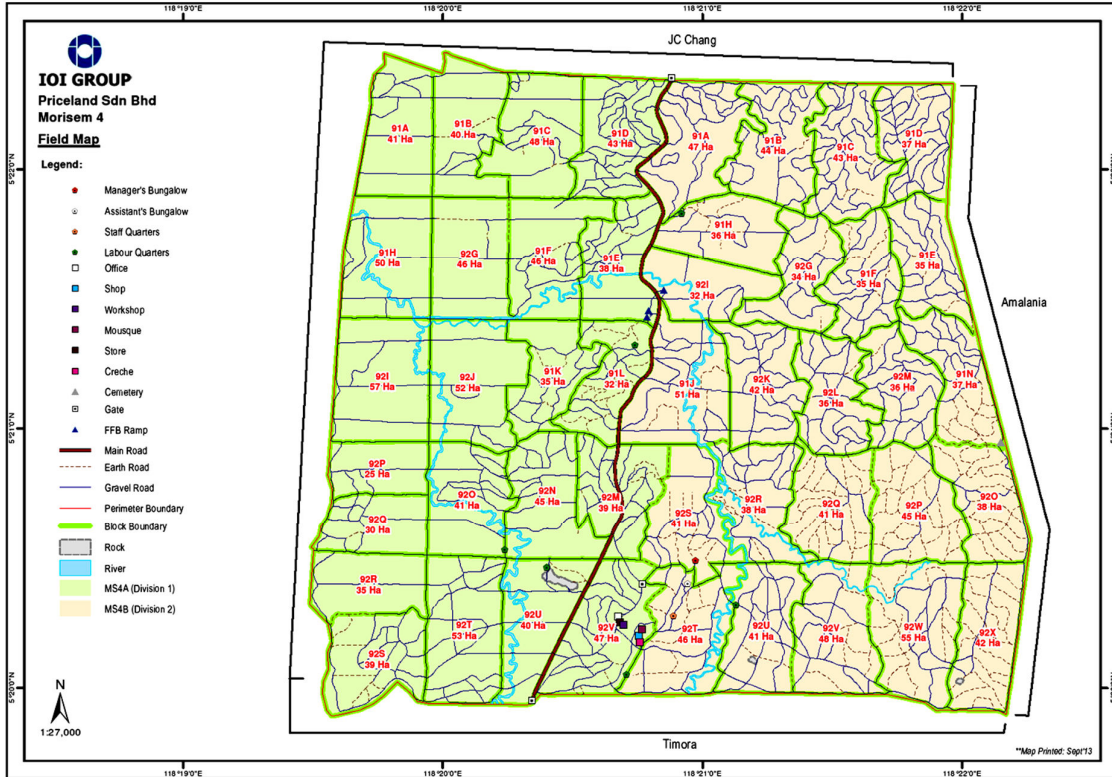


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Appendix C-3-4:

Morisem 4 Estate

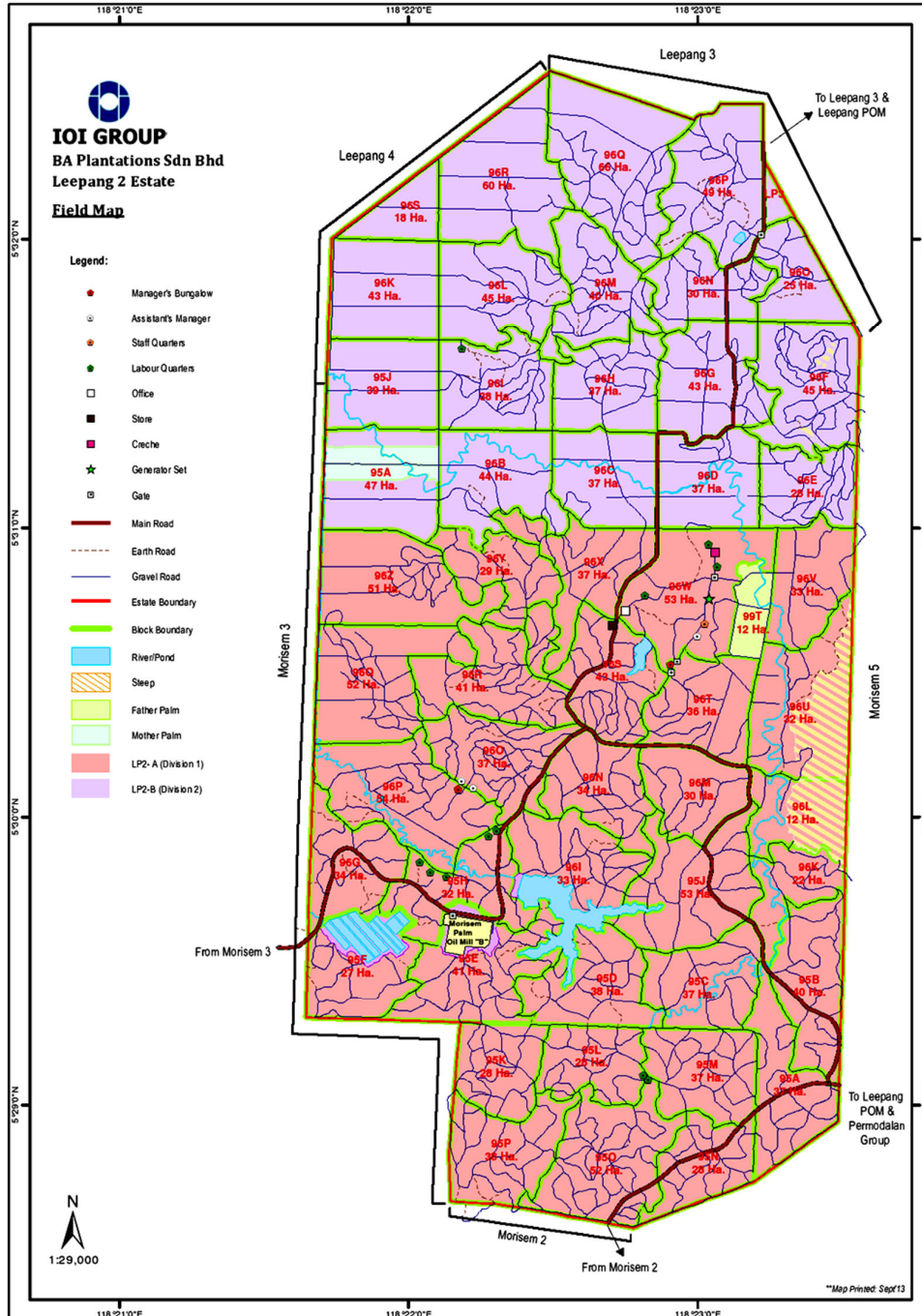


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Appendix C-3-5:

Leepang 2 Estate

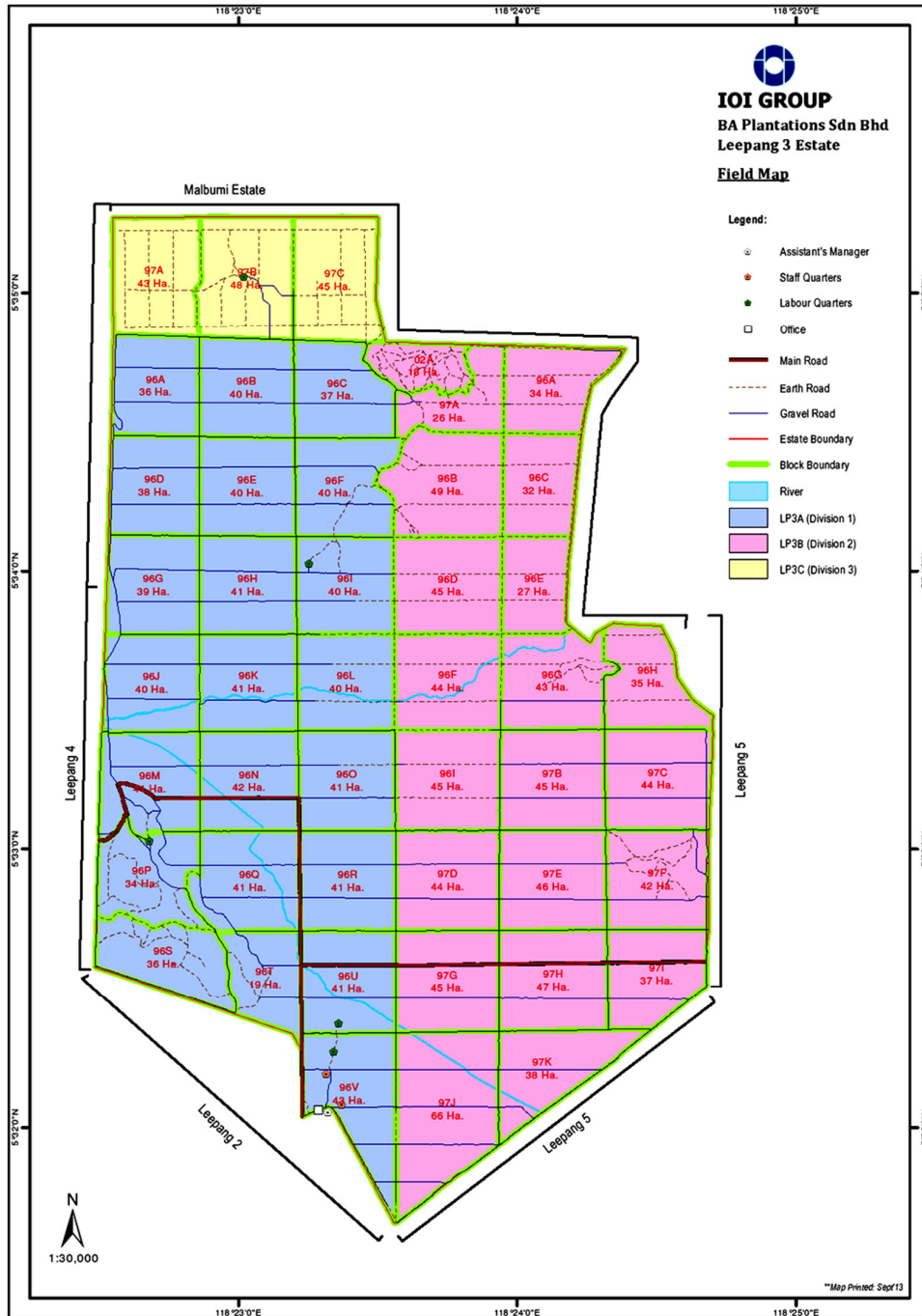


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Appendix C-3-6:

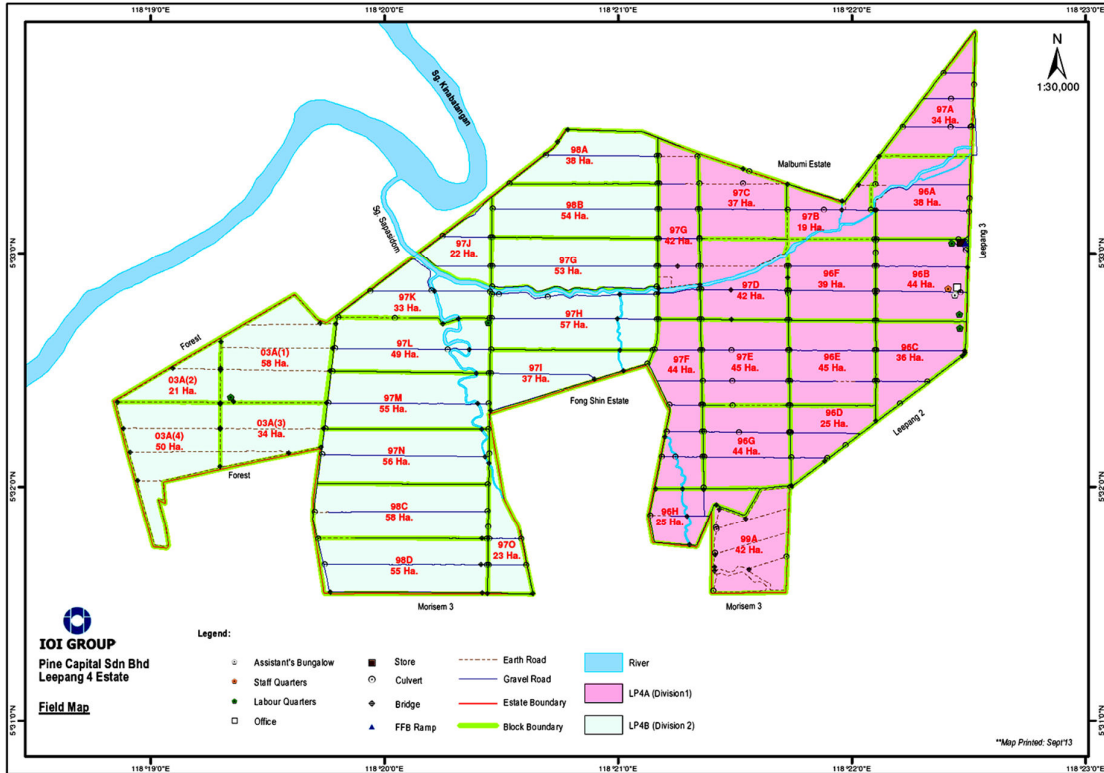
Leepang 3 Estate



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Appendix C-3-7:
Leepang 4 Estate

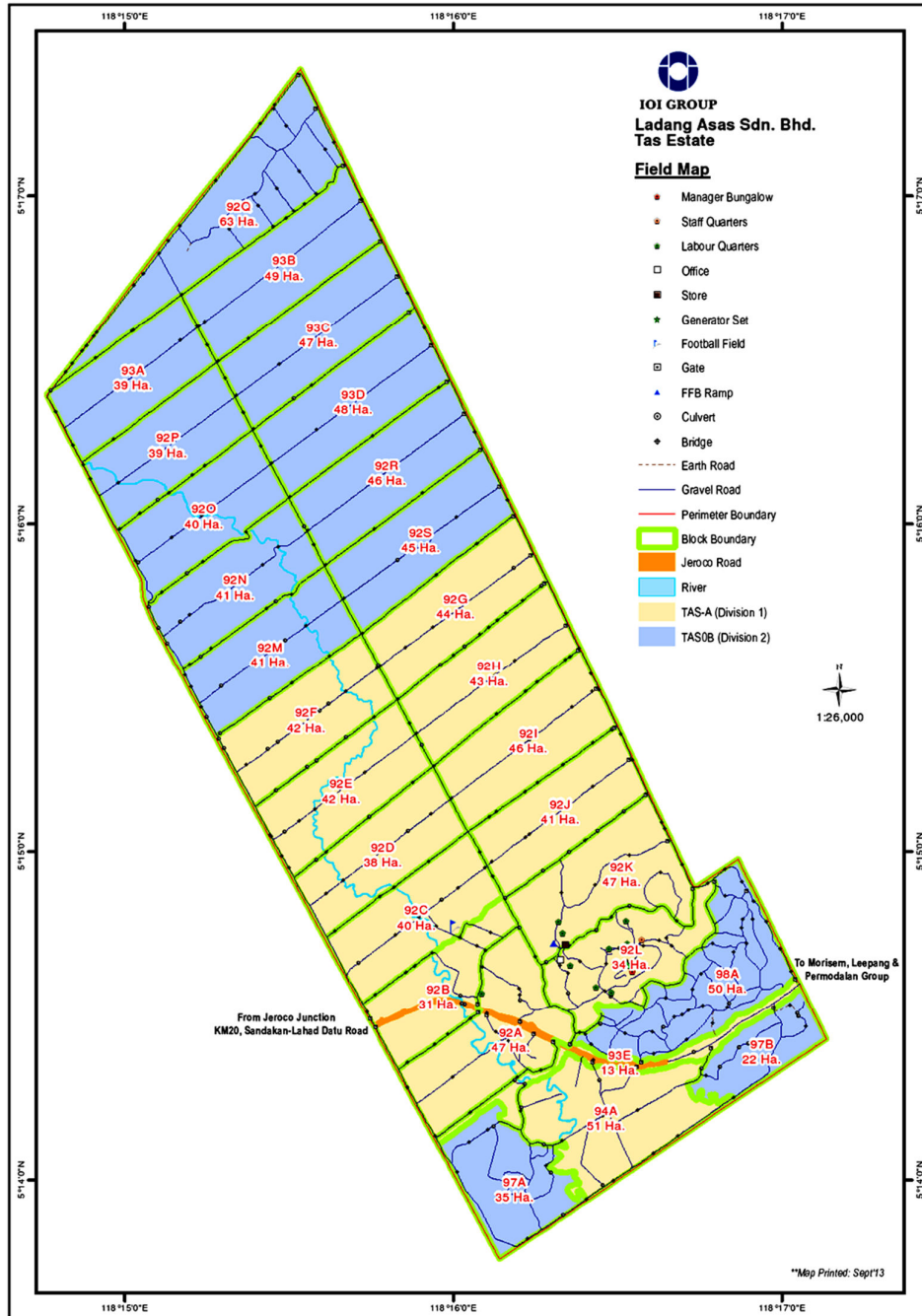


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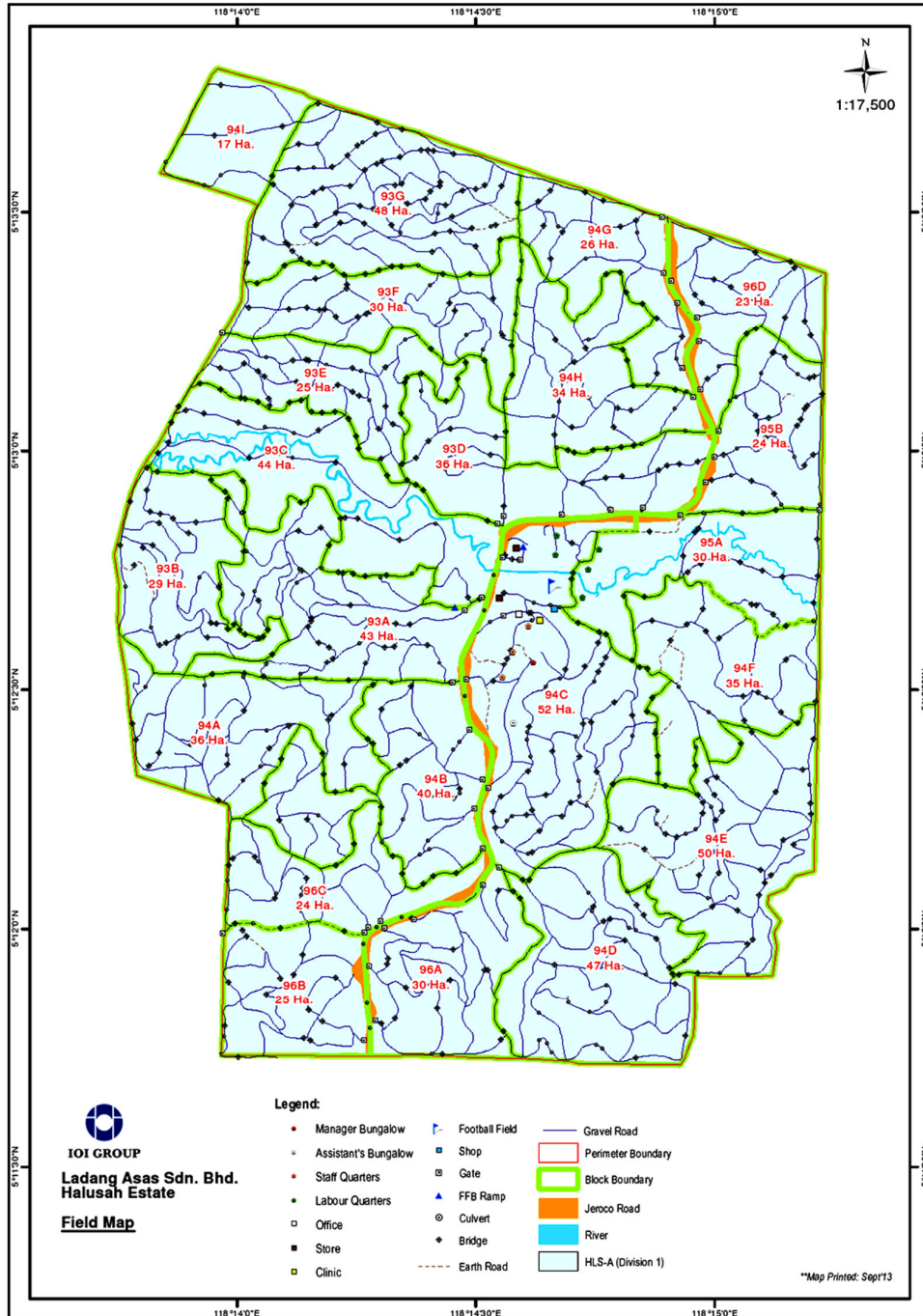
Appendix C-3-8a:

Ladang Asas (Tas and Halusah Estates)



Appendix C-3-8b:

Ladang Asas (Tas and Halusah Estates)



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Appendix D:

Photographs of Assessment findings at Morisem PMU (ASA-04)

<p>PPE worn by Sprayers - Morisem 1 estate</p>	<p>PPE worn by Manurers – Leepang 4 estate</p>
<p>Trailer for transporting workers – Morisem 1 estate</p>	<p>Safety signages and instructions on Trailer</p>
<p>Segregated washroom for workers - Leepang 4 estate</p>	

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Appendix E:

Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (25 Sept 2017)

No	PMU	Main Assessment	Certification Status	Current Status	Updated Information for Partial Certification, RSPO Certification Systems for Principles & Criteria (Approved on 14 th June 2017) on Revised Clause 4.5.3 & 4.5.4 for Certified and Uncertified Units.
1.	Pamol (Sabah) POM, Sabah	May 2008	Re-Certified in Dec 2016	ASA-01 cum extension completed in Sept 2017	Sugut estate (uncertified) has been included for audit into the Pamol (Sabah) grouping. The estate is now certified under the PMU. No outstanding issues
2.	Sakilan POM	Nov 2008	Re-Certified in Mar 2015	ASA-02 completed in Dec 2016	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Re-Certified in 2015	ASA-02 is completed in Dec 2016	No outstanding issues
4.	Gomali POM	Aug 2009	Re-Certified in Aug 2015	ASA-02 completed for Jun 2017	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-02 completed in Jul 2017	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Re-Certified in Nov 2015	ASA-01 completed in Sept 2016	No outstanding issues
7.	Mayvin POM	Aug 2010	Re-Certified in Dec 2015	ASA-01 completed in Oct 2016	No outstanding issues
8.	Pukin POM, Johor	Dec 2010	Certified in June 2012	ASA -01 completed in Mar 2017	No outstanding issues
9.	Leepang (Sabah) POM	Aug 2012	Certified in Dec 2013	ASA-03 completed in Oct 2016	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	ASA-04 completed in Apr 2017	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	ASA-04 completed in Feb 2017	No outstanding issues
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-04 completed in Sept 2017	No outstanding issues
13.	IOI – Pelita, Sarawak	Planned - 2019	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is pending resolution of land dispute and RSPO decision. No POM yet.	Settlement Discussion with local community is presently still ongoing. On 26 th May 2017, the complaints Panel's response to IOI and Grassroots joint letter was published; stating their response on the three main issues raised – "Mediation" process, Capacity Building Proposal submitted by Grassroots and Community Support.
14.	Unico POM-1, Sabah	Planned - 2018	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base do consists of external / independent smallholders.	Certification preparations in progress.
15.	Unico Desa POM-2, Sabah	Planned -Sept 2017	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base comprised of own estates.	Certification preparations in progress.

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16.	PT SKS, Indonesia	Planned - 2017	Uncertified Unit	<p>Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) application in progress</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 has lifted the Suspension effective 8th August 2016.</p> <p>Latest posted update was on 20th June 2017</p> <p>Landscape approach been initiated with our stakeholder, regency and local government and Aidenvironment on 27-28 July 2017), as a part of recommendation by RSPO verification team.</p> <p>Training for following areas has been done to estate and SNA top management.</p> <p>(a) Sustainable Peatland Management including peat measurements, monitoring and protection.</p> <p>(b) Management of HCV areas and buffer zones</p> <p>(c) Water management</p> <p>(d) Fauna and flora monitoring</p> <p>(e) Fire Prevention and Control</p> <p>Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS</p> <p>Certification preparations in progress. Pending issuance of HGU.</p> <p>Further reference : http://www.rspo.org/members/complaints/status-of-complaints/view/80</p>
17.	PT BNS, Indonesia	Planned - 2017	Uncertified Unit	<p>Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental HGU application in the process.</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 has lifted the Suspension effective 8th August 2016.</p> <p>Latest posted update was on 20th June 2017</p> <p>Landscape approach been initiated with our stakeholder, regency and local government and Aidenvironment on 27-28 July 2017), as a part of recommendation by RSPO verification team.</p> <p>Training for following areas has been done to estate and SNA top management.</p> <p>(a) Sustainable Peatland Management including peat measurements, monitoring and protection.</p> <p>(b) Management of HCV areas and buffer zones</p> <p>(c) Water management</p> <p>(d) Fauna and flora monitoring</p> <p>(e) Fire Prevention and Control</p> <p>Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS</p> <p>Certification preparations in progress. Pending issuance of HGU.</p>



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					Further reference : http://www.rspo.org/members/complaints/status-of-complaints/view/80
18.	PT BSS, Indonesia	Planned - 2019	Uncertified Unit	Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.	Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5 th August 2016 has lifted the Suspension effective 8 th August 2016. Latest posted update was on 20 th June 2017 Landscape approach been initiated with our stakeholder, regency and local government and Aidenvironment on 27-28 July 2017), as a part of recommendation by RSPO verification team. Training for following areas has been done to estate and SNA top management. (a) Sustainable Peatland Management including peat measurements, monitoring and protection. (b) Management of HCV areas and buffer zones (c) Water management (d) Fauna and flora monitoring (e) Fire Prevention and Control Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS Certification preparations in progress. Pending issuance of HGU. Further reference : http://www.rspo.org/members/complaints/status-of-complaints/view/80
19.	PT KPAM, Indonesia	Planned - 2020	Uncertified Unit	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	HCV Assessment completed and the SEIA in progress. The report on HCV assessment was received from Aksenta and the peer review for HCV assessment will be carried out by Deameter as recommended by Proforest. A decision on when the new planting will commence will only be taken after the two phases have been completed. The data for the HCS assessment has been sent to Proforest in early December 2016 and NPP will be conducted upon completion of all reports and will be posted on the RSPO website for Public consultation. Further reference : http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=82

Appendix F:**Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group**

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

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

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

Updates (according to RSPO complaint case tracker) as follows:

26 May 2017 Complaints Panel's Decision on IOI Ketapang (PT BSS, PT SKS and PT BNS) Complaints
20 Jun 2017 IOI submitted an updated Action Plan and response to the Complaints Panel's decision letter

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

IOI Corporation further updates its Sustainability Palm Oil Policy
12/06/2017, Corporate Communications

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

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

- (a) policy commitment by Third-Party Suppliers,
- (b) committed to apply the newly revised High Carbon Stock Approach (HCSA) methodology and its associated social requirements.
- (c) further enhanced commitments in the area of Human Rights and Workplace which include amongst others, no recruitment fees charged to workers at any stage in the recruitment process, in both receiving and sending countries, payment of monthly minimum wage in accordance with the current labour regulations, access of trade unions to workers and to adopt both the Free and Fair Labor Principles and UN Guiding Principles on Business and Human Rights. IOI is also committed to return all passports to our migrant workers by year end.

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

Sept 2017: IOI submitted its Sustainability Report

http://www.ioigroup.com/Content/S/S_Policy

IOI uploaded the Social Responsibility report by BSR

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

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

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