

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Pamol Estates (Sabah) Sdn Bhd
Pamol (Sabah) POM & Estates Grouping
Sandakan, Sabah, Malaysia



Valued Quality. Delivered.

Assessment Report

"This report (including any enclosures and attachments) has been prepared for the exclusive use and benefit of the addressee(s) and solely for the purpose for which it is provided. Unless we provide express prior written consent, no part of this report should be reproduced, distributed or communicated to any third party. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor do we owe any duty of care to any third party in respect of this report."

**ANNUAL SURVEILLANCE ASSESSMENT
ON RSPO CERTIFICATION**

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Pamol Estates (Sabah) Sdn Bhd
Pamol (Sabah) POM & Estates Grouping
Sandakan, Sabah, Malaysia

Certificate No:

Issued date:

Expiry date:

RSPO 930988

30 Nov 2016

29 Nov 2021

Assessment Type

Initial Assessment

Annual Surveillance Assessment (ASA-01)
cum Extension of Scope

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

On-site Verification (ASA-03)

Annual Surveillance Assessment (ASA-04)

Re-Certification

Assessment Dates

04-08 Oct 2016

11 - 15 Sept 2017

18 - 22 Sept 2018

12 July (HQ), 22 - 26 July 2019 (Sites)

12 - 13 Nov 2019

Intertek Certification International Sdn Bhd

D-28-3, Level 28, Menara Suezcap 1, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia.

Tel: +00 (603) 7931 0032 Fax: +00 (603) 7931 0419 Email: ia.mysbaenquiry@intertek.com

Website: www.intertek.com

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 3 of 112

TABLE OF CONTENTS

Section	Content	Page No
1.0	SCOPE OF ASSESSMENT	4
1.1	Introduction	4
1.2	Location (address and GPS) of mill, estates and hectarage	4
1.3	Description of supply base (fruit sources)	4
1.4	Year of plantings and cycle	5
1.5	Summary of Land Use – Conservation and HCV Areas	6
1.6	Other certifications held and Use of RSPO Trademarks	7
1.7	Organizational information/contact person	7
1.8	Tonnages Verified for Certification	8-10
1.9	Time Bound Plan – Evaluation on Multiple Management Units	11-15
1.10	Abbreviations Used	16
2.0	ASSESSMENT PROCESS	17
2.1	Assessment Methodology, Plan & Site Visits	17
2.2	Date of next scheduled visit	17
2.3	Qualifications of the Lead Assessor and Assessment Team	17
2.4	Certification Body	17
2.5	Process of Stakeholder consultation	18-19
3.0	ASSESSMENT FINDINGS	20
3.1	Summary of findings	20-69
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	70-88
3.3	Summary of Feedback Received from Stakeholders and Findings	89-91
4.0	ASSESSMENT CONCLUSION AND RECOMMENDATION	92
4.1	Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings	92
4.2	Intertek RSPO Certification Details for Certiifcation unit	93-94
APPENDICES		
Appendix A	Qualifications of the Lead Assessor and Assessment Team	95
Appendix B	Assessment Plan and On-site Verification (prior closure of Major NCs)	96-99
Appendix C	Maps of location – Mill and Estates	100-107
Appendix D	Time Bound Plan - Updated and Evaluated	108-112

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 4 of 112

1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Surveillance Assessment was conducted on **Pamol Estates (Sabah) Sdn Bhd** (POM & Estates Grouping) of IOI Corporation Berhad (hereafter abbreviated as IOI), from **22- 26 July 2019**, 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 Pamol (Sabah) Grouping consists of one (1) palm oil mill, namely Pamol (Sabah) Palm Oil Mill and seven (7) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 7 estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

	Name (as per Legal Registration / MPOB Licence)	Address	GPS Reference	
			Latitude	Longitude
	Pamol Estates (Sabah) Sdn Bhd Pamol Sabah Palm Oil Mill Capacity: 51 MT/hour	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'08.7"	E 117°23' 05.2"
1	Pamol Estates (Sabah) Sdn Bhd Ulu Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'18.5"	E 117°23'32.5"
2	Pamol Estates (Sabah) Sdn Bhd Bayok Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'18.5"	E 117°23'32.5"
3	Pamol Estates (Sabah) Sdn Bhd Rungus Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'56.3"	E 117°22'03.7"
4	Pamol Estates (Sabah) Sdn Bhd Tindakan Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 05°58'48.1"	E 117°21'23.3"
5	Milik Berganda Sdn Bhd Nangoh Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702 Sandakan, Sabah, Malaysia	N 05°57'8.7"	E 117°15'11.2"
6	Milik Berganda Sdn Bhd Meliau Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702 Sandakan, Sabah, Malaysia	N 05°57'8.7"	E 117°15'11.2"
7	Pamol Plantations Sdn Bhd Sugut Estate	Mile 200, Nangoh Paitan Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°13'58.7"	E 117°25'35.6"

Table 1-1: Listing of MPOB Licenses and Validity

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 5 of 112

Name of Operating Unit (as per MPOB License Name)		MPOB License No.	Validity Period
Pamol (Sabah) - Palm Oil Mill Capacity: 51 MT/hour		500134-204000	01.08.2019 – 31.07.2020
1	Pamol Estates (Sabah) Sdn Bhd Ulu Estate	502418-102000	01.06.2019 – 31.05.2020
2	Pamol Estates (Sabah) Sdn Bhd Bayok Estate	502418-102000	01.06.2019 – 31.05.2020
3	Pamol Estates (Sabah) Sdn Bhd Rungus Estate	502418-102000	01.06.2019 – 31.05.2020
4	Pamol Estates (Sabah) Sdn Bhd Tindakan Estate	502418-102000 509127-921000 (Nursery)	01.06.2019 – 31.05.2020 01.08.2019 – 31.07.2020
5	Milik Berganda Sdn Bhd Nangoh Estate	502417-202000	01.06.2019 – 31.05.2020
6	Milik Berganda Sdn Bhd Meliau Estate	502417-202000	01.06.2019 – 31.05.2020
7	Pamol Plantations Sdn Bhd Sugut Estate	503845-902000	01.02.2019 – 31.01.2020

1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Pamol (Sabah) Grouping PMU are from the abovementioned 7 estates owned by IOI. Verification done on site during the assessment confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

Details of the planted hectareage for the FFB supply for Pamol (Sabah) Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Name of Estate		Area Summary (ha) – Previous Year 2018		Area Summary (ha) – Current Year 2019	
		Certified (Titled) Area	Total Planted Area	Certified (Titled) Area	Total Planted Area
1	Ulu Estate	1,834.72	1,673	1,834.72	1,673
2	Bayok Estate	2,209.93	1,874	2,209.93	1,874
3	Rungus Estate	2,126.55	1,972	2,126.55	1,972
4	Tindakan Estate	2,051.02	1,954	2,051.02	1,954
5	Nangoh Estate	2,279.35	1,860	2,279.35	1,860
6	Meliau Estate	2,998.65	2,671	2,998.65	2,671
7	Sugut Estate	1,792.34	1,506	1,792.34	1,506
Total:		15,292.56	13,510	15,292.56	13,510

Notes:

- 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.
- 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 reserves/zones and high conservation value areas.
- The total titled areas and planted areas at the Estates grouping was found to be maintained and consistent.

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 6 of 112

1.4 Summary of plantings and cycle

The 7 estates are currently in the 1st and 2nd cycle of planting for the oil palms and the age profile is as shown in Table 3.

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

	Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) - Planted
1	Ulu Estate	1991, 1994, 1996, 1998	1 st	198	0	198
		2007, 2008, 2010, 2012, 2014, 2015,	2 nd	1,475	0	1,475
S-total				1,673	0	1,673
2	Bayok Estate	1997, 1998, 1999	1 st	570	0	570
		2002, 2004, 2005, 2007, 2008, 2009, 2011, 2013	2 nd	1,304	0	1,304
S-total				1,874	0	1,874
3	Rungus Estate	1995, 1996, 1997, 1998	1 st	1,018	0	1,018
		2002, 2006, 2009, 2014, 2018	2 nd	724	230	954
S-total				1,742	230	1,972
4	Tindakon Estate	1995, 1998	1 st	393		393
		2007, 2010, 2012, 2013, 2014, 2015, 2018	2 nd	1,354	207	1561
S-total				1,747	207	1,954
5	Meliau Estate	1995, 1996	1 st	2,245		2,245
		2005, 2016, 2018	2 nd	175	251	426
S-total				2,420	251	2,671
6	Nangoh Estate	1993, 1996, 2000, 2004, 2005	1 st	1,189	0	1,189
		2014, 2015, 2016, 2017, 2018	2 nd	501	170	671
S-total				1,690	170	1,860

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 7 of 112

7	Sugut Estate	1997, 1998, 1999, 2002, 2005, 2006, 2008	1 st	1,506	0	1,506
			S-total	1,506	0	1,506
			G-Total	12,652	858	13,510

Note:

- Ongoing replanting (2nd cycle) was noted at 4 of the estates.
- There has been no New Planting found at the said 7 estates under the grouping.

1.5 Summary of Conservation and HCV Areas

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

Table 4: Statement of Land Use (including Conservation and HCV Areas)

#	Statement of Land Use (Ha)	Hectarage – Ha (Current year: 2019)
1	Oil Palm - Planted Area	
	• OP Mature (Production)	12,652
	• OP Immature (Non-Production)	858
	• OP Planted on Peat	0
	• Other crop such as Rubber etc.	0
2	Conservation Area	
	• Conservation (forested)	367.76
	• Conservation (non-forested)	933.02
3	HCV Area	
	Areas which have HCV 1 to 6 as defined under HCV RN 2013	*32.38

Notes:

- * The HCV areas comprise mainly of swampy areas identified at Bayok and Tindakon estates that are left undisturbed and unplanted.

1.6 Other certifications held and Use of RSPO Trademarks

Currently, the other certification held by IOI Pamol (Sabah) 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.

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 8 of 112

1.7 Organizational information / Contact Person

At Head Office:

Mr. NB Sudhakaran
Plantation Director
IOI Plantation Services Sdn Bhd
IOI City Tower Two, Persiaran IRC 2,
IOI Resort City, 62502, Putrajaya, Malaysia
Tel: 603-89478888
Fax: 603-89478988
Email: nb.sudha@ioigroup.com

At Pamol (Sabah) Grouping:

Mr. Leang Hon Wai
General Manager – Sandakan Region,
IOI Plantation Services Sdn Bhd,
Sandakan Regional Office,
Mile 45, Jalan Sandakan/Telupid,
W.D.T.No 164, 90009 Sandakan, Sabah,
Malaysia
Tel: 089 509101/102
Fax: 089 509100
Email: hwleang@ioigroup.com

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 9 of 112

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 Pamol (Sabah) Estates Grouping verified for PalmTrace license period are as per Table 5 below:

Table 5: Tonnages Verified during Assessment
(Actual: 1 Dec 2018 – 30 Jun 2019 + Projected volume till 30 Nov 2019)

#	Estate/Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Ulu Estate	38,200	Pamol (Sabah) POM	Intertek
2.	Bayok Estate	44,200	Pamol (Sabah) POM	Intertek
3.	Rungus Estate	42,000	Pamol (Sabah) POM	Intertek
4.	Tindakon Estate	42,000	Pamol (Sabah) POM	Intertek
5.	Nangoh Estate	31,500	Pamol (Sabah) POM	Intertek
6.	Meliau Estate	62,100	Pamol (Sabah) POM	Intertek
	Total (under PMU):	260,000		
7.	Sugut Estate	30,000 (see Note 1)	IJM Sabang 1 POM	Nil
	Other Suppliers:	0		

Note 1: FFB processed by Pamol (Sabah) POM are from 6 out of 7 estates in the grouping. The certified FFB from Sugut Estate are entirely sent for processing by an external mill i.e. IJM Sabang 1 POM (which is not an IOI mill) due to the long distance away (about 60 km) from Sugut Estate to Pamol (Sabah) POM. Thus, FFB from Sugut estate is excluded.

Note 2: For Pamol (Sabah) POM, the PalmTrace license period is as follows:

Current Palm Trace License validity period (2018 / 2019): 30 Nov 2018 – 29 Nov 2019

New Palm Trace License validity period (2019 / 2020): 30 Nov 2019 – 29 Dec 2020

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

Table 6: Annual Tonnages of FFB (3 years monitoring)

Estate / Supplier	FFB Processed in Year 2017/18 - Actual		FFB Processed in Year 2018/19 - Actual + Projected		FFB for processing in Year 2019/20 - Projected	
	MT	%	MT	%	MT	%
A. Grouping estates: (under certification)	265,952.78	100	260,000	100	265,000	100%
B. External Suppliers: (certified) – if any	0	0	0	0	0	%
C. External Suppliers: (non-certified) – if any	0	0	0	0	0	%
Total	265,952.78	100.0%	260,000	100.0%	265,000	100.0%
SCCS Model for POM	IP		IP		IP	

Note: The expected certified FFB from Sugut estate (under Pamol grouping) is not included as crop diversion and processing at IJM Sabang POM 1, is still expected for the projected period from Dec 2019 till Nov 2020.

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 10 of 112

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: Annual Certified Tonnages – FFB, CPO & PK

POM	FFB Processed in Year 2017/18 - Actual		FFB Processed in Year 2018/19 - Actual + Projected		FFB for processing in Year 2019/20 - Projected	
Total Certified FFB Processed (MT)	265,952.78		260,000		265,000	
Total Certified CPO Production (MT)	56,307.268	OER: 21.17%	55,900	OER: 21.50%	56,975	OER: 21.50%
Total Certified PK Production (MT)	11,727.296	KER: 4.41%	11,700	KER: 4.50%	11,925	KER: 4.50%

Note 2: For Pamol (Sabah) POM, the PalmTrace license period is as follows:

Current Palm Trace License validity period (2018 / 2019): 30 Nov 2018 – 29 Nov 2019

New Palm Trace License validity period (2019 / 2020): 30 Nov 2019 – 29 Dec 2020

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 11 of 112

1.9 Time Bound Plan and Multiple Management Units

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

Todate IOI Group manages a total of 19 Units of Certification which comprise 15 palm oil mills and over 90 oil palm estates throughout Malaysia and Indonesia. Currently, 14 of its Units have been certified with another 5 managed units still 'un-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.

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

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

Verification of requirements for Uncertified Management Units:

RSPO CS (2017) Clause 4.5.4		
(a) No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since January 1st, 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;		
Requirements	Findings and Objective Evidence	Compliance
<p>(a)</p> <ul style="list-style-type: none"> Is there any replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3 	<p>Updates on the RSPO CP Complaints case tracking was referred to on issues related to this on IOI's uncertified units prior to and during the audit.</p> <p>Verified that incidences of HCV clearance that were reported at the IOI's 3 uncertified units at Kalimantan, Indonesia namely PT BSS, PT SKS and PT BNS since year 2010 is being resolved as per the RSPO NPP and RSPO CP Complaints processes.</p> <p>Another 1 unit namely PT KPAM at Kalimantan, had undergone the NPP public consultation and HCSA was approved in April 2018. Currently, the plantation is under development and pending issuance of Local Government HGU.</p> <p>Reports on the NPP progress made to resolve the issues at the said units were checked and monitored till latest update made available on: Refer to Weblink: https://askrspo.force.com/Complaint/s/case/50090000028Erz8AAC/detail</p> <p>Monitoring details and updates are verified. Refer to: Appendix D.</p> <p>As at this current assessment, there has been no other incidences of any replacement of primary forest at any other area under the IOI group.</p>	Complied
<ul style="list-style-type: none"> Is there any new plantings since January 1st 2010 and did the new plantings comply with the 	<p>The new plantings since 1 Jan 2010 at were reported as per the IOI submitted TBP (updated in Mar 2019). Refer to: Appendix D.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 12 of 112

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 13 of 112

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 14 of 112

(c) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;			
(c)	<ul style="list-style-type: none"> Are there any existing Labour disputes and is it being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3; 	<p>As at this current assessment, under the IOI group, there has been no further known or existing Labour disputes at the uncertified units which are not being resolved in a mutually agreed process in accordance with RSPO P&C criterion 6.3.</p>	Complied
(d) Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;			
(d)	<ul style="list-style-type: none"> Are there any Legal non-compliance and is it being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1; 	<p>It is noted that IOI group is aware of the Legal compliances needed at the uncertified units and actions has been active taken in stages to address and fully comply with requirements of the related laws and regulations at the uncertified units at Kalimantan, Indonesia. The progress made on above will be further evaluated in the next audit.</p>	Complied
	<ul style="list-style-type: none"> Has the organisation conducted an Internal Audit on the above (a) to (d)? Has the evidence been submitted for verification? 	<p>Internal audit progress report till latest in 2019, had covered the requirements, conducted by the HQ-Sustainable Palm Oil (SPO) Dept. The report was available and submitted for verification.</p> <p>Verified that IOI Sustainability reports were available as further evidence for verification.</p> <p>This was verified via:</p> <ol style="list-style-type: none"> IOI Sustainability Implementation Plan (i2019) and Sustainability Progress report as made available at IOI web site for Apr- Oct 2019: https://www.ioigroup.com/ 	Complied
	<ul style="list-style-type: none"> Has a positive assurance statement been produced based on the internal audit and other supporting assessments results? 	<p>Overall positive assurance statement is made at the conclusion of the Internal audit and Management reviews held at IOI HQ at Putrajaya and verified during Auditor site visit at the IOI HQ prior on-site audit at PMU.</p> <p>This was also verified via:</p> <ol style="list-style-type: none"> IOI Sustainability Implementation Plans Sustainability Progress reports made available <p>Intertek had also verified via the RSPO RACP Case tracker, updated till Apr- Sept 2019, there are no units under IOI Group with RACP issues.</p>	Complied
(e)	Are the evidences provided in 4.5.4 (a)-(d) adequate?	<p>Verified that supporting evidences were adequately provided. Refer to findings on (a) to (d) above.</p>	Complied
(f)	Are the evidences provided in support of the Positive Assurance statement adequate?	<p>Verified that evidences were adequately provided in support of the positive assurance statement made by the IOI Group were available at the HQ and as per IOI website – Public announcements.</p>	Complied
(g)	Has the targeted stakeholder consultation, including consultation with the relevant NGO's carried out revealed any negative feedback?	<p>Targeted stakeholder consultations done via emails conducted has not revealed any new negative feedback.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 15 of 112

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

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

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

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 16 of 112

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 17 of 112

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 10 Jun 2019, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Pamol (Sabah) Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 22 – 26 July 2019, the Assessment team of Intertek conducted the Annual Surveillance Assessment in which 4 out of the 7 estates of Pamol (Sabah) Grouping, namely **Ulu, Tindakon, Meliau and Sugut estates** as well as the palm oil mill were assessed for compliance against the RSPO requirements.

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

During the on-site assessment, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

Pamol (Sabah) Grouping POM was also assessed against the requirements for the Identity Preserved (IP) Module as specified in RSPO Supply Chain Certification Standard for CPO mill. This part of the assessment covered the verification of implementation of documented procedures and availability of records to demonstrate compliance against all the elements for IP Module requirements. These include documented procedure, purchasing and goods in, record keeping, sales and goods out, processing, monitoring and traceability of the CSPO and CSPK quantities, training for staff and claims.

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

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

2.2 Date of next scheduled visit

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

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 18 of 112

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. EcoKnights
38. ENO Asia Environment
39. Environmental Protection Society Malaysia (EPSM)
40. Friends of the Earth, Malaysia
41. Global Environment Centre
42. HUTAN - Kinabatangan Orang-utan Conservation Programme
43. JUST - International Movement for a Just World
44. Malaysian CropLife & Public Health Association (MCPA)

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 19 of 112

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

Local community (On-site interviews)

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 20 of 112

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>The IOI Group had provided the necessary updates on all publicly known issues related to environmental, social and legal issues on a regular basis for all stakeholders, complainants and interested parties on its Sustainability Policies and Implementation Plans via its website: https://www.ioigroup.com/</p> <p>The relevant information was evaluated under Section 1.9: Timebound Plan updates on IOI MMUs both certified and non-certified.</p> <p>Date of public notification of this assessment of the PMU was made on 10 June 2019.</p> <p>Stakeholder feedbacks and comments received on the PMU had been satisfactorily followed up, responded and addressed as verified during current assessment.</p> <p>For follow up and verification done for previous and current stakeholder consultation, refer to section 3.3.</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 the estates in grouping (except for Sugut estate), had conducted the joint external stakeholders' consultations were held on 22 Jun 2019.</p> <p>A separate external stakeholders' consultation for Sugut estate was conducted on 6 July 2019 due to its far distance from the POM and other estates in grouping.</p> <p>Records of participants, feedback given and response/actions by the POM and estates were available and maintained.</p>	Complied
Criterion 1.2		
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <p>Major Compliance</p>	<p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ. Refer to website: https://www.ioigroup.com/</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 21 of 112

	<p>Previous reported information:</p> <p>On 8 Aug 2016, IOI Corporation Berhad had 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>During this current assessment at the PMU, it was found that this revised policy had been communicated through briefing sessions to all levels of the workforce at POM and estates.</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 had included targets for waste reduction, pollution prevention and GHG emission reduction as set for year 2019.</p>	
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p> <p>These were reviewed and evaluated prior the audit. It is confirmed that there were no user rights disputes at this CH unit since the start of its Oil Palm planting in the 1990s.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Policy and HIRAC was documented for the POM and estates. The HIRAC were respectively reviewed in Jan and Feb 2019.</p> <p>Detailed Safety Management Plans have been documented and updated by the Safety & Health Manager and reviewed by the respective managers for the POM and estates.</p> <p>The Plans include the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, 	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 22 of 112

	<ul style="list-style-type: none"> • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer, <p>CHRA report for POM is valid till Mar 2020 whilst for the Estates is valid till Sept 2021.</p> <p>Personnel were sent for medical surveillance checks between April and Jun 2019 and had included those in the Lab, Workshop, Storekeepers and Field Workers as identified in the respective CHRA reports.</p> <p>Recommendations for medical follow up were also done at the POM clinic and respective Estate clinics by the VMO & EHA and records in monthly routine check on general health issues were maintained. Additional medical checks for workers with dietary problems were provided at the Govt Clinic, Nangoh.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	
<ul style="list-style-type: none"> • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>Environmental Impact Assessment for the POM and estates have been conducted and were annually reviewed between Jan and Feb 2019.</p> <p>Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment for the POM and estates were conducted and reviewed between July and Aug 2018.</p> <p>Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied
<ul style="list-style-type: none"> • HCV documentation (Criteria 5.2 and 7.3); 	<p>The Internal "HCV and Conservation Areas" Assessment for the respective estates were reviewed in Feb 2019.</p> <p>The Management Action Plans were implemented and monitored 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 together in the Environmental Impact Assessment for the POM and estates.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, drums, tyres, used PPE, hydraulic oil) and organic/domestic wastes disposal, reuse and recycling (paper, plastic, glass, scrap iron).</p>	Complied
<ul style="list-style-type: none"> • Details of complaints and grievances (Criterion 6.3); 	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 23 of 112

	As for the IOI Group of MMUs, the overview and updates of progress made on complaints and issues are available and evaluated in the submitted Timebound Plan for all units. Refer to details in Section 1.9: Time Bound Plan and Appendix D.	
• Negotiation procedures (Criterion 6.4);	Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained. 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: Time Bound Plan.	Complied
• Continual improvement plans (Criterion 8.1);	Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. The plans include the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, environmental and social programs such as recycling and providing new housing quarters for the workers, assistance in the HUMANA schools for children of foreign workers and better medical facilities and benefits for all employees.	Complied
• Public summary of certification assessment report;	Public summary of certification assessment reports are available from the company upon request.	Complied
• Human Rights Policy (Criterion 6.13).	The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised on several occasions with the latest maintained in Oct 2017 - refer to: 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856 Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.	Complied
Criterion 1.3		
Growers and millers commit to ethical conduct in all business operations and transactions.		
Indicators	Findings and Objective Evidence	Compliance
1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	IOI Group has a documented policy "Code of Business Conduct and Ethics" signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The following are included: <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	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 24 of 112

	<ul style="list-style-type: none"> - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Verified that copies of the policy were found to be displayed at prominent locations in the POM and estates and easily viewed by the workers.</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	
--	--	--

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1		
There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Major Compliance</p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for any relevant updates.</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>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, authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 25 of 112

	<p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be complying.</p>	
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. 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>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p> <p>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 (Department of Irrigation and Drainage), Forestry Department and Wildlife Department 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 4-6 May 2019 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>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The PMU subsequently ensured that the changes were adequately updated.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2 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. 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>The land titles had indicated legal transfer from the previous owners back in 1987-1989 and land ease tenure of 99 years given by Sabah Land Office.</p> <p>Confirmation from community leaders was received during feedback sessions with stakeholders that the current land use by IOI estates over the past 30 years is legal and not disputed. There were no recorded or known disputes over the ownership of the land since 1987 as checked prior to and during the audit.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 26 of 112

	<p>Verified that there have been no changes to the land ownership or new land acquisition at this unit since the last assessment.</p> <p>This was also confirmed with the Land Office Dept.</p> <p>The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix D.</p>	
<p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palm and agricultural crop of economic value.</p> <p>Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estates.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied
<p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p>Minor Compliance</p>	<p>There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	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>	<p>There were no land conflicts in this PMU.</p>	Not applicable
<p>2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable).</p> <p>Minor Compliance</p>	<p>No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	Not applicable
<p>2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p> <p>Major Compliance</p>	<p>No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	Not applicable
<p>Criterion 2.3</p> <p>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>The lands at the PMU are legally owned or leased by IOI 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. See also 2.2.1</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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 27 of 112

	The maps are re-surveyed and updated by IOI- GIS Dept. when changes are made such as after completion of replanting programs at the estates.	
2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance	The lands were acquired in 1980's from private plantation owners. Records are available to show that the land acquisition comply with legal requirements. There was no evidence of any infringement on any legal rights that require free, prior and informed consent (FPIC). The land dispute issues at the IOI uncertified units were followed up and the progress of resolving the issues were verified. See details under Section 1.9 and Appendix D.	Complied
2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	No cases of land claims in this PMU. As such this process is not applicable for verification.	Not applicable
2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	This process is not applicable during current assessment.	Not applicable

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

Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.		
Indicators	Findings and Objective Evidence	Compliance
3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Business Plans for 5 years (FY 2017/2018 to FY 2021/2022) for the PMU have been prepared by the Palm Oil Mill and respective estates were reviewed in June 2019 for FY 2019/2020. Details of the Business Plans include the following: (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;	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 28 of 112

	<p>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</p> <p>(7) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.).</p> <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>There is evidence of monitoring of costs against budget to achieve specified targets.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the HQ.</p>	
<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 FY 2022/2023 for the audited estates as follows: Ulu: Ongoing replanting till 2020/2021 Tindakon: Replanting from 2021/2022 onwards Sugut: Replanting from 2021/2022 onwards Meliau: Ongoing replanting till 2019/2020 Nangoh: Replanting from 2021/2022 onwards Rungus: Replanting from 2021/2022 onwards Bayok: Ongoing replanting till 2019/2020 A replanting cycle of 25 years has been adopted by the group.</p> <p>2019 Noncompliance finding: Estates: Meliau and Tindakon SOPs for replanting at estates was generic including the SOP Land Preparation for Replanting (v 2011). It is noted that specifications for realigning and establishing of field drains were stated. However, there was no specification indicated for the distance of OP planting from the drains. In another reference IOI document i.e. Penyemburan dan Penaburan di Tepi Saliran Air di Ladang, it was stated that no spraying activities allowed at 5 feet from the edge of drains (5 kaki dari tebing saluran air). Monitoring of actual replanting near the drains was not satisfactorily done as it was seen during field inspection that there was planted immature palms found less than 5 feet from the field drains e.g. at Meliau estate (Field PR19A) and Tindakon (Field PR18A)</p>	<p>2019: Minor NC AL-01</p>

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

Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p>	<p>POM has documented SOPs for the following:</p> <ol style="list-style-type: none"> 1. Palm Oil Mill Operation from reception of FFB until the delivery of processed oil and POME management. 2. Laboratory Operation Manual (Issue 1 dated 01/02/2008). 3. 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. 4. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the 	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 29 of 112

	<p>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.</p> <p>5. SOP for Mill RSPO Supply Chain Certification System using the Identity Preserved (IP) module.</p> <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>	
<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 are checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit.</p> <p>Internal audits were conducted between 6 and 9 May 2019. Observations were raised and closed by SPO team. Outcome of Internal Audit was reviewed in the Management review conducted on 8 Jun 2019.</p>	Complied
<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. Overall, these records verified to be satisfactory.</p> <p>Daily Muster Chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster Chits.</p>	Complied
<p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	<p>The Pamol mill did not source any FFB from third-party. The entire crop was supplied by the estates from certified PMUs of IOI Group.</p> <p>It is noted that the entire FFB from the Sugut estate is currently sent to IJM Sabang 1 POM (over past 12 months) due to the far distance of Sugut estate to IOI Pamol POM.</p>	Complied
<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>		
Indicators	Findings and Objective Evidence	Compliance
<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>Annual fertilizer inputs had been monitored through fertilizer recommendations made by Agronomist of IOI Research Centre, Sabah.</p> <p>Good Agricultural Practice (GAP) for minimization of soil erosion and maintenance of soil fertility are maintained via the frond stacking and fertilizer application as per the recommendations provided by the Agronomist.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 30 of 112

	<p>These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit.</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>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>Records of fertilizer application at the estates were available and verified to be satisfactorily maintained.</p>	Complied
<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 sampling and analysis had been carried out annually and soil sampling and analysis on a 5-year cycle 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 satisfactorily maintained.</p>	Complied
<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 fertilizer. There was no application of POME at the estates.</p> <p>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.</p> <p>EFB Mulching Application Programme and field maps indicate the amounts and locations of EFB application in the estates.</p> <p>During field visits to the estates, it was observed that EFB mulching had been carried out in mature area along the inter-row, and around the circle in the immature palms. The EFB were observed to be spread in single layers as per SOP.</p>	Complied
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Estate soils show no fragile or marginal soil existence. Main soil types as indicated in soil maps are as follows: Ulu: Tuaran, Kinabatangan, Klias, Brantian, Silabukan Tindakan: Brantian, Tuaran, Kinabatangan, Dalit Sugut: Tuaran, Kinabatangan, Brantian, Silabukan, Dalit Meliau: Brantian, Tuaran, Kinabatangan, Dalit Nangoh: Tuaran, Kinabatangan, Klias, Brantian, Silabukan Bayok: Brantian, Tuaran, Kinabatangan, Dalit Rungus: Tuaran, Kinabatangan, Brantian, Silabukan, Dalit</p>	Complied
<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 constructed on land with slope more than 6° as indicated in the Terrace and New Road Map by Block.</p> <p>Best Management Practices are followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance.</p> <p>Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no soil erosion noted during the field visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	Complied
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Road maintenance programme verified to be established and implemented. Estate roads at sites visited were noted to be maintained and are in satisfactory condition.</p> <p>Road maintenance programme was available for 2018 /2019 and it was found to be generally within the maintenance</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 31 of 112

	schedule. Conditions were verified during travel within the field blocks at the audited estates. Thus, previous year (2018) NC AL-01 was adequately address and closed.	
4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	It was confirmed during assessment on site that there is no peat soil in the estates.	Complied
4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	There was no peat soil in the estates as confirmed during on-site assessment.	Not Applicable
4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on these estates.	Not Applicable
Criteria 4.4 Practices maintain the quality and availability of surface and ground water.		
Indicators	Findings and Objective Evidence	Compliance
4.4.1 An implemented water management plan shall be in place. Minor Compliance	<p>Documented Water Management Plan was verified to be in place for the palm oil mill and estates. Review of changes needed was done in May-Jun 2019.</p> <p>Rainfall data found to be monitored as part of the water management plan. Rain water is also harvested.</p> <p>The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>Water is extracted from rivers passing through the 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>Location: Ulu, Tindakon, Meliau and Sugut estates The water management plans were reviewed and found to include the site-specific issues for respective estates</p> <p>Water samples for quality analysis, at the inlet and outlet of stream/river passing through the said estates were adequately conducted such as at sources from Sungai Padau Lawan, Sungai Padau Madau, Sungai Paliau, Sungai Wanyang, Sungai Kimansi and Sungai Tungod. Additional sampling and analysis were done apart from those conducted specifically by the EIA consultant.</p> <p>Noted that proper marking for the water sampling points were available and adequately maintained. The said points were also indicated the field maps used.</p> <p>Thus, previous year (2018) NC SH-01 was adequately address and closed.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 32 of 112

<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 rivers and 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 (up to 20m) were sighted at Nangoh, Bayok and Meliau estates.</p> <p>The rivers / streams passing through the estates audited were namely Sg. Sinaputan, Sg. Paliau and Sg. Labuk (Nangoh estate), Sg. Labuk and Sg. Wan Yang (Bayok estate), Sg. Padau Lawan, Sg. Padau Madau and Sg. Paliau (Meliau estate).</p> <p>Workers are aware of the non-usage of chemicals within the buffer zones areas.</p> <p>There was no construction of bunds/ weirs/dams across the rivers or waterways passing through the estates.</p>	<p>Complied</p>
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p>	<p>Water samples were taken at monthly interval at the final discharge point of the palm oil mill effluent pond and at upstream and downstream of waterways. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>BOD levels had been in the range of 28 to 36 mg/l for the period June 2017 to August 2018. The current allowable upper limit specified by D.O.E. Sabah is 100 mg/l (max.).</p> <p>Analysis results meet the following DOE limits specified for the period 01 Jul 2017 to 30 Jun 2018 as follows:</p> <ul style="list-style-type: none"> • BOD < 100 mg/l, • Total Suspended Solids < 400 mg/l, • Oil & Grease < 50 mg/l, • Ammoniacal Nitrogen < 150 mg/l, • Total Nitrogen < 200 mg/l, • pH = 5 to 9, • Temperature < 45°C 	<p>Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the mill from Jul 2018 to Jun 2019 ranged from 1.48 to 1.94 m³/tonne FFB with an average usage of 1.66 m³/tonne FFB. The level of water usage is slightly higher than the industry norm of 1.2 to 1.5 m³/tonne FFB.</p>	<p>Complied</p>
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>Records on planting of beneficial plants had been verified on the estates. Pest infestation was noted to be minimal at the estates.</p> <p>Programme for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, and <i>Antigonon leptopus</i> and records on areas planted had been verified and adhered basically to the 60 /20/20 ratio as per the IPM plan.</p> <p>The respective maps of planted areas were updated at Ulu, Tindakon, Meliau, and Sugut estates and noted to be satisfactorily maintained.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 33 of 112

	<p>Rat baiting would be carried out only should rat damage exceed 5 % on FFB. For areas exceeding 5% on FFB, rat baiting was carried out.</p> <p>Treatment was carried out until return result had shown the acceptance rate of between 10% and 17% which was within the criteria set i.e. below 20%.</p>	
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance</p>	<p>Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.</p>	Complied
<p>Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Guidance Procedure for written justification in the use of agrochemicals had been reviewed and found acceptable.</p> <p>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) Glufosinate ammonium (13.5% 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, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that records of monitoring were satisfactorily.</p>	Complied
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan.</p> <p>The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been a decline in pesticide usage per hectare on a year to year basis.</p> <p>No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p>	Complied
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	<p>Use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates.</p> <p>Alternatives such as Round up (Glyphosate Isopropylamine), Ally (Metsulfuron Methyl), and Starane (Fluroxypyr) had been used to replace paraquat.</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.</p>	<p>All pesticide operators have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 34 of 112

<p>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>Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves and overalls) have been provided and used by the pesticides operators. 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). 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 includes spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area. The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE. There were adequate number of bathrooms facilities made available for both male and female field workers at the estates audited.</p>	
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Storage of pesticides found to be kept under lock and key and its use 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). Used chemical containers were either reused as containers for spraying solution. For disposal, empty pesticide containers are triple rinsed and pierced at the bottom and disposed of by a contractor approved by the Department of Agriculture, Malaysia.</p>	Complied
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Warning notice displayed in the area being sprayed with pesticides Programme and training records verified to be satisfactory.</p>	Complied
<p>4.6.8 Pesticides shall be applied aurally only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p>	<p>It is the policy of the company not to carry out aerial application of pesticides. This policy has been followed by the PMU.</p>	Complied
<p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p>	<p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators attended continual training to enhance their knowledge and skills on pesticides handling. There are no contractor's workers in the PMU.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 35 of 112

	Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.	
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor.</p> <p>The scheduled wastes from the estates are sent to the POM for disposal.</p> <p>Records of scheduled waste collection at the mill and disposal were verified to be well maintained.</p> <p>Empty pesticide containers are triple rinsed and pierced and sold for disposal as recyclable plastic material.</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.</p> <p>The estates audited had sent their sprayers, chemical pre-mixers, workshops and chemical store personnel for the annual medical surveillance.</p> <p>The workers as identified under the CHRA reports were sent for medical surveillance in May 2019 (Meliau – 14 nos, Ulu -10 nos, Tindakon -15 nos) and June 2019 (Sugut – 9 nos). Medical surveillance reports of individual sprayers were available and checked with no abnormalities reported by the Medical doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition is unfit for work with pesticides. No such cases in the PMU as at the date of assessment.</p> <p>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.</p> <p>Besides the annual medical surveillance, monthly clinical tests (to check lungs, gastro intestinal, urinary system, pregnancy, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p> <p>Besides the annual medical surveillance, clinical records were also monitored at the estates clinics on follow up issues as recommended by the VMO.</p>	Complied
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator.</p>	Complied
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>The occupational health and safety plan shall cover the following:</p> <p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented.</p> <p>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.</p> <p>The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 36 of 112

	<p>Quarterly committee meetings were conducted, and decisions and planned actions were recorded in the meeting minutes.</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>Procedures and actions implemented to mitigate the hazards at the workplace. Risk assessments at the POM and estates were reviewed in Jan 2019.</p> <p>There was an re-assessment of noise levels in the POM in Feb 2016 as seen in the Consultant Report. Work areas previously identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db. Additional noise level monitoring showed noise level increase to be minimum.</p> <p>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.</p> <p>Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 26 Jun 2019.</p> <p>The audiometric reports of 11 workers initially indicated as having mild and 1 worker with moderate hearing impairment. The said workers will be retested for the Standard Threshold Shift (STS) results 3 months later i.e. scheduled on Sep 2019. The baseline audiogram and occupational and medical history records of each worker was maintained.</p> <p>The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety & Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p> <p>2019 Noncompliance finding:</p> <p>Ulu estate:</p>	<p>See NC below</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 37 of 112

	<p>At the HUMANA school, there was a facility for an underground water storage tank. There is no signages and no indication of the depth of the said tank. In addition, the method of checking of the water level i.e. opening of the metal cover and exposing the opening, may pose a hazard and other safety risks for the children at the vicinity. It was also noted that toilet facilities are not adequate as there was only 1 toilet for the teachers and 1 for the school children.</p>	<p>2019 Major NC AL-02</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 2018 & 2019 included training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>The above trainings were conducted, and records were available. 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>	<p>Complied</p>
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	<p>The responsible persons for safety were the Manager of the Mill and Estate Managers.</p> <p>Records of regular meetings between the responsible persons and workers to discuss about health and safety had been verified to be satisfactory.</p> <p>Cases of accidents as reported were investigated by the Safety Manager together with the respective Mill and Estates managers and documentations were noted to be completed in a timely manner.</p>	<p>Complied</p>
<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 written and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites.</p> <p>Emergency Response drills were respectively conducted on annual basis at the office and housing premises with records maintained.</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>	<p>Complied</p>
<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.</p> <p>Noted that there were no outstanding insurance or compensation claims under JKKP 8 reports.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 38 of 112

<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	<p>Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory.</p>	<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. Refresher training was conducted in Feb 2019 (POM - 8 nos). 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>Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<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 for the POM, Ulu Estate, Tindakon Estate, Meliau Estate and Sugut Estate were reviewed and documented on 1st July 2019. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, replanting, transportation of FFB, garbage disposal and also road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU. Records were made available during audit ad found to be satisfactory.</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 action plan. The action plan shall identify the responsible person/persons. Minor Compliance</p>	<p>There were no major changes to the identified impacts since the establishment of the documents above and plans were developed to mitigate the issues. The Environmental Management plan developed had included the potential impacts, measures to mitigate negative impacts, timeframe for action and responsible persons identified. The plan had been implemented by the Mill and Estate Managers At the POM, impacts such as smoke emissions, noise levels, POME and EFB management were identified and action plan implemented. The plans to mitigate the negative effects and to promote the positive ones was also conducted such as reducing dust emission by installing a wet scrubber and bio-polishing to reduce BOD for the POM. At the estates, activities conducted were mostly of conservation in nature. 2019: Observation At Sugut estate (Division 3), it was observed that water meant for domestic purpose was collected at a reservoir before being treated.</p>	<p>2019 OBS: SH-01</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 39 of 112

	The buffer allocated as a mitigation measure was, however, observed to be too close to the edge of the reservoir and this may render the measure to be less effective.	
<p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>Minor Compliance</p>	<p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis. For the audit period, it was reviewed in July 2019. The review had taken into consideration the monitoring on the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams. There are no operational changes at both the POM and estates.</p> <p>2019: Noncompliance finding At Sugut estate – Division 2, it was observed that water meant for domestic use was sourced from the natural spring available in the area. Collection was done by using connecting rubber hoses and stored in a half cut blue container tank. This container is noted to be without cover and the collected water was exposed to the potential contamination from the natural surroundings. In addition, no analysis on the water quality is being done.</p>	<p>2019 Minor NC SH-01</p>
<p>Criteria 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
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).</p> <p>Major Compliance</p>	<p>HCV assessment was initially conducted by the IOI Group HQ and documented in a report dated May 2016. It was reviewed and documented by the sustainability team on 9 July 2019.</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.</p> <p>Visits to site confirmed that the Ulu Estate is surrounded by other estates along its perimeter border. Two streams pass through the estate, namely, Sg. Labuk and Sg. Wanyang. Clear buffer and riparian zones were identified.</p> <p>Tindakon Estate is surrounded by palm oil estates along its border. The river available is Sg. Labuk and Sg. Tungod and Sg. Kimansi. Riparian zones had been created and demarcated.</p> <p>Meliau Estate is surrounded by palm oil estates along its border. Streams crossing the estate included the Sg. Padau Lawan, Sg. Padau Madau and Sg. Paliau. The north-west borders the Meliau range forest and the south-east borders the Bidu-Bidu forest reserve.</p> <p>Sugut Estate is surrounded by oil palm plantation along its perimeter and there is no stream passing through the estate HCV and other environmentally sensitive areas were documented and inspected on site. Boundary bordering the forest reserves at Meliau estate was well demarcated to deter wildlife from going into the estate.</p> <p>Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of streams which pass through the estates had also been identified and being monitored.</p> <p>Observation raised during previous audit (2018): SH-01, on signages relating to the permissible and prohibited activities along riparian and conservation areas has been effectively addressed and implemented</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 40 of 112

<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p>Major Compliance</p>	<p>Regular patrols within the POM and estates were being carried out by the AP and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas. Honorary wildlife wardens were also appointed with the assistance of the Wildlife Department.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also carried out via the patrolling activities conducted. Record of patrolling was made available during the audit.</p> <p>Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited i.e. Tindakon, Meliau, Ulu and Sugut estates, and found to have been satisfactorily maintained.</p>	<p>Complied</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 instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p> <p>Training programme on RTE has also been organised and attended by personnel across the organisation.</p> <p>The training was conducted on 4/3/2019 and 8/7/2019 for the group at Meliau estate to various categories of personnel and workers.</p> <p>Training on buffer zones and its importance were also conducted to the field workers during their on site work implementation.</p>	<p>Complied</p>
<p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>	<p>Management plans were established, and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification were also made during on-site assessment and found to be satisfactory implemented at all estate visited i.e. Tindakon, Meliau, Ulu and Sugut estates.</p> <p>The overall management plan on the status of HCV/RTE of the Pamol plantation group is collated, reviewed and monitored by the sustainability team in consultation with other stakeholders.</p>	<p>Complied</p>
<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 visited i.e. Tindakon Estate, Meliau Estate, Ulu estate and Sugut estate. Thus, negotiated agreement of such nature is not applicable.</p>	<p>Complied</p>
<p>Criteria 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p>	<p>Visits made to POM and estates (Tindakon, Ulu, Meliau and Sugut 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.</p> <p>Scheduled Waste identified included spent lubricant oil (SW 305), spent hydraulic oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 41 of 112

	<p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Pamol mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p>	
<p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major Compliance</p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>The POM and estates have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Lagenda Bumimas Sdn Bhd). Latest disposal was recorded on 19 July 2019. Schedule waste from all the estates was transferred to the POM for disposal. Recyclable wastes such as plastic bottles were sold as scrap to New Gates Sdn Bhd.</p>	Complied
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>Minor Compliance</p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in all the Plantations visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill. Disposal of schedule waste was handled by the POM whereas other recyclable waste was handled by each individual estate.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>The solid waste management and disposal plan using landfills was available at all estates audited. Landfill management was found to be satisfactory implemented.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management on EFB application plans and progress reports were verified to be satisfactory.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in both POM and estates and were used for solid waste segregation and recycling.</p> <p>2019 Noncompliance finding:</p> <ol style="list-style-type: none"> It was observed that at Tindakon estate, in some field blocks, the used black polybags for the seedling, after replanting, was left uncollected in the replanted areas. At Sugut Estate, empty plastic water bottles and other waste plastic materials, were disposed of indiscriminately along some stretches of the estate roads. 	<p>See NC below</p> <p>2019 Minor NC SH-02</p>
<p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise</p>	<p>Monthly record on energy consumption for both renewable and non renewable sources were kept and documented. It is</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 42 of 112

<p>renewable energy shall be in place and monitored.</p> <p>Minor Compliance</p>	<p>monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement. Records were satisfactorily documented.</p> <p>Visit to Pamol mill showed evident that they are consistently compiling the data, document it for further action to improve on their efficiency of using the renewable and non renewable energy.</p> <p>Apart from use of diesel for generating electricity, palm fiber was also used to generate electricity through steam turbine and boiler. The processing of the CPO was done using the turbine generation.</p> <p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where Palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>It was verified that energy usage are being monitored daily, especially at the POM for better control and comparison of trends.</p> <p>Also, Kerbau or buffalo is also being used for harvesting in some of the estate, depending on suitability, to reduce the dependency on use of fossil fuel.</p>	
<p>Criteria 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
<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, or comparable guidelines in other regions.</p> <p>Major Compliance</p>	<p>IOI Group had observed the policy of 'Zero open burning' for any replanting, if any, at the estates.</p> <p>Field inspections made at Tindakon, Meliau, Ulu and Sugut estates 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, or comparable guidelines in other regions.</p> <p>Minor Compliance</p>	<p>The PMUs adhered to the 'zero burning' policy for replanting at the estates.</p> <p>During the audit, there were some replanting activities carried out in the IOI Pamol plantation group. However, no fire is being used in the land preparation.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment. Sanitary landfills was located far away from the village and water sources</p>	<p>Complied</p>
<p>Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p> <p>Major Compliance</p>	<p>Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Chart. Report showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on site visit to the Pamol mill.</p> <p>POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations.</p>	<p>Complied</p>
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to</p>	<p>Identification of significant pollutants and greenhouse gas (GHG) emissions has been done. e.g. POME, diesel / fuel and</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 43 of 112

<p>reduce or minimise them implemented.</p> <p>Major Compliance</p>	<p>fertilizer. Their usage has been recorded and documented at both the POM and PMU.</p> <p>Construction of Biogas plant and expected to commission mid-year 2020 is identified as plan to reduce GHG emissions.</p> <p>GHG report calculation has also been submitted to RSPO on 18 July 2019 and verified correct data tabulated.</p>	
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements</p> <p>Water samples were regularly taken, monthly, and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge points. The water samples were sent for analysis. This was conducted by ENV Consultancy & Monitoring Services. Records are maintained and verified on-site to have met the permissible regulatory limits. (Domestic Water Discharge Quality Report dated 10 July 2019)</p>	<p>Complied</p>

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

<p>Criterion 6.1</p> <p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>Social impacts in IOI Pamol group operations were assessed using various method including consultations, meetings, respond forms and interviews.</p> <p>Social impact assessment [SIA] for each operating unit in IOI Ladang Pamol grouping has been reviewed in July 2019 and conducted together with relevant external and internal stakeholders. External stakeholders' consultation was conducted for the whole grouping in May 2019 and the consultation was properly documented. Noted that over 40 participants attended the external stakeholder consultation including local communities, suppliers, contractors, government agencies and NGOs. Taking into consideration the distant from the POM, stakeholder consultation for Sugut Estate was conducted separately.</p> <p>Internal stakeholders' consultations however conducted separately in each operating unit between Apr & May 2019 at the respective Estates and in June 2019 at Pamol POM. Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels. These consultations were also very well documented.</p> <p>In each SIA for each operating unit audited it was verified that all potential impacts were included, e.g. access and use rights to individual passports and travelling documents, sufficient and on time monthly pay, schools and health clinics, etc.</p>	<p>Complied</p>
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p>	<p>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the group. Participants in external and internal stakeholder</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 44 of 112

<p>Major Compliance</p>	<p>consultations were already mentioned above [6.1.1]. Participants in meeting such as Joint Consultative Committee [JCC] involved workers representatives from different categories of workers such as general workers, sprayers, manuring workers, harvesters, drivers both locals and foreign workers. Participants in Gender Consultative Committee [GCC] mainly are women workers attended by Social Liaison Officer who are mostly male Assistant Manager acting as representatives for male workers.</p> <p>During external and internal stakeholder consultation respond forms were distributed for written inputs, however, verbal inputs were recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. JCC and GCC meetings. Attendance lists and photos for stakeholders' consultations and meetings conducted were also verified.</p>	
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>The POM and Estates had established a time table of activities with time frame on implementation plans and persons responsible for comments that require actions from the stakeholder consultations done. Comments received through the meetings, stakeholder logbook, etc., were recorded and also indicated with status either completed or still in progress.</p> <p>2019 Observation:</p> <p>POM & Estates: It is noted that all affected parties had been consulted in the various consultations held by the Management with both internal and external parties and stakeholders. The social issues raised by the affected parties including all the representatives of the workers such as in the ECC, GCC, OSH meetings were noted to be included in the SIA reviews.</p> <p>The issues raised should be analysed based on its order of significance to further enhance its comprehensiveness and focus on significant social impacts items in the mitigation plan.</p>	<p>2019 OBS: JMD-01</p>
<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 plans are reviewed annually together with affected parties, especially the workers, who were always consulted during the annual internal stakeholder consultation, the JCC meetings, safety meeting, daily morning muster and individual reports made in the Grievance Books.</p>	<p>Complied</p>
<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>No smallholder scheme within IOI Pamol Grouping, thus this criteria is not applicable.</p>	<p>Not applicable</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p>Major Compliance</p>	<p>Procedure related to communication and consultation with the parties mentioned is available at IOI group website at https://www.ioigroup.com/Content/S/PDF/30 sept 2016 Grievance Mechanism FINAL.pdf. The group has adopted an</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 45 of 112

	<p>open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, by personal invitation to attend the internal and external stakeholders' consultation.</p> <p>At IOI Pamol Grouping level, the procedure mentioned above is available in English and Bahasa Malaysia and made public to all workers. Furthermore, the procedures were also explained carefully to all level of workers and this was verified through individual interviews with sampled workers during the audit. This procedure was also socialised with external stakeholders during the consultation session and personal interviews conducted by the management.</p>	
<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>The nominated person responsible are the Social Liaison Officers (SLO) who are also Assistant Managers of the operating units. The work assignment of Social liaison officers included the handling relevant social related issued either raised by local communities, workers, government agencies or other interested parties.</p> <p>The name and contact number of the said SLO officers are made public to the workers through grievance procedures available in the public notice boards as well as through announcements made during meetings and morning musters. Interviews done with sampled workers and their Leaders (Ketua) during the audit, confirmed that occasional meetings with the SLO has helped to resolve minor work and housing related complaint issues.</p>	Complied
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p> <p>Minor Compliance</p>	<p>The list of stakeholders, communication and actions taken were maintained in file. Consultations with various stakeholders held and meeting minutes have been verified to be satisfactory during the audit.</p> <p>Stakeholders' lists in the estates audited are noted to be complete which included the names and contact details of the neighbouring estates and smallholders.</p>	Complied
<p>Criterion 6.3</p> <p>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in IOI Pamol Grouping. Among others, the affected parties have several options to register their complaints and grievances, e.g. Grievance Book, annual stakeholder consultation, morning muster, during ECC, GCC and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards. Main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officers who in most cases are the Assistant Managers. Training and explanation on how to utilise this system was given and verified by the auditor.</p> <p>The system in place is verified to be effective in ensuring that complaints and grievance are addressed or resolved in timely and appropriate manner. Actions taken to address the complaints and grievances received are recorded appropriately.</p> <p>The system also allows the workers to register their complaints against their immediate supervisor as in most cases Social Liaison Officers are normally in higher position than the</p>	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 46 of 112

	<p>supervisors. The workers also allowed to elect their own representatives in the JCC as opposed to the representatives being dictated by the management.</p> <p>Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature but since Feb 2013 IOI grouping had adopted "Whistleblowing Policy" available at https://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf which was approved by Audit and Risk Management Committee revised in Nov 2017. It was also evident that if no mutual resolution found between the complainants, esp. external stakeholder, the issue will be brought to RSPO and the local authorities.</p>	
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>All complaints and grievances received are documented either in the form of log book as in the Grievance Book, meeting minutes for the JCC, GCC, Safety meetings and annual stakeholder consultations or respond forms. Decisions and action in response to complaints and grievances received were adequately documented with sufficient supporting documents. Noted that entries made over past 3 months (Apr-Jun 2019) were mainly on issues requesting housing repairs and transport assistance with were duly attended to by the Estates management.</p> <p>Verified that any report to be by gender representatives are kept under confidentiality. Noted todate, no significant issues raised concerning any disputes.</p>	<p>Complied</p>
<p>Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>There are some borders at the operating units audited in IOI Pamol Grouping immediately adjacent to villages. However, there has been no claims from the villagers over the land, records of any negotiation or compensation pertaining to this criteria.</p> <p>No changes in status to date, hence no negotiation or compensation that fall under this criterion.</p>	<p>Complied</p>
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p>	<p>IOI as a group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. To date, there has been no dispute by any parties reported at the IOI Pamol Grouping.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 47 of 112

Minor Compliance		
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p>	<p>To date, there has been no dispute by any parties reported. Therefore, the process and outcome of compensation could not be observed.</p>	<p>Complied</p>
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>In IOI Pamol Grouping, most of the workers in the estates, as stated in the workers contract, are considered as “general workers” with piece rated pay. In Pamol POM, however, the workers are paid with daily rate. These pay conditions and other benefits are sufficiently spelt in the workers contract. Decision on workers’ wages were based on a memorandum dated 20 June 2016 to all IOI groups in Sabah including Pamol grouping. According to this memorandum monthly minimum wages had to be RM920/month or RM35.38/day, provided that all qualifying conditions are satisfactory fulfilled. These conditions were then clearly outlined in the “<i>IOI Plantation Minimum Wages & Leave Pay Policies in Malaysia</i>” revised in Jan 2019 signed by Mr. N.B. Sudhakaran, Plantation Director (https://www.ioigroup.com/Content/S/PDF/Minimum Wage Policy.pdf). Content of this policy is verified to be satisfactorily understood by workers in the PMU and were noted to be adhering to plantation industry requirements such as MAPA-NUPW agreement 2015 and Minimum Wages Order 2018.</p> <p>2019 Noncompliance finding:</p> <p>Meliau Estate: Vacation Leave Pay (VLP) rates for three workers, i.e. MLE3135, MLE3137 and MLE1813, were found to be calculated at less than the entitled daily wage.</p> <p>Tindakon Estate: Public holidays in May 2018 for three workers i.e. TDE1086, TDE1064 and TDE5063, were incorrectly calculated and thus not paid according to their eligibility.</p> <p>Ulu Estate:</p> <ol style="list-style-type: none"> 1. The Public holiday declared on 9 May 2018 (Malaysia General Election) had not been paid to the foreign workers at this estate. 2. It is noted that the Group Management practice is to maintain the benefits (such as annual leave entitlement and calculations of vacation leave pay) for long service workers, who may be transferred to another estate (in the grouping) in which a new employment card (with new date of joining) is issued due to fresh registration and contract signing with the next estate. <p>It is discovered that a worker (ULE1122) was transferred from Bayok Estate (previous estate, in which he was entitled for annual leave of 16 days) to next estate i.e. Ulu Estate on 29 Sept 2018.</p> <p>However, the calculation for Ordinary Rate of Pay (ORP) for the said worker done at Ulu estate was based on his 3 months service (Oct-Dec 2018) in Ulu estate and had not considered his earlier 9 months services (from Jan-Sept 2018) at Bayok</p>	<p>See NC below</p> <p>2019 Major NC JMD-01</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 48 of 112

	<p>estate (previous estate). This has affected the calculation of the Vacation Leave Pay (VLP) eligibility in 2018 for the said transferred worker.</p>	
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p>	<p>Documented pay and condition of employment were clearly defined within the employment contract.</p> <p>Among the items specified were job description, working hours, work location, responsibility, wage calculation, overtime, public holidays, paid annual leave, housing, transportation, medical treatment at estate clinic and insurance.</p> <p>The contract had been written in Bahasa Malaysia which were understood by the workers.</p> <p>Interview with the workers during field visit verified that the pay and condition of employment were explained to them and that they understood it.</p> <p>The mill and estates had a mechanism to determine those employees who were eligible or not eligible for holiday pay and annual leave pay. Through these mechanisms, lists of eligible and ineligible employees were prepared.</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order 2018 and other relevant regulations are satisfactorily complied with.</p> <p>There have been no complaints as checked with the Labour Dept. at Sabah (JTK) from both local and foreign workers at IOI Pamol Grouping with regards to any occurrence of unjust pay and working conditions. It is further verified that there was also no evidence of such related complaint raised during the JCC and stakeholder consultation meetings held or recorded in the Grievance Books, which were inspected during audit.</p> <p>Records maintained of clinical treatments provided to workers were reviewed by the VMO and where needed the referral of patient to Clinic - KK Nangoh were satisfactorily followed up till completion. Thus, previous OBS (2018) JMD-02 was adequately addressed and implemented.</p>	
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>Minimum national standard for housing and other basic necessities are described in Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja – Akta 446 [Workers' Minimum Standards of Housing and Amenities – Act 446]. However, this act, as informed by JTK, is not applicable in Sabah, thus IOI Pamol Grouping only implements relevant parts of the act.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are provided with adequate free accommodation at workers quarters with free electricity and treated water. The workers quarters were clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are located in a safe distance from the houses.</p> <p><u>Schools</u></p> <p>The migrant workers' children are given free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are under the purview of the operating unit management. The Humana schools are mainly for children from 6-13 years old.</p>	<p>See NC below</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 49 of 112

	<p>Additionally, the Community Learning Centre [CLC] was established for older children aged from 14-18. School children, both local and foreign, were transported with no charge from the operating units in suitable vehicles. A number of school buses was sighted during the audit were used to transport the school children.</p> <p><u>Sundry shops</u></p> <p>Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u></p> <p>Crèche is available in each estate operating unit which were noted to be satisfactorily maintained. Verified that the crèche caretakers were adequately trained on the use of first aid kits and fire extinguishers. Depending on the operating unit management, some crèche are provided with biscuits or formulated milk powder. During the audit, children were found in good health and the surrounding of the crèche are all well maintained. No overcrowded crèche found and ratio between caretakers with children are well balanced.</p> <p><u>Clinics</u></p> <p>Clinics are located in within the vicinity of the estates and the POM. Together with the staff, the Estate Health Attendant [EHA] are also responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc.</p> <p>Inspection by the staff conducted weekly, whilst inspection by HA conducted monthly. VMO make a monthly visit to the audited estates and check upon a few areas, e.g. referred patients and purchase of the medicines at the clinics, workers quarters, and crèche.</p> <p>Noncompliance finding: Location: Sugut Estate</p> <ol style="list-style-type: none"> 1. Medicine transferred from original bottles were not labelled with expiry dates at the crèche and estate office first aid kits such as EyeMo, Dettol and Acriflavin. 2. Purchase Orders for medical inventory was not reviewed by the Visiting Medical Officer (VMO). 3. Linesite inspection conducted by the Estate Health Assistant (EHA) did not adequately cover areas such as mosque, sundry shop and house extension structures. 4. No traps for rubbish were installed at the drain outlets from the labour quarters. 5. At the creche, household detergents/chemicals were found placed on the floor and not properly stored. <p>Auditor's note: Observations were raised under this indicator in the previous audit ASA-02 i.e. OBS: JMD-02. Thus, these issues are upgraded into a non-compliance in the current audit.</p>	<p align="center">2019 Minor NC JMD-02</p>
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to</p>	<p>IOI Pamol Grouping has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p>	<p align="center">Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 50 of 112

<p>adequate, sufficient and affordable food. Minor Compliance</p>	<p>It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon specific request.</p>	
<p>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>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available. Major Compliance</p>	<p>Published statement recognising freedom of association is mentioned in Sustainable Palm Oil Policy, latest revised on March 2018 adopted by the IOI group. As an alternative to workers union, IOI Pamol Grouping formed the JCC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of JCC are representatives elected by the workers including both local and foreign. JCC meetings are scheduled quarterly and the meetings were minuted. It was verified that issues raised during the meetings are resolved in appropriate and timely manner. From sampled JCC meeting minutes, there was no major issue raised by the workers. Meeting minutes at Pamol POM and Estates at Ulu, Tindakon, Meliau and Sugut were found to be satisfactorily maintained (Checked for months from Jan- July 2019). Confirmed during interviews with workers that they have basic understanding of freedom to voice any concerns which are brought to Management through their elected Leaders (Ketua).</p>	<p>Complied</p>
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance</p>	<p>JCC as an alternative to workers union is scheduled to conduct their meeting quarterly. It was verified that each meeting is properly documented and filed complete with photographic evidence. Participants in JCC meetings involved workers representatives from different categories of workers such as general workers, sprayers, manure applicators, harvesters, drivers both locals and foreign citizens. The meeting minutes are accessible to all members in the JCC and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised.</p>	<p>Complied</p>
<p>Criterion 6.7 Children are not employed or exploited.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met. Major Compliance</p>	<p>Published statement the group will eliminate all forms of illegal, forced, bonded, and compulsory, including child labor is mentioned in Sustainable Palm Oil Policy, latest revised on March 2018 adopted by the IOI group. HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which is also managed by HUMANA but was built with the help of the PMU. Inspection of the employment records including site visit to the estates and this practice proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.</p>	<p>Complied</p>
<p>Criterion 6.8</p>		

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 51 of 112

Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
Indicators	Findings and Objective Evidence	Compliance
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	Published statement on equal opportunities is mentioned in Sustainable Palm Oil Policy, latest revised on March 2018 adopted by the IOI group. This policy clearly stated that IOI Group including IOI Pamol prohibits and will actively prevent any discrimination based on race, nationality, religion, or gender.	Complied
6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Based on interviews and feedback from the employees, foreign workers, review of JCC meeting minutes and grievance records, it is verified that there has been no issue of discrimination at the PMU. These practices, i.e. regular meetings between workers and the management, effective grievance procedures, etc. proved that content of this policy satisfactorily understood by workers and satisfactorily implemented in the PMU.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	All operating units audited in IOI Pamol Grouping kept and maintained records of their workers, including the legal documents such as valid passports and permits, and medical history (for foreign workers). Medical records for both local and foreign workers are comprehensive and safely kept at the medical clinics within the grouping units. Recruitment and promotion are verified to be based on skills, capabilities, qualities, and medical fitness necessary for the job. Verified that FOMEMA reports are reviewed before the hiring of new foreign workers. Notifications were maintained at Estates for workers who were promoted to new positions in line with their skills and work experience such as 'mandores, 'tractor drivers' and mechanics. Thus, previous NC (2018) JMD-02 was adequately addressed and implemented.	
Criterion 6.9		
There is no harassment or abuse in the work place, and reproductive rights are protected.		
Indicators	Findings and Objective Evidence	Compliance
6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	Published statement on prevention of sexual and all other forms of harassment and violence is covered in Sustainable Palm Oil Policy, latest revised on March 2018 adopted by the IOI group. GCC members who were interviewed confirmed that there is a clear and understandable protocol on receiving complaints or grievances related to sexual harassment. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted in each operating unit audited. Meeting minutes of GCC was reviewed during the audit and concerns related to women was recorded including on sexual harassment and domestic violence briefings.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	The mill and estates adopted the Sustainable Palm Oil Policy, latest revised on March 2018 , During interview with the workers at POM and estates visited, the awareness level of the workers regarding the policy was good. In addition, the policy was displayed at notice boards at the office and clinic.	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 52 of 112

	It was verified that there were no pregnant or breastfeeding woman worker among the agrochemical handlers. Medical check-up was conducted on monthly basis and recorded in "Medical Routine Checkup". No pregnant or breastfeeding workers handling chemicals were noted at current audit.	
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. Minor Compliance	The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. Reports made to the gender representatives are inaccessible to the public.	Complied
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 prices are publicly displayed at the POM based on current prices as determined by MPOB. These prices are available for public to access at MPOB website.	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	Price mechanism is generally understood by the industry players as the POM is using FFB prices set by the MPOB.	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 employee contracts and meeting minutes (between the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored to follow safety requirements during the work in progress.	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 in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of 60-day grace period. This was verified during interview with the stakeholders including the contractors.	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 can be demonstrated in the provision of facilities, services and where feasible, monetary. <ul style="list-style-type: none"> • New Humana schools in Sugut and Tindakon Estates. • Provision of Vitamin C tablets for children attending the crèche and kindergarten at the Estates. • Regular family control briefing by the EHA at Nangoh & Meliau Clinics Mas Indah. 	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 53 of 112

	<ul style="list-style-type: none"> Free transportation to schools for primary, secondary and Humana students. Free housing for Humana teacher and contractor workers. Free ambulance service to nearest government medical clinic, i.e. KK Nangoh. 	
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	The PMU have no dealings with any scheme smallholders.	Not applicable
Criterion 6.12 No forms of forced or trafficked labour are used.		
Indicators	Findings and Objective Evidence	Compliance
6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Sandakan Region office [SRO].</p> <p>All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates.</p> <p>IOI through its revised Sustainable Palm Oil Policy, have released the passports back to the workers throughout the group. The workers however were reminded they are responsible should any untoward incidents happened while their passports are in their custody. The management will assist the workers to monitor the passport and work permit expiry dates, FOMEMA tests until collection of work permit from the Immigration Office.</p> <p>It was also verified, workers are aware that legalising process of their dependents are their own responsibilities. The PMU provided necessary assistance such as reference address, transportation, supporting documents, advance payment, etc. for the workers who opted to legalise their dependents. It was verified some invoices from recruitment agency do charge for renewal of dependent passports, e.g. invoice dated 30/6/2018 from Agensi Pekerjaan MNK.</p> <p>2019 Noncompliance finding: Location: POM and estates</p> <p>The company has been engaging a Recruitment agent (which is approved under the panel of agents by the Sabah Labour Department / Jawatankuasa Tenaga Kerja- JTK, Sabah). However, there was no documentation relating to the Terms and conditions such as type of services used, the responsibilities of both parties and declaration from the recruitment agents to comply with company's zero recruitment fee policy.</p>	<p>See NC below</p> <p>2019 Major NC JMD-03</p>
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	No issue of contract substitution has been found and this was confirmed through interviews mainly with internal stakeholders.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.	Published statement and procedures on migrant workers is covered in IOI Plantation Foreign Workers Recruitment Guideline & Procedure in Malaysia adopted by the IOI group was revised in June 2019.	Complied

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 54 of 112

Major Compliance	Implementation of this policy is evident as explained above, for example, all decisions related to hiring of new workers shall be made based on business needs, job requirements and individual qualifications and without regard to race, religion or gender. Also mentioned above that the equal opportunity policy was adopted and implemented by the PMU and verified to have covered all necessary aspects of including migrant workers related issues. Freedom of association as earlier mentioned permitted not only to the local workers but also to the foreign workers. This policy is communicated to all workers during annual refresher training and to all new intakes.	
Criterion 6.13 Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Published statement on human rights is covered in Sustainable Palm Oil Policy, latest revised on March 2018 adopted by the IOI group. This policy is verified to be communicated to all workers during annual refresher training and to all new intakes.	Complied
6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	The mill and estates had contributed towards the setting up and maintenance of the HUMANA and CLC schools for the children of the foreign workers, both for their primary and secondary level education. It was verified that the school building, premises and basic utilities has been adequately maintained and transport was provided free of charge for the school going children of the workers. Noted that there was improvement in the monitoring of the number of children attending school as compared to total of number of children at linesites via census taking and briefings given to parents on the importance of education for their children. Thus, previous NC (2018) JMD-03 was adequately addressed and implemented.	Complied

Principle 7: Responsible development of new plantings

Todate, the PMU has not carried any new plantings after Nov 2005 which may be applicable under requirements of the RSPO New Planting Procedure. The requirements of Principle 7 were verified to be 'Not applicable' to this PMU during this assessment.

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The GHG Calculation Report was submitted to RSPO Secretariat in Apr 2019. See details on **Summary of Net GHG Emissions – Tables below**.

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.

SUMMARY OF NET GHG EMISSIONS

Data below as per the latest summary report generated through **PalmGHG Calculator Version 3.0.1**.

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 55 of 112

GHG Table 1: Summary of Net GHG Emissions (actual past 12 months: June 2018 – May 2019)

Emissions per Product	tCO2e/tProduct
CPO	0.47
PK	0.47

Production	t/year
FFB processed	255217.22
CPO Produced	54335.814

Extraction	%
OER	21.29
KER	4.39

GHG Table 2: Summary of Land Use

Land use	ha
OP planted area	12,004 Note: Sugut has been excluded from the calculation for GHG as it does not supply FFB to PPOM.
OP planted on peat	0
Conservation (forested)	367.76 Note: Conservation area for Sugut has been excluded in the GHG Calculation as it does not supply FFB to PPOM.
Conservation (non-forested)	933.02

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO2e	tCO2e/ha	tCO2e	tCO2e/ha	tCO2e	tCO2e/ha	tCO2e	tCO2e/ha
Emissions								
Land Conversion	0	0	0	0	0	0	0	0
CO2 Emissions from Fertiliser	13514.94	1.13	0	0	0	0	13514.94	1.13
N2O Emissions	10128.23	0.85	0	0	0	0	10128.23	0.85
Fuel Consumption	3188.54	0.27	0	0	0	0	3188.54	0.27
Peat Oxidation	0	0	0	0	0	0	0	0
Sinks								
Crop Sequestration	-24624.11	-2.08	0	0	0	0	-24624.11	-2.08
Conservation Sequestration	-3191.16	-0.27	0	0	0	0	-3191.16	-0.27
Total	24994.87	2.1	0	0	0	0	24994.87	2.1

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 56 of 112

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO₂e	tCo₂e/tFFB
Emissions		
POME	3605.28	0.01
Fuel Consumption	2233.82	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Excess Electricity to Grid and Housing	0	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	5839.1	0.02

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

Divert to compost	0%
Divert to anaerobic digestion	100%

GHG Table 4c: POME Diverted to Anaerobic Digestion

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

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

Criterion 8.1

Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.

Indicators	Findings and Objective Evidence	Compliance
-------------------	--	-------------------

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 57 of 112

<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. Proposal to construct & commission Biogas plant in 2020 2. Implementation of i-remote CCTV for direct live casting to DOE since October 2018 3. Combustion control upgrade for monitoring of black smoke since June 2019 4. On-going installation of Electrostatic precipitators for regulating clean air. <p><u>Continual improvements for Estates:</u></p> <ol style="list-style-type: none"> 1. Increasing number of staff and workers (e.g. road team) 2. Upgraded housing blocks for field workers 3. New housing for Auxiliary Police personnel 4. Improved water supply to housing via new pipelines 5. New overhead lines for housing 6. Desilting of certain stretches of streams, especially Sungai Wan Yang as water from the stream is used by villagers nearby. 7. New Humana schools in Sugut and Tindakon Estates. 8. Provision of Vitamin C tablets for children attending the crèche and kindergartens. 9. Improved housing for Humana teachers and contractor workers. 10. Free ambulance services to nearest government medical clinic, i.e. KK Nangoh. <p>Evidence of results was available for the above continuous improvement action plans.</p>	<p>Complied</p>
--	--	-----------------

3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

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

Details of findings are as follows:

General Chain of Custody Requirements for the supply chain:

5.1 Applicability of the general chain of custody requirements for the supply chain		
Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1.</p> <p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.</p> <p>After the end product manufacturer, there is no further requirement for certification.</p>	<p>The CPO Mill – Pamol (Sabah) POM of Pamol Estates (Sabah) Sdn Bhd, under IOI Group, takes legal ownership and physically handles the certified FFB, CPO and PK.</p> <p>Verified as at today, no outsourced facility is used in the processing and production of the CPO and PK.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 58 of 112

<p>5.1.2. Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.</p>	<p>The CPO Mill does not perform direct trading of the certified CPO & PK. All the quantities produced are sold solely to refinery - IOI Edible Oils Sdn Bhd (another IOI subsidiary).</p>	<p>Complied</p>
<p>5.1.3. Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p>	<p>RSPO membership is registered under the parent company: IOI Corporation Berhad (RSPO membership No. 2-0002-04-000-00) and POM unit was registered in the RSPO PalmTrace as follows: Pamol Estates (Sabah) Sdn Bhd - Pamol Sabah Palm Oil Mill Member ID: RSPO_PO1000000052 License ID: CB80845</p>	<p>Complied</p>
<p>5.1.4. Processing aids do not need to be included within an organization's scope of certification.</p>	<p>No processing aid used as this facility is a CPO Mill.</p>	<p>Complied</p>
<p>5.2 Supply chain model</p>		
<p>5.2.1 The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p>	<p>Verified that this facility is a CPO Mill which applies Module D: Identity Preserved (IP)</p>	<p>Complied</p>
<p>5.2.2. The site can use one (1) or a combination of supply chain models as audited and certified by the CB.</p>	<p>Verified that this facility is a CPO Mill which applies Module D: Identity Preserved (IP)</p>	<p>Complied</p>
<p>5.3 Documented procedures</p>		
<p>5.3.1. The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with 	<p>Documented procedure for CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOSC/SOP/IP/4 - Module D is verified on site.</p> <p>The 'IP module' implementation is verified to be in compliance with the RSPO SCCS requirement. Production records are maintained and updated on a daily basis and monthly, 3-monthly and annually reports are compiled and for reporting to the IOI Group, HQ.</p> <p>The responsible person identified is the Mill Manager as per the SOP and Organizational chart. Interviews done with the Mill Manager, Yap KS, confirmed that he and his assistants are aware and able to demonstrate the implementation of the RSPO supply chain requirements.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 59 of 112

<p>all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard.</p>		
<p>5.3.2. The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <ul style="list-style-type: none"> i. conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. ii. effectively implements and maintains the standard requirements within its organization. <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization must be able to maintain the internal audit records and reports.</p>	<p>Documented procedure for CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOSC/SOP/IP/4 covered the implementation of all elements of Supply chain modules, is verified on-site. Stated in para 4.1.10 that its Internal Control System ensure that all users of the RSPO trademark and claims are in accordance with RSPO Rules on Market Communications and Claims requirements.</p> <p>The SOP had covered the Market Communications and Claims requirements including:</p> <ol style="list-style-type: none"> 1) General corporate communications 2) Business to business communications 3) Business to consumer communication 4) Stamp CSPO/IP or CSPK/IP 5) IP general & Module D: IP for CPO Mill 6) Labelling and trademark 7) Messaging <p>Last Internal audit on RSPO SCC was done on 9 June 2019 (Internal Audit team – 5 nos) using the checklist as per the RSPO SCC Standard 2017 which included the RSPO Market communication and claims requirements.</p> <p>The Internal audit findings were reviewed during the management review conducted on 7 July 2019 (which covered the RSPO SCC & RSPO P&C). Management review on RSPO SCC is attended by 15 personnel (included POM Asst Managers, Clerks, Lab and Supervisor Engineering)</p> <p>The management review minutes was attended by Management representatives from IOI HQ, SPO Regional and key Site personnel from the PMU. Records of internal audits and minutes of Management reviews over past 2 years were retained in the database system.</p>	<p align="center">Complied</p>
<p>5.4 Purchasing and goods in</p>		
<p>5.4.1. The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model 	<p>The Daily Production Report showed traceable figures of certified products from certified raw material sources. All incoming certified raw material is recorded by daily, monthly and annual basis.</p> <p>Incoming raw material indicating: name and address of the product origin, name and address of the receiver; ticket number, delivery order no.; contract no.; date; quantity; transporter; type of product; Supply Chain model used - IP and RSPO certificate number.</p> <p>Incoming FFB from supply base are entirely from owned estates only</p> <p>Samples taken: Between 1 July 2018 – 30 June 2019 Ulu, Tindakon, Meliau estates</p>	<p align="center">Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 60 of 112

<p>(Identity Preserved, Segregated or Mass Balance or the approved abbreviations);</p> <ul style="list-style-type: none"> • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping announcements/ Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. • A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the list of RSPO Supply Chain Certified sites on the RSPO website (www.rspo.org) at least annually or through the RSPO IT Platform by confirmation of (shipping) announcements. • The validity of license for traders and distributors shall also be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements/announcements. 	<p>Note: Sugut estate did not supply FFB to Pamol POM.</p> <p>Delivery Notes: Ulu, Tindakon, Meliau estates WB: 413434 – 425912 Gross Wt.: 9360 – 27970 kg Product: FFB – RSPO / IP Certified Gate pass: 20150 - 20171 RSPO Cert no: RSPO 930988</p> <p>POM Gate pass:193044 FFB Despatch no-1678637 WB: 435572 Gross: 30410 kg (Net: 19360kg) Product: FFB – RSPO / IP Certified RSPO Cert no: RSPO 930988</p>	
<p>5.4.2. The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p>	<p>As per the SOP available at the POM for the IP based incoming FFB and documentations such as Estates Delivery Notes and Weighbridge tickets at POM, the control mechanism noted to be in order. So far, there was no evidence of any occurrence of non-conforming products or related documents.</p>	<p align="center">Complied</p>
<p>5.5 Outsourcing activities</p>		
<p>5.5.1. In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill</p>	<p>Verified that there are no outsourced processing activities to Independent third parties. Transport of FFB, CPO and PK as arranged by the Estates and POM Management are controlled via contracts with transporters and inspection of the transportation vehicles used prior to and upon completion of loading and off-loading. This are evidenced in the Delivery chits and weighbridge</p>	<p align="center">Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 61 of 112

<p>and independent mill cannot outsource processing activities like refining or crushing.</p> <p>This requirement is not applicable to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the certified organization (not the tank farm manager).</p>	<p>tickets which indicate the Transport vehicle no, weight and driver involved.</p>	
<p>5.5.2.</p> <p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ul style="list-style-type: none"> a) The site has legal ownership of all input material to be included in outsourced processes; b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary. c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance. 	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>
<p>5.5.3.</p> <p>The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>Transport contractor for the transportation of the CSPO & CSPK are monitored and valid contracts are available and verified at the POM.</p>	<p>Complied</p>
<p>5.5.4.</p> <p>The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products.</p>	<p>No outsourcing of processing activities noted at the POM.</p>	<p>Not applicable</p>
<p>5.6 Sales and goods out</p>		

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 62 of 112

<p>5.6.1.</p> <p>The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer;</p> <ul style="list-style-type: none"> • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number of the seller; • A unique identification number. • Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation). • For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements / Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance. 	<p>CPO Mill: Pamol Estates (Sabah) SB – Pamol POM sales and delivery documents information includes:</p> <ul style="list-style-type: none"> - Name and address of production unit. - Name and address of buyer - WB Ticket number - Date of delivery - Transporter Company / ID - Type of product / Supply chain model - Quantity: - RSPO certificate no. <p>Sample - Outgoing product - CSPO: Eg:</p> <ul style="list-style-type: none"> - Origin: Pamol (Sabah) POM - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - IOI EO to Supplier: IOI Commodity SB - Product: CSPO / IP <table border="1"> <tr> <td>12 Dec 2018</td> <td>22 June 2019</td> </tr> <tr> <td>POM WB: 90407</td> <td>POM WB:92438</td> </tr> <tr> <td>IOIEO WB: 067109</td> <td>IOIEO WB: 090634</td> </tr> <tr> <td>Gross-54350kg Net; 36840kg</td> <td>Gross:55540kg Net: 36,760kg</td> </tr> <tr> <td>Transporter: SPPJ (SAA8096B)</td> <td>Transporter: SPPJ (SAA1621W)</td> </tr> <tr> <td>SPPJ DO: 3042</td> <td>SPPJ DO: 4182</td> </tr> <tr> <td>Product: CSPO / IP</td> <td>Product: CSPO / IP</td> </tr> <tr> <td>RSPO cert.no: 930988</td> <td>RSPO cert.no: 930988</td> </tr> </table> <p>Outgoing product - CSPK: Eg:</p> <ul style="list-style-type: none"> - Origin: Pamol (Sabah) POM - Country of origin: Malaysia - Recipient: IOI Edible Oil Sdn Bhd - Address: PO. BOX 3423, 90738, Sandakan, Sabah, Malaysia - IOI EO to Supplier: IOI Commodity SB - Product: CSPK / IP <table border="1"> <tr> <td>21 Mar 2019</td> <td>12 June 2019</td> </tr> <tr> <td>POM WB: 42799</td> <td>POM WB:</td> </tr> <tr> <td>IOIEO WB: 066818</td> <td>IOIEO WB: 090601</td> </tr> <tr> <td>Gross- 50530kg Net; 29390kg</td> <td>Gross: 43560kg Net: 27010kg</td> </tr> <tr> <td>Transporter: SPPJ (SAA8190F)</td> <td>Transporter: SPPJ (SS8927V)</td> </tr> <tr> <td>SPPJ DO: 4409</td> <td>SPPJ DO: 5274</td> </tr> <tr> <td>Product: CSPK / IP</td> <td>Product: CSPK / IP</td> </tr> <tr> <td>RSPO cert.no: 930988</td> <td>RSPO cert.no: 930988</td> </tr> </table>	12 Dec 2018	22 June 2019	POM WB: 90407	POM WB:92438	IOIEO WB: 067109	IOIEO WB: 090634	Gross-54350kg Net; 36840kg	Gross:55540kg Net: 36,760kg	Transporter: SPPJ (SAA8096B)	Transporter: SPPJ (SAA1621W)	SPPJ DO: 3042	SPPJ DO: 4182	Product: CSPO / IP	Product: CSPO / IP	RSPO cert.no: 930988	RSPO cert.no: 930988	21 Mar 2019	12 June 2019	POM WB: 42799	POM WB:	IOIEO WB: 066818	IOIEO WB: 090601	Gross- 50530kg Net; 29390kg	Gross: 43560kg Net: 27010kg	Transporter: SPPJ (SAA8190F)	Transporter: SPPJ (SS8927V)	SPPJ DO: 4409	SPPJ DO: 5274	Product: CSPK / IP	Product: CSPK / IP	RSPO cert.no: 930988	RSPO cert.no: 930988	<p align="center">Complied</p>
12 Dec 2018	22 June 2019																																	
POM WB: 90407	POM WB:92438																																	
IOIEO WB: 067109	IOIEO WB: 090634																																	
Gross-54350kg Net; 36840kg	Gross:55540kg Net: 36,760kg																																	
Transporter: SPPJ (SAA8096B)	Transporter: SPPJ (SAA1621W)																																	
SPPJ DO: 3042	SPPJ DO: 4182																																	
Product: CSPO / IP	Product: CSPO / IP																																	
RSPO cert.no: 930988	RSPO cert.no: 930988																																	
21 Mar 2019	12 June 2019																																	
POM WB: 42799	POM WB:																																	
IOIEO WB: 066818	IOIEO WB: 090601																																	
Gross- 50530kg Net; 29390kg	Gross: 43560kg Net: 27010kg																																	
Transporter: SPPJ (SAA8190F)	Transporter: SPPJ (SS8927V)																																	
SPPJ DO: 4409	SPPJ DO: 5274																																	
Product: CSPK / IP	Product: CSPK / IP																																	
RSPO cert.no: 930988	RSPO cert.no: 930988																																	
<p>5.7 Registration of transactions</p>																																		
<p>5.7.1.</p> <p>Supply chain actors who:</p> <ul style="list-style-type: none"> • are mills, traders, crushers and refineries; and • take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall 	<p>Legal ownership and physically handling of the RSPO CSPO & CSPK is confirmed for the past 12 months. Records for the transactions made from the POM as sold to the next owner (IOI Edible Oils Sdn Bhd) are confirmed to be appropriately maintained.</p> <p>POM unit was registered in the RSPO PalmTrace as follows:</p>	<p align="center">Complied</p>																																

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 63 of 112

<p>register their transaction in the RSPO IT platform and confirm upon receipt where applicable.</p>	<p>Pamol Estates (Sabah) Sdn Bhd - Pamol Sabah Palm Oil Mill Member ID: RSPO_PO1000000052 License ID: CB80845 Above identified during certified products trading.</p>	
<p>5.7.2. The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:</p> <ul style="list-style-type: none"> • Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures. • Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually. • Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. • Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements. 	<p>The company has registered their transactions as per the Palm trace.</p> <p>Checked information: Transaction ID: stated</p> <p>Seller: Pamol Estates (Sabah) Sdn Bhd - Pamol Sabah Palm Oil Mill Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPO Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: July 2018 – June 2019</p> <p>Transaction ID: stated Seller: Pamol Estates (Sabah) Sdn Bhd - Pamol Sabah Palm Oil Mill Buyer: IOI Edible Oil Sdn Bhd (Refinery) Product: CSPK Supply chain model: IP Quantity: stated Transaction type: Shipping Status: Confirmed Period: July 2018 – June 2019</p>	<p align="center">Complied</p>
<p>5.8.1. The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff.</p>	<p>The POM has an annual Training 2018 /2019, which included refresher training on the RSPO SCCS. Training records are updated for personnel which includes attendance list and photograph as evidence are verified and available.</p>	<p align="center">Complied</p>
<p>5.8.2. Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed.</p>	<p>The last training was done on 14 Jun 2019, attended by 14 nos. which included the Mill Manager, Executives, Assistants, Weighbridge clerks, Lab, Security personnel who are involved in implementation of the RSPO SCCS. Understanding by personnel was confirmed during audit at the POM. Additionally, another training was done on 18 Jun 2019, attended by 5 nos - CPO & PK Transporter contractor representatives, who are involved in implementation of the RSPO SCCS. Understanding by personnel was confirmed during audit at the POM.</p>	<p align="center">Complied</p>
<p>5.9 Record keeping</p>		
<p>5.9.1.</p>	<p>The company has procedure to maintain and update all documents and records of RSPO supply</p>	<p align="center">Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 64 of 112

<p>The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements.</p>	<p>chain system as required by the RSPO supply chain. The company has maintained, updated report & record which covering all aspects of RSPO SCCS requirements, such as: daily report, monthly report, 3-months mass balance report, delivery note, balancing stock report, complaint record, non-conforming product report, etc.</p>	
<p>5.9.2. Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.</p>	<p>As per the RSPO SCC SOP, the minimum retention time of record for 2 years was stated. The retention of accounting related records including contracts, invoices etc. had complied with the minimum 7 years as per the Annual Accounting report and Stock Inventory done by the Accounting Dept. Based on sampling done for RSPO transactions, the related records were noted to be retained and available at site.</p>	<p>Complied</p>
<p>5.9.3. The organization must be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.</p>	<p>The PMU has updated the record keeping of the volumes of FFB purchased, processed and claimed as RSPO certified oil palm products. The Monthly, 3- Monthly, and Annual data over past 12 months was available.</p>	<p>Complied</p>
<p>5.10 Conversion factors</p>		
<p>5.10.1 Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries.</p>	<p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p>	<p>Not applicable</p>
<p>5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.</p>	<p>Not applicable, as the scope of certification for this unit covers until the CPO Mill only.</p>	<p>Not applicable</p>
<p>5.11 Claim</p>		
<p>5.11.1. The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.</p>	<p>As at to-date, there has been no evidence of any no incorrect or inappropriate claims made at this unit.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 65 of 112

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 66 of 112

<p>5.12.1. The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.</p>	<p>Documented procedure for CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOC/SOP/IP/4 is verified on site, included the collecting and resolving of stakeholder complaints and any quality issues. There has been no complaint received since previous audit on certified products.</p>	<p>Complied</p>
<p>5.13 Management review</p>		
<p>5.13.1. The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken</p>	<p>Management review is planned on an annual basis. The last management review was done on 4 Jul 2019, attended by 14 personnel. Minutes meeting of management review had covered the review of internal audit findings.</p>	<p>Complied</p>
<p>5.13.2. The input to management review shall include information on:</p> <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. 	<p>Minutes meeting of management review has included all the required inputs. Review of inputs had covered the both the internal audit results on 6 internal audit findings and the NC findings from external audits (from CB and other parties). Review of corrective and preventive actions and the follow up actions from customer feedbacks, previous management review and changes that could affect the management system were minuted.</p>	<p>Complied</p>
<p>5.13.3. The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs. 	<p>Outputs of management review has included recommendations for improvement such as the progressive planning for changeover to an SAP system and training planned for personnel on the SAP data entry and over the next 12 months.</p>	<p>Complied</p>

Model D – CPO Mills: Identity Preserved (IP)

D.1 Definition

Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>The POM only processed FFB from its own supply base (see Section 1.3). It was verified that there were 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
------------	---------------------------------	------------

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 67 of 112

<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.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. 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 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).</p>	<p>Complied</p>
<p>D.3 Documented procedures</p>		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for CPO Mill for Palm Products. SOP updated on 1/08/2019 (RSPOSC/SOP/IP/4 is verified on site, (1) Procedure (RSPOSC/SOP/IA/1 Rev. No. 01, 01/08/2017) to conduct annual internal audit. (2) Contractor used for processing or physical handling of RSPO certified oil products. (3) RSPO Market Communication and Claims.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	<p>Complied</p>
<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>Mill Manager, Mr. Yap KS has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Asst. Mill Managers, Mr. Ram Surendra Prakash and Mr. Ridwan bin Mohd. Isa) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p> <p>RSPO SCCS refresher training for relevant POM employees conducted on 9 Jan 2019. Noted that participants had included the subcontractors' workers for transportation of CPO and PK.</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 68 of 112

<p>D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>The POM only received and processed FFB entirely from the PMU estates The PMU did not receive any non-certified FFB from other sources or suppliers. All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel. The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure. The POM has 4 CPO storage tanks that stored the IP quantities.</p>	<p>Complied</p>
<p>D.4 Purchasing and goods in</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Regional Office and weekly to the Head Office at Putrajaya.</p>	<p>Complied</p>
<p>D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. So far, there is no projected overproduction.</p>	<p>Complied</p>
<p>D.5 Record keeping</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p>	<p>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 2 years.</p>	<p>Complied</p>
<p>D.6 Processing</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.</p>	<p>Confirmed from records that the POM only received and processed certified FFB from its own estates. 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. All CPO and PK is sold to externally to IOI Edible Oil Sdn Bhd (Refinery).</p>	<p>Complied</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)**

Page 69 of 112

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 2019/2020**

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

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

Table 8: Summary of Trading (RSPO PalmTrace)

Details as per RSPO Certification System Document		
	CPO (mt)	PK (mt)
Last year's (Projected) 2018/19 Certified volume (RSPO Certified)	62,700	12,825
a) Last year's Actual sold volume (RSPO Certified)	46,664.42	10,455
b) Last year's Actual sold volume * (Other Schemes Certified)	457.09	-
c) Last Year's Actual sold volume ** Conventional	4399.42	-
d) RSPO Credits	0	0
Total of (a) + (b) + (c) +(d)	51,520.93	10,455
New (Projected) 2019/20 Certified Volume (RSPO Certified)	56,975	11,925

Notes:

- Verified that the total Actual sold (for last year) has not exceeded the Projected (for last year)
- * The volumes under 'Other Schemes certified' is basically under ISCC scheme.
- ** Remaining volumes traded are not claimed under 'Certified' and traded as 'Conventional' volume.

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 70 of 112

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

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

Assessment Type	Year	Noncompliance (NC)	Observations (OBS)	Follow up status
Initial Assessment	2016	2 Minor	1	Actions taken on the NC and OBS verified to be effective during ASA-01 except for the Minor NC# JMD-01 (which is upgraded to Major NC because of reoccurrence).
Annual Surveillance - 01	2017	8 Major & 2 Minor	3	Actions taken on the NCs and OBS verified to be effective during ASA-02.
Annual Surveillance - 02	2018	5 Minor	5	Actions taken on the NCs and OBS verified to be effective during ASA-03.
Annual Surveillance - 03	2019	3 Major & 4 Minor	2	On-site Verification: 12-13 Nov 2019 Major NCs close out date: 14 Nov 2019 Minor NCs: Next annual assessment.

3.2.1 Year 2019: 3 Major & 4 Minor NCs

NC#	MYNI Indicator	Details of Non-Conformance (NC) -1
Major AL-02	4.7.2	Date issued: 26 July 2019
		Requirement:
		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.
		Statement of Nonconformance:
		Potential safety issues have not been adequately identified.
		Evidence of Nonconformance:
		Ulu estate: At the HUMANA school, there was a facility for an underground water storage tank. There is no signages and no indication of the depth of the said tank. In addition, the method of checking of the water level i.e. opening of the metal cover and exposing the opening, may pose a hazard and other safety risks for the children at the vicinity. It was also noted that toilet facilities are not adequate as there was only 1 toilet for the teachers and 1 for the school children.
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 71 of 112

		<p>Root Cause Analysis (RCA):</p> <ol style="list-style-type: none"> The underground water storage tank was identified to be safe as the metal used to cover the tank hole is heavy and under close supervision by teachers. However, the precaution measure to address the risk of hazard during maintenance of the reservoir was not properly addressed. The management did not receive any request from the teachers to improve the existing facilities at the HUMANA School thus it was assumed that the existing facilities are adequate. <p>Correction:</p> <ol style="list-style-type: none"> To fence and safety signage instalment at the water tank reservoir area. To conduct safety awareness briefing to the HUMANA teachers and the school children. To brief on the stakeholder request procedure to the HUMANA teachers. New additional toilet for HUMANA school will be constructed. <p>Corrective Action (CA):</p> <ol style="list-style-type: none"> The management has decided to seal the underground reservoir tank and replace with an overhead tank. Periodic monitoring visit by the Social Liaison Officer at the Humana compound will be made to in addition to the linesite inspection coverage made by the EHA. <p>CA Implementation timeline:</p> <ol style="list-style-type: none"> Immediately for Correction CA #1: Completed in October 2019. CA #2: Continuously beginning August 2019.
Verification on Corrective Action(s): by Lead Auditor / Auditor		
<p>MAJOR NC:</p> <p>On-site Verification: 12 – 13 Nov 2019</p> <p>Corrective actions taken: As stated by Auditee in their RCA & CA</p> <p>Supportive evidences: Verified and evaluated for completeness.</p> <p>Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019.</p> <p>On-site verification confirmed that the corrective actions taken were physically sighted. Relevant safety measures were found to be adequately in place at the said HUMANA school. Further evidences of safety checks done at other HUMANA school sites located in the CH unit</p> <p>Verified that the revised monitoring checklists were used. Understanding of the safety issues concerning the pupils at HUMANA schools were confirmed with the personnel involved in the safety checks.</p>		
<p>Conclusion:</p> <p>The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>		
NC status closed by auditor: AL		Date closed: 13 Nov 2019
Verification of effectiveness: Next Audit		
NC status verified by auditor:		Date verified:

NC#	MYNI Indicator	Details of Non-Conformance (NC) -2
Major JMD-01	6.5.1	Date issued: 26 July 2019
		Requirement:
		Documentation of pay and conditions shall be available.
		Statement of Nonconformance:
		There were discrepancies in the calculation of payments for the workers such as ORP, VLP and Public holidays.

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 72 of 112

		<p>Evidence of Nonconformance:</p> <p>Meliau Estate: Vacation Leave Pay (VLP) rates for three workers, i.e. MLE3135, MLE3137 and MLE1813, were found to be calculated at less than the entitled daily wage.</p> <p>Tindakon Estate: Public holidays in May 2018 for three workers i.e. TDE1086, TDE1064 and TDE5063, were incorrectly calculated and thus not paid according to their eligibility.</p> <p>Ulu Estate: 1. The Public holiday declared on 9 May 2018 (Malaysia General Election) had not been paid to the foreign workers at this estate. 2. It is noted that the Group Management practice is to maintain the benefits (such as annual leave entitlement and calculations of vacation leave pay) for long service workers, who may be transferred to another estate (in the grouping) in which a new employment card (with new date of joining) is issued due to fresh registration and contract signing with the next estate. It is discovered that a worker (ULE1122) was transferred from Bayok Estate (previous estate, in which he was entitled for annual leave of 16 days) to next estate i.e. Ulu Estate on 29 Sept 2018. However, the calculation for Ordinary Rate of Pay (ORP) for the said worker done at Ulu estate was based on his 3 months service (Oct-Dec 2018) in Ulu estate and had not considered his earlier 9 months services (from Jan-Sept 2018) at Bayok estate (previous estate). This has affected the calculation of the Vacation Leave Pay (VLP) eligibility in 2018 for the said transferred worker.</p> <p>Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative</p>
--	--	--

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 73 of 112

		<p>Root Cause Analysis (RCA):</p> <p><u>Meliau Estate</u> Insufficient monitoring carried out by the estate management to ensure the VLP payment rate abide with the legal requirement in accordance to the minimum wage order before the VLP list being approved at the regional office.</p> <p><u>Tindakon Estate</u> The supervisor in-charge accidentally write incorrect job code inside the worker pinfosys checkroll record.</p> <p><u>Ulu Estate</u></p> <ol style="list-style-type: none"> 1. The memo circulated by the regional was misinterpreted by the estate management as there is a statement saying, 'the public holiday is to enable the <i>Malaysian Registered Voters to cast their vote</i>'. This had further caused an internal confusion on the eligibility of public holiday pay for the non-local worker. 2. The transferred record received by Ulu Estate was incomplete from Bayok Estate (previous estate) causing the worker's previous service period was not taken into consideration in calculating the VLP eligibility. <p>Correction:</p> <p><u>Meliau Estate</u> A requisition to repay the underpaid VLP for the identified workers will be carried out by Meliau Estate.</p> <p><u>Tindakon Estate</u> Correction of data input inside the pinfosys checkroll record will be made and the supervisor in-charge will be given a kind reminder letter for his minor mistake made which had caused workers salary underpayment.</p> <p><u>Ulu Estate</u></p> <ol style="list-style-type: none"> 1. A requisition to repay the non-paid public holidays for eligible workers will be carried out by Ulu Estate. 2. The complete record will be requested by Ulu Estate from the previous employer. <p>Corrective Action (CA):</p> <p><u>Meliau, Tindakon, Ulu Estate</u> Training on the SAP system to all operating unit at Pamol group will be conducted. IOI has initiated a centralized management system with the introduction of SAP system (Systems Application and Products in Data Processing) at the group level. This system introduced standardisation on information and data management including accounting, payment rate, leave entitlement, operations, etc. and can assist in the monitoring of data.</p> <p><u>Meliau Estate</u> To repay the underpaid VLP for the identified workers, MLE3135, MLE3137 and MLE1813 in subsequent month.</p> <p><u>Tindakon Estate</u> To repay the underpaid public holiday pay for the identified workers, TDE1086, TDE1064 and TDE5063 in subsequent month.</p> <p><u>Ulu Estate</u> To repay the underpaid public holiday and VLP for the identified workers once requisition has been approved by the management.</p> <p>CA Implementation timeline:</p>
--	--	--

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 74 of 112

	<p><u>Meliau, Tindakon and Ulu Estate</u></p> <ol style="list-style-type: none"> Correction is within the month of August to September 2019. Corrective Action is within the month of September to October 2019. 		
	Verification on Corrective Action(s): by Lead Auditor / Auditor		
	<p>MAJOR NC:</p> <p>On-site Verification: 12 – 13 Nov 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019. Corrected records were verified, and Training conducted for the relevant staff performing the data entry and checks were verified. Supplementary internal audits records performed on the said CH estates in grouping had confirmed understanding of the issues by the personnel involved. This was verified during interviews the sampled staff during the on-site verification.</p>		
	<p>Conclusion:</p> <p>The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>		
	<table border="1"> <tr> <td>NC status closed by auditor: JMD</td> <td>Date closed: 13 Nov 2019</td> </tr> </table>	NC status closed by auditor: JMD	Date closed: 13 Nov 2019
NC status closed by auditor: JMD	Date closed: 13 Nov 2019		
	Verification of effectiveness: Next audit		
	<table border="1"> <tr> <td>NC status verified by auditor:</td> <td>Date verified:</td> </tr> </table>	NC status verified by auditor:	Date verified:
NC status verified by auditor:	Date verified:		

NC#	MYNI Indicator	Details of Non-Conformance (NC) - 3
Major JMD-03	6.12.1	Date issued: 26 July 2019
		Requirement:
		There shall be evidence that no forms of forced or trafficked labour are used.
		Statement of Nonconformance:
		No documentation of terms and conditions between the company with the recruitment agencies
		Evidence of Nonconformance:
		<p>Location: POM and estates</p> <p>The company has been engaging a Recruitment agent (which is approved under the panel of agents by the Sabah Labour Department / Jawatankuasa Tenaga Kerja- JTK, Sabah).</p> <p>However, there was no documentation relating to the Terms and conditions such as type of services used, the responsibilities of both parties and declaration from the recruitment agents to comply with company's zero recruitment fee policy.</p>
Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative		

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 75 of 112

		<p>Root Cause Analysis (RCA): The current agency assisting IOI in recruitment/ legalizing foreign workers had been engaged in service for over a considerable long period of time and they were made aware on IOI's commitment on No Recruitment Fee after it was published. However, there was no written and acknowledged record that could specifically proof that the agency is complying with IOI's commitment other than the record of processing payment which only addressed to the company and none to workers.</p> <p>Correction: Discussion with the regional Human Resource Department will be held to address on the nonconformance raised and on the agreeable terms and conditions in relation to IOI commitment published record for agency to comply.</p> <p>Corrective Action (CA): The agreeable terms and conditions will be spelled out to the agency via a letter of commitment containing declaration from both parties.</p> <p>CA Implementation timeline:</p> <ol style="list-style-type: none"> 1. Correction is to be made within August-September 2019. 2. Corrective Action to be completed by October 2019. 		
		Verification on Corrective Action(s): by Lead Auditor / Auditor		
		<p>MAJOR NC: On-site Verification: 12 – 13 Nov 2019 Corrective actions taken: As stated by Auditee in their RCA & CA Supportive evidences: Verified and evaluated for completeness. Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019. Corrections done were verified for all the POM and Estates in the CH grouping. Further evidences of documentations related to the implementation of the 'No Recruitment Fee' policy imposed on Recruitment agents used were made available and verified on-site. Related records of training conducted for the relevant staff and personnel performing the tasks both at the Estates and HR Depts (regional level) were verified. Interviews of the sampled staff during the on-site verification confirm their understanding of the work process and monitoring needed.</p>		
		<p>Conclusion: The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status closed by auditor: JMD</td> <td style="width: 30%;">Date closed: 13 Nov 2019</td> </tr> </table>	NC status closed by auditor: JMD	Date closed: 13 Nov 2019
NC status closed by auditor: JMD	Date closed: 13 Nov 2019			
		Verification of effectiveness: Next audit		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor:</td> <td style="width: 30%;">Date verified:</td> </tr> </table>	NC status verified by auditor:	Date verified:
NC status verified by auditor:	Date verified:			

NC#	MYNI Indicator	Details of Non-Conformance (NC) - 4
Minor JMD-02	6.5.3	Date issued: 26 July 2019
		Requirement: Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).
		Statement of Nonconformance: Linesite inspection inadequately cover certain safety and health aspects.
		Evidence of Nonconformance:

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 76 of 112

		<p>Location: Sugut Estate</p> <ol style="list-style-type: none"> 6. Medicine transferred from original bottles were not labelled with expiry dates at the creche and estate office first aid kits such as EyeMo, Dettol and Acriflavin. 7. Purchase Orders for medical inventory was not reviewed by the Visiting Medical Officer (VMO). 8. Linesite inspection conducted by the Estate Health Assistant (EHA) did not adequately cover areas such as mosque, sundry shop and house extension structures. 9. No traps for rubbish were installed at the drain outlets from the labour quarters. 10. At the creche, household detergents/chemicals were found placed on the floor and not properly stored. <p>Auditor's note: Observations were raised under this indicator in the previous audit ASA-02 i.e. OBS: JMD-02. Thus, these issues are upgraded into a non-compliance in the current audit.</p> <p>Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative</p> <p>Root Cause Analysis (RCA):</p> <ol style="list-style-type: none"> 1. There were 2 personnel looking after the estate clinic and one of them is responsible on this task but she was still in her learning stage and getting familiar on her overall duty. 2. The purchased of the medicines had actually been reviewed and visually seen by the VMO who visited the estate once a month. However, the record of the documentation was not acknowledged in writing. 3. Coverage made by the EHA during conducting housing inspection was only limited to the workers' housing and creche and in addition community hall if any. Other buildings is subject to be inspected by other team of the estate management. 4. The rubbish trap was previously installed but not being maintained to keep it fixed at its location. 5. The chemicals was actually the detergent used for cleaning purposes and was kept in a separate room underneath the sink area and at the time of audit visit, the caretaker had taken it out and was just about to use the detergent for housekeeping. <p>Correction:</p> <ol style="list-style-type: none"> 1. All transferred medicine from the original bottles will be labelled with expiry date immediately for all first aid kit in the estate. 2. Notification on this issue will be made to the VMO in which the records seen need to be acknowledged in writing. 3. Refresher training to the EHA on workers' housing inspection related matters. 4. Installment of rubbish traps. 5. To construct a proper shelf to store the detergents. <p>Corrective Action (CA):</p> <ol style="list-style-type: none"> 1. To conduct a meeting with the EHA to further discuss on their job responsibilities. 2. To established programme schedule on visiting buildings other than workers housing. 3. Briefing to all workers regarding their responsibilities as communities sharing the housing compound vicinity. 4. To add training module topic on current creche caretaker training. <p>CA Implementation timeline:</p> <ol style="list-style-type: none"> 1. All correction will start off immediately in August 2019. 2. Meeting to be conducted is expected in September 2019. 3. Briefing to be on periodic basis, continuously. 4. Training on the additional module is expected by end 2019. 5. Programme for visiting buildings other than workers' housing shall be revised by end of September 2019. <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>
--	--	--

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 77 of 112

		<p>Minor NC: On-site Verification: 12 – 13 Nov 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019. It is verified that the revised Checklists for the Creche and Linesites has identified and included the needed additional check items. Training records were available for the related personnel conducting the inspections and confirmed in the sampled personnel interviews their understanding of the tasks.</p>	
		<p>Conclusion: The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>	
		NC status closed by auditor: JMD	Date closed: 13 Nov 2019
		Verification of effectiveness: Next audit	
		NC status verified by auditor:	Date verified:

NC#	MYNI Indicator	Details of Non-Conformance (NC) - 5	
Minor: SH-01	5.1.3	Date issued: 26 July 2019	
		Requirement: The (Water management) 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 the monitoring and where there are operational changes that may have positive and negative environmental impacts.	
		Statement of Nonconformance: Operational changes have not been implemented to monitor the effectiveness of mitigation measures.	
		Evidence of Nonconformance: Sugut estate – Division 2 Water for domestic use was sourced from the natural spring available in the area. Collection was done by using connecting rubber hoses and stored in a half cut blue container tank. This container is noted without cover and the collected water was exposed to the potential contamination from the natural surroundings. In addition, no analysis on the water quality is being done.	
		Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative	

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 78 of 112

		<p>Root Cause Analysis (RCA): It is assumed that the natural spring water was deemed to be clean and safe as its physical looks appear to be clear and there is no health concern cases reported so far. Buffer and necessary signages were also allocated as a preventive measure to let the communities aware on the existence of the water source area and avoid direct possible surrounding interference.</p> <p>Correction:</p> <ol style="list-style-type: none"> The exposed container will be temporarily covered to prevent possible contamination from the natural surroundings while waiting for a proper water storage tank in purpose of replacement. To take samples of the natural spring water to be sent for water quality analysis lab test. While waiting for the water quality analysis result, refresher briefing on safe water consumption will be given to all workers. This topic will include the necessity to boil water prior drinking. To include the natural spring water area inside the patrolling programme. <p>Corrective Action (CA):</p> <ol style="list-style-type: none"> The exposed container will be replaced with a proper water storage tank. The water quality analysis sampling will be conducted according to frequency plan as far as practical. Monitoring of the outcome will be carried out by the Environmental Liaison Officer. The natural water spring area will be covered and visited as per patrolling programme made. <p>CA Implementation timeline:</p> <ol style="list-style-type: none"> Correction timeline is expected to complete within August – September 2019. Corrective Action #1 is expected to be implemented by October 2019. Corrective Action #2 & 3 will be on continuous basis beginning FY2019/2020. 						
		Verification on Corrective Action(s): by Lead Auditor / Auditor						
		<p>Minor NC: On-site Verification: 12 – 13 Nov 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019. It is verified that the revised Linesite checklist has identified and included the needed additional check items. Water Management Plan was revised and had included the necessary water analysis to be done on periodical basis for safe consumption purposes. Training records were available for the related personnel conducting the inspections and confirmed in the sampled personnel interviews their understanding of the tasks.</p>						
		<p>Conclusion: The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status closed by auditor: By MAS (for SH)</td> <td>Date closed: 13 Nov 2019</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next audit</td> </tr> <tr> <td>NC status verified by auditor:</td> <td>Date verified:</td> </tr> </table>	NC status closed by auditor: By MAS (for SH)	Date closed: 13 Nov 2019	Verification of effectiveness: Next audit		NC status verified by auditor:	Date verified:
NC status closed by auditor: By MAS (for SH)	Date closed: 13 Nov 2019							
Verification of effectiveness: Next audit								
NC status verified by auditor:	Date verified:							

NC#	MYNI Indicator	Details of Non-Conformance (NC) - 6
Minor: SH-02	5.3.3	Date issued: 26 July 2019
		Requirement: A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.
		Statement of Nonconformance: The waste disposal plan was available but not implemented accordingly.
		Evidence of Nonconformance:

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 79 of 112

		<p>Tindakon estate: At Tindakon Estate, in some field blocks, the used black polybags for the seedling, after replanting, was left uncollected in the replanted areas.</p> <p>Sugut estate: At Sugut Estate, empty plastic water bottles and other waste plastic materials, were disposed of indiscriminately along some stretches of the estate roads.</p> <hr/> <p>Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative Root Cause Analysis (RCA):</p> <p><u>Tindakon Estate</u> The left used polybags were used to be counted after replanting to ensure that oil palm is planted in correct manner. However, the next guide spelled in the group operation was not being carried out by the estate management which it does mentioned 'after inspection the bag should be returned to the estate store'.</p> <p><u>Sugut Estate</u> Rubbish collection is made on regular basis. There might be a possibility of waste illegal dumping by the outsiders as the Sugut estate roads were also accessible by the other neighbouring estates.</p> <p>Correction: <u>Tindakon Estate</u> 1. The used polybags will be collected once census is carried out. Collection record will be made available. 2. Kind reminder letter issuance by the group management for failure to observe full compliance with the standard operation procedure.</p> <p><u>Sugut Estate</u> The spotted area with indiscriminate scattered plastic wastes will be clean up.</p> <p>Corrective Action (CA):</p> <p><u>Tindakon Estate</u> Refresher training will need to be conducted to the estate management involving the personnel in-charge of the replanting task.</p> <p><u>Sugut Estate</u> 1. To put up clean empty fertilizer bag at strategic location at the field block and in addition instalment of no littering rubbish signage to instil awareness of proper rubbish disposal. 2. Briefing regarding cleanliness and no scattering of rubbish will be conducted to workers for awareness. 3. To provide topics on waste management to be presented during external stakeholder meeting.</p> <p>CA Implementation timeline: 1. Correction implementation timeline within August 2019. 2. Corrective action timeline is expected to complete by September 2019 except for #2 which will be on regular basis throughout the year and #3 which will only be carried out during next stakeholder meeting schedule around June-July 2020.</p> <hr/> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>
--	--	--

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 80 of 112

		<p>Minor NC: On-site Verification: 12 – 13 Nov 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019. It is verified during on-site field inspections that the Waste Management and Disposal for the replanting polybags were adequately done. Storage areas of collected used polybags were inspected and proper inventory was implemented. Training records were available for the related personnel conducting the inspections and confirmed in the sampled personnel interviews their understanding of the tasks. The further briefing of other stakeholders on the understanding and cooperation needed to collective prevent pollution and littering at the field blocks is noted to be planned and shall be verifiable for effectiveness in the next audit.</p>	
		<p>Conclusion: The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>	
		NC status closed by auditor: By MAS (for SH)	Date closed: 13 Nov 2019
		Verification of effectiveness: Next audit	
		NC status verified by auditor:	Date verified:

NC#	MYNI Indicator	Details of Non-Conformance (NC) - 7	
Minor AL-01	3.1.2	Date issued: 26 July 2019	
		Requirement:	
		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. Growers should have a system to improve practices in line with new information and techniques.	
		Statement of Nonconformance:	
		Ongoing replanting have not adequately considered improvement in practices using new information and techniques.	
		Evidence of Nonconformance:	
		<p>Estates: Meliau and Tindakon</p> <p>SOPs for replanting at estates was generic including the SOP Land Preparation for Replanting (v 2011). It is noted that specifications for realigning and establishing of field drains were stated. However, there was no specification indicated for the distance of OP planting from the drains. In another reference IOI document i.e. Penyemburan dan Penaburan di Tepi Saliran Air di Ladang, it was stated that no spraying activities allowed at 5 feet from the edge of drains (5 kaki dari tebing saluran air).</p> <p>Monitoring of actual replanting near the drains was not satisfactorily done as it was seen during field inspection that there was planted immature palms found less than 5 feet from the field drains e.g. at Meliau estate (Field PR19A) and Tindakon (Field PR18A)</p>	
Root Cause Analysis (RCA), Correction and Corrective Action(s): by Auditee representative			

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 81 of 112

		<p>Root Cause Analysis (RCA): The existing group operation procedure does not contain any finalized specific statement made related to the planting distance of the oil palm adjacent to the drainage. As of the time of audit, the procedure is still in the midst of collectively bargaining inputs throughout the group regional management for the revision of the procedure.</p> <p>Correction: Removal of the oil palm planted too close towards the drain will be carried out by the management.</p> <p>Corrective Action (CA):</p> <ol style="list-style-type: none"> The management had decided to revise the existing standard operation procedure to include the specification indicated for the distance of oil palm planting from the drains. While waiting for the finalize version of the group level procedure, the regional will be issuing a memorandum to all operating unit as a reminder to rectify the ground practice in preparation for the new revised procedure. Refresher training will need to be conducted to the personnel in charge of the replanting task. Once the group level procedure had been revised and approved, notification by the regional management will be made to all operating unit to abide with the specification mentioned. <p>CA Implementation timeline:</p> <ol style="list-style-type: none"> Immediate basis for correction. Memorandum issuance is by end September 2019. Refresher training will by early October 2019. Draft of the new revised standard operation procedure will be submitted to CB by October 2019.
Verification on Corrective Action(s): by Lead Auditor / Auditor		
<p>Minor NC: On-site Verification: 12 – 13 Nov 2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Verified and evaluated for completeness. Evidences as submitted via emails was reviewed and implementation checked till on-site audit in Nov 2019. It is verified during on-site field inspections that planting distances allocated adjacent to field drains and waterways were improved and increased to a satisfactory level in accordance the revised SOP for replanting activities. However, the said SOP has yet to be finalised. Therefore, full and effective implementation at all Estates in grouping undergoing replanting can only be verified for consistent practices in the next audit. Training records were available for the related personnel conducting the inspections and monitoring at the field sites were sampled and interviews done confirmed their understanding of the tasks.</p>		
<p>Conclusion: The actions taken and implementation needed were found to have satisfactorily addressed the issue and accepted for closure.</p>		
NC status closed by auditor: AL		Date closed: 13 Nov 2019
Verification of effectiveness: Next audit		
NC status verified by auditor:		Date verified:

3.2.2 Year 2019: 2 Observations

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 82 of 112

OBS: SH-01	5.1.2.	Sugut estate (Division 3): Water meant for domestic purpose was collected at a reservoir before being treated. The buffer allocated as a mitigation measure was observed to be too close to the edge of the reservoir and this may render the measure to be less effective.	26 July 2019		Next audit
OBS: JMD-01	6.1.3	POM & Estates: It is noted that all affected parties had been consulted in the various consultations held by the Management with both internal and external parties and stakeholders. The social issues raised by the affected parities including all the representatives of the workers such as in the ECC, GCC, OSH meetings were noted to be included in the SIA reviews. The issues raised should be analysed based on its order of significance to further enhance its comprehensiveness and focus on significant social impacts items in the mitigation plan.	26 July 2019		Next audit

3.2.3 Year 2018: 5 Minor NCs

NC#	MYNI Indicator	Details of Non-Conformance (NC)
Minor: JMD-01	2.1.3	Date issued: 22 Sept 2018
		Requirement: 2.1.3 A mechanism for ensuring compliance shall be implemented.
		Statement of Nonconformance: Mechanism to ensure contractors compliance with relevant regulations is inadequate.
		Evidence of Nonconformance: Location: Meliau Estate and Nangoh Estate
		Two FFB/EFB transport contractors were found to have not completely submitted a copy of the necessary documents to prove their compliance with the relevant regulations, i.e. no submission of workers' passports, work permits, driving license, road tax and foreign workers insurance.
		Root Cause and Corrective Action(s): by Auditee representative

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 83 of 112

		<p>Root cause: Insufficient monitoring effort made by the estate management on to ensure contractors are fully abide with the legal requirement compliances.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> To establish a contractor compliance monitoring guideline as a minimum detail guidance for operating unit management reference. While awaiting the final document to be endorsed by IOI HQ, the current guideline established will be briefed to operating units by March 2019. <p><u>Status as of 11.02.2019:</u> The guideline initially has been prepared by the sustainability team and was further revised internally however the overall content and context are subject to be further reviewed and endorsed by IOI HQ as impact on its implementation may directly or indirectly affect operation region wide. Pamol grouping Operating Unit are aware on the initial compliance monitoring guideline which had been previously communicated on verbal basis during the internal audit session conducted by the sustainability team. Timeline needed for full briefing & implementation review: By July 2019.</p> <ol style="list-style-type: none"> Joint meeting to be held at least once in yearly basis between the IOI regional management, respective estate and contractors in purpose to deliver the objective of the monitoring implementation mechanism according to legal requirement and act as an indirect monitoring mechanism form. <p><u>Status as of 11.02.2019:</u> The meeting has been scheduled in February 2019, tentatively on 12th. Invitation letter has been sent to contractors to attend such joint meeting at Pamol Executive and Staff Club House. Timeline needed for full briefing & implementation: By end Feb 2019.</p>
		Verification on Corrective Action(s): by Lead Auditor / Auditor
		Off-site verification carried out confirmed on the response on corrective action plan and partial evidences submitted: The proposed meetings and review of contractor compliance in accordance to RSPO, IOI and related legal requirements are in progress. CH plan for full review of contractors' compliance performance to be completed by July 2019 is evaluated and accepted for closure.
		Conclusion: Corrective action plans and corrections taken and submitted as evidences at the audited sites are adequate to address the issues and accepted for closure.
		NC status verified by auditor: Closed by AL
		Date closed: 12 Feb 2019
		Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.
		NC status verified by auditor: JMD
		Date verified: 26 July 2019

NC#	MYNI Indicator	Details of Non-Conformance (NC)
Minor AL-01	4.3.3	Date issued: 22 Sept 2018
		Requirement: 4.3.3 A road maintenance programme shall be in place.
		Statement of Nonconformance: Road maintenance programme is not effectively implemented
		Evidence of Nonconformance:

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 84 of 112

		<p>Location: Bayok Estate:</p> <p>During field inspection, several stretches of field roads at field blocks visited were found to be having many potholes, spillages of FFB and EFB were noted at those stretches. Road maintenance programme was available for 2018 /2019 but the maintenance done for the said field roads were found to be inadequate and behind schedule.</p>		
		<p>Root Cause and Corrective Action(s): by Auditee representative</p> <p>Root cause: There is no execution made on the road maintenance programme mainly due to road could not be accessed since weather is bad with a consistent heavy rain before audit commence.</p> <p>Corrective Action: <ol style="list-style-type: none"> 1. To resume the execution of road maintenance programme at respective field blocks. 2. Refresher briefing / training to be conducted for the estate management to ensure such activity is monitored accordingly and in the case of delay work schedule, estate is to ensure reasonable justification is prepared with expected period plan to resume. <p><u>Status as of 11.02.2019:</u> The road along 97B, 07A, and 07E in Bayok Estate had been repaired by the execution team, the Road Team for Pamol Grouping. Briefing on the road programme had been carried out by Mr. Hasanuddin Gessa. Any delay on the plan shall be informed to the respective estate to adjust plan together with justification accordingly. Timeline needed for full implementation review: By end Feb 2019.</p> </p>		
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>Off-site verification carried out confirmed the response on action plan and documentary evidences submitted: Review and tighter monitoring/execution of road maintenance programs are in progress. CH proposed briefing /training on monitoring and full implementation review to be completed by end Feb 2019 is acceptable.</p>		
		<p>Conclusion: Corrective action plans and corrections taken and submitted as evidences at the audited sites are adequate to address the issues and accepted for closure.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by AL</td> <td>Date closed: 12 Feb 2019</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 12 Feb 2019
NC status verified by auditor: Closed by AL	Date closed: 12 Feb 2019			
		<p>Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: AL</td> <td>Date verified: 26 July 2019</td> </tr> </table>	NC status verified by auditor: AL	Date verified: 26 July 2019
NC status verified by auditor: AL	Date verified: 26 July 2019			

NC#	MYNI Indicator	Details of Non-Conformance (NC)
Minor: SH-01	4.4.1	Date issued: 22 Sept 2018
		Requirement:
		4.4.1 An implemented water management plan shall be in place.
		Statement of Nonconformance:
		The implemented water management plan was not site specific.
		Evidence of Nonconformance:

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 85 of 112

	<p>Location:</p> <p>Estates – Meliau, Nangoh, Bayok and Rungus estates</p> <p>The water management plan produced was generic in nature and is not site specific.</p> <p>Water samples for quality analysis, at the inlet and outlet of stream/river passing through the estates was not conducted i.e. Sungai Padau Lawan, Sungai Padau Madau, Sungai Paliau, Sungai Wanyang, Sungai Kimansi and Sungai Tungod. It is noted that the water sampling analysis conducted by the EIA consultant was for replanting purpose.</p> <p>At some sites, there was no marking for the water sampling points, both on the field and on the maps.</p> <hr/> <p>Root Cause and Corrective Action(s): by Auditee representative</p> <p>Root cause:</p> <ol style="list-style-type: none"> 1. The review period for the water management plan was limited prior audit commence causing the inclusion of relevant rigid information was absent. 2. The expectation of IOI on the water sampling carried out by the engaged environmental consultant as complete and adequate is deniable which has causes non-compliance issuance during assessment. 3. The marking was not yet prepared since the additional water sampling point has yet to be identified. <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. The water management plan document will be revised to add on relevant inputs and review shall take into account within a month period before the final endorsed document be released by SPO Department prior audit commence. 2. Each estate unit is responsible to identify the inlet and outlet locations of water sampling points for each river as mentioned. Water sampling will be carried out at least twice a year and analysis by laboratory shall take place. 3. Once identification of the water sampling points for the inlet and outlet are done, respective estates will make submission request to the GIS Department to digitalize on their estate maps for record and monitoring. <p><u>Status as of 11.02.2019:</u></p> <ol style="list-style-type: none"> 1. The water management plan is currently under revision by the sustainability team. Internal peer review will further take place with expected review completion by April 2019. 2. Identification of the inlet and outlet point of the stream water sampling has been made. The stream water sampling and quality analysis will be carried out by an external environmental consultant. 3. Request to GIS Department on to digitalize the stream water sampling point on map is still in progress. <p>Expected completion and full implementation review: By July 2019.</p> <hr/> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>Off-site verification carried out confirmed the following response on action plan and/or evidences submitted: Review and revision of Water Management Plans at the PMU estates and updates of the estate maps with indication of the additional water sampling points and water analysis being done are in progress. CH proposed monitoring and full implementation review to be completed by July 2019 is acceptable.</p> <hr/> <p>Conclusion:</p> <p>Corrective action plans and corrections taken, submitted as documentary evidences at the audited sites are adequate to address the issues and accepted for closure.</p> <hr/> <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by AL & SH</td> <td style="width: 30%;">Date closed: 13 Feb 2019</td> </tr> </table>	NC status verified by auditor: Closed by AL & SH	Date closed: 13 Feb 2019
NC status verified by auditor: Closed by AL & SH	Date closed: 13 Feb 2019		

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 86 of 112

	Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.
NC status verified by auditor: SH	Date verified: 26 July 2019

NC#	MYNI Indicator	Details of Non-Conformance (NC)	
Minor: JMD-02	6.8.3	Date issued: 22 Sept 2018	
		Requirement: 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.	
		Statement of Nonconformance: Promotion of workers to their new roles are not adequately documented.	
		Evidence of Nonconformance: Location: Meliau, Nangoh, Bayok and Rungus estates	
		It was found that several field general workers were promoted to new positions in line with their skills and work experience such as 'mandores, 'tractor drivers' and mechanics. However, the changes to their new job and responsibilities involved were made on verbal basis. Documentation such as appointment and records of acceptance should be documented and retained.	
		Root Cause and Corrective Action(s): by Auditee representative Root cause: In the current worker contract agreement, the clause on changes of job function is not stated. Corrective Action: 1. Regardless of what type of job held by the employee, the employment is mentioned as Plantation Worker in accordance to the employee work pass. However, to ensure that the changes is adequately documented, an addendum to the contract agreement stating on changes of job function will be prepared. Expected completion: By March 2019 2. The newly prepared job function will be briefed to all workers. Expected completion: By March 2019	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		Off-site verification carried out confirmed the corrective action plans submitted as follows: (1) The additional documentations needed in the contract of agreement for the plantation workers and employees are progressively done. CH proposed expected completion date by March 2019 is accepted (2) Briefing to be conducted on the documentation changes for the relevant personnel. CH proposed timeline of completion of said activity by March 2019 is accepted.	
		Conclusion: Corrective action plans and corrections taken and submitted for the audited sites are adequate to address the issues and accepted for closure.	
		NC status verified by auditor: Closed by AL & JMD	Date closed: 12 Feb 2019
		Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.	
		NC status verified by auditor: JMD	Date verified: 26 July 2019

NC#	MYNI Indicator	Details of Non-Conformance (NC)
-----	----------------	---------------------------------

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 87 of 112

Minor : JMD-03	6.13.2	Date issued: 22 Sept 2018	
		Requirement:	
		6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.	
		Statement of Nonconformance:	
		Measures taken by the plantation management to ensure children of foreign workers attending school is inadequate.	
		Evidence of Nonconformance:	
		Location: Meliau Estate and Nangoh Estate	
		A few children were found wandering around at the workers quarters and not attending school during school day. The parents admitted that they are hesitant to send their children to school as they had received many complaints about their children behavior at school and to avoid incidences that could lead to other issues.	
		Root Cause and Corrective Action(s): by Auditee representative	
		Root cause: The current education facility located only at Ulu Estate is inadequate to cater the number of children eligible to attend school. In addition, absence of the importance of a positive benefit to convince the parents on the importance of education for their children.	
		Corrective Action:	
		1. Management to consider the viability of establishing new school at Meliau and Nangoh Estate. <u>Status as of 11.02.2019:</u> No new school will be built as other viable alternatives were considered. Part of the community hall building was renovated to cater the needs to set up a HUMANA school at the vicinity of Meliau & Nangoh Estate. Currently being occupied by both estates' Humana students after renovation had completed. Action taken is completed on 11.02.2019	
		2. To hold an education awareness talk to boost the positivity of parent mentality on the importance of children education. <u>Status as of 11.02.2019:</u> There is a programme planned in collaboration with the regional team management however discussion on the programme details are still ongoing. Expected completion: By May 2019	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
Off-site verification carried out confirmed the following response on action plan and evidences submitted: (1) The viability of establishing a new school to cater for the increased number of children at the PMU estates or the expansion of existing facilities was considered by Management. Photographic evidences of the renovated community hall for the subject purpose has adequately addressed the issue. (2) Ongoing meetings are being held with all the parents of the children to emphasize the importance of education and monitoring of their children's progress is being addressed. CH proposed timeline for completion and review of implementation by May 2019 is accepted.			
Conclusion: Corrective action plans and corrections taken and submitted as evidences at the audited sites are adequate to address the issues and accepted for closure.			
NC status verified by auditor: Closed by AL & JMD	Date closed: 13 Feb 2019		
Verification of effectiveness: During the 2019 audit it is verified that the implementation of Corrective Actions was found to be satisfactorily effective for closure.			
NC status verified by auditor: JMD	Date verified: 26 July 2019		

3.2.4 Year 2018: 4 Observations

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 88 of 112

Ref No:	MYNI Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS: AL-01	4.6.5	Nangoh estate It was found that the premixed chemical containers for field application were not consistently labelled or tagged with the information on type of pesticides it contained.	22 Sept 2018	26 July 2019	Addressed and implemented.
OBS: AL-02	5.1.2	Meliau estate Appropriate measures need to be taken to ensure that there will be no negative impacts to the environment at the mini recreation areas at Sungai Paliau.	22 Sept 2018	26 July 2019	Addressed and implemented.
OBS: SH-01	4.4.1 (5.2.1 related)	Meliau, Nangoh, Bayok & Rungus estates Signages relating to the permissible and prohibited activities was observed to be insufficient and not placed at strategic locations at and along riparian and conservation areas.	22 Sept 2018	26 July 2019	Addressed and implemented.
OBS: JMD-01	6.5.1	Meliau estate In the summary for Annual Leave Pay, the details of total offered days for work in the year was not included in VLP report. The absenteeism percentage calculation should show at least one decimal point for accurate round off. This can be improved to ensure clarity when determine workers eligibility for the annual leave pay.	22 Sept 2018	26 July 2019	Addressed and implemented.
OBS: JMD-02	6.5.3	Meliau and Nangoh estates There was a lapse in linesite inspection between 25 Aug 2018 and 14 Sep 2018 as the person in-charge was away attending a training. Proper re-scheduling needs to be in place. For good practice, the review of outpatient treatment records should be conducted by the VMO. Patient referred to Clinic - KK Nangoh by the EHA should be followed up until the treatment was completed.	22 Sept 2018	26 July 2019	Addressed and implemented.

3.2.5 Identified Positive Elements

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 89 of 112

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 Pamol (Sabah) 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: Year 2019

Communication done via email on 10 Jun 2019 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 26 July 2019. A total of 7 stakeholders (including contractor, school and local community) 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. Villagers are currently applying for land titles around their villages. Recommendation is for estate management to share GIS map with Kalagan Jaya villagers in order for the villagers to know exactly their boundary with the estate and apply land title from Land Dept.	The PMU will consider the concerns and suggestions from the stakeholders (briefed by the auditors during the closing meeting.)	2019: To be further followed up during the next Assessment.	
Worker Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits at ASA-03 (2019) at the PMU: Staff / Workers sampled and interviewed:			

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 90 of 112

<p>POM = 11 male, 12 female Estate Offices = 8 male, 9 female Field/sites visit = 16 male, 21 female</p> <p>No significant negative issues raised by the sampled staff and workers.</p>	No response needed.	No response needed.	Nil
<p>Other Interested parties: No feedback received.</p>	No response needed.	No response needed.	Nil

3.3.2 Feedback Raised by Stakeholders: Year 2018

Communication done via email on 10 Aug 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Non-Governmental Organizations: No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 21/9/2018.</p> <p>A total of 5 stakeholders (including contractor, school and local community) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <p>Only one housing unit for married teacher provided currently. Recommendation is to provide one ore housing unit for single HUMANA teachers. HUMANA class rooms are currently overcrowded. Recommendation is to provide more class room spaces for HUMANA students.</p> <p>Currently students are sitting on the floor or sharing crowded tables and long chairs. Recommendation is to provide</p>	The PMU will consider the concerns and suggestions from the stakeholders (briefed by the auditors during the closing meeting.)	<p>2018: To be followed up during the next Assessment.</p> <p>Note: See follow up findings in 2019.</p>	<p>Verified during ASA-03 (2019) that there were significant improvements made in the provision of proper facilities for the HUMANA school. Additional classrooms were built and housing for the teachers were improved. The school was adequately fenced and more secure</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 91 of 112

<p>sufficient furniture, esp. desks and chairs, for students. Currently one student is assigned to ensure safety of students at the back of the school truck. Recommendation is to provide one worker to ensure safety of students at the back of the school bus.</p> <p>Wiring at HUMANA is problematic due to frequent power failures. They are also signs of break in into the school. Recommendation is to improve safety and security at the HUMANA school.</p> <p>Some stretch of roads frequently used by the villagers are near to and in need of repair. Recommendation is, while conducting field road grading, the estate management should also grade nearby roads to the villages.</p> <p>Bayok Estate is currently conducting river de-silting activities. Recommendation is management should focus on rivers leading into the villages to ensure the rivers flow undisturbed.</p> <p>Villagers are currently applying for land titles around their villages. Recommendation is for estate management to share GIS map with Kalagan Jaya villagers in order for the villagers to know exactly their boundary with the estate and apply land title from Land Dept.</p>			<p>with AP making rounds on a regular basis to ensure safety at the premises. Transport for the students were provided with a new aircon van purchased by the company.</p> <p>Overall, positive feedback was obtained from the HUMANA teachers and students during the audit period.</p> <p>Regular road maintenance was done at the estates roads which are also accessed by the nearby villagers.</p> <p>As for the assistance to be rendered to the villagers who are applying for the land titles in their village grounds, the progress is being monitored as it is being processed by the State Land Office which will take some considerable time for the outcome to be finalised. Thus, this will require further follow up.</p>
<p>Worker Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits at ASA-02 (2018) at the PMU: Staff / Workers sampling: POM = 12 male, 11 female Estate Offices = 7 male, 8 female Field/sites visit = 18 male, 23 female No issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>
<p>Other Interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 92 of 112

4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Pamol (Sabah) 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 Pamol (Sabah) Grouping be approved and continued.

Signed for and on behalf of
Intertek Certification International Sdn Bhd



Augustine Loh
Lead Assessor
Date: 28 Nov 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI Plantation Services Sdn Bhd



Mr. Liang Hon Wai
General Manager – Sandakan Region
Date: 29 Nov 2019

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 93 of 112

4.2 INTERTEK- RSPO P&C Certificate details for Pamol (Sabah) Grouping

Certificate No:	RSPO 930988
Original Start date:	30 Nov 2016
Expiry date:	29 Nov 2021
New PalmTrace License Start date:	30 Nov 2019
PalmTrace License End date:	29 Nov 2020
Organization (Parent):	IOI Corporation Berhad
Address of Head Office:	Level 28, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Pamol (Sabah) Sdn Bhd (Pamol, Sabah Grouping)
Address of POM:	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, 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 for POM	Identity Preserved (IP)

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

Name	Address	GPS Reference		Mature OP/ Production - ha	Certified / Titled area - ha
		Latitude	Longitude		
Pamol (Sabah) Sdn Bhd - Palm Oil Mill (Capacity: 51 MT/hour)	Pamol Estates (Sabah) Sdn Bhd, Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'08.7"	E 117°23' 05.2"	-	-
1 Pamol Estates (Sabah) Sdn Bhd Ulu Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'18.5"	E 117°23'32.5"	1,673	1,834.72
2 Pamol Estates (Sabah) Sdn Bhd Bayok Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'18.5"	E 117°23'32.5"	1,874	2,209.93
3 Pamol Estates (Sabah) Sdn Bhd Rungus Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°0'56.3"	E 117°22'03.7"	1,742	2,126.55
4 Pamol Estates (Sabah) Sdn Bhd Tindakon Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 05°58'48.1"	E 117°21'23.3"	1,747	2,051.02
5 Milik Berganda Sdn Bhd Nangoh Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702 Sandakan, Sabah, Malaysia	N 05°57'8.7"	E 117°15'11.2"	1,690	2,279.35
6 Milik Berganda Sdn Bhd Meliau Estate	Mile 122, Sandakan/Telupid Road, P.O Box 203, 90702 Sandakan, Sabah, Malaysia	N 05°57'8.7"	E 117°15'11.2"	2,420	2,998.65
7 Pamol Plantations Sdn Bhd Sugut Estate	Mile 200, Nangoh Paitan Road, P.O Box 203, 90702, Sandakan, Sabah, Malaysia.	N 06°13'58.7"	E 117°25'35.6"	1,506	1,792.34

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 94 of 112

The annual certified tonnages / volumes at the Management Unit are detailed as follows:

Pamol (Sabah) POM	Annual Tonnages (MT)
Certified FFB	265,000
Certified CPO	56,975
Certified PK	11,925
Supply Chain module	Identity Preserved (IP)

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)**Report No.: R9309/16-3 IOI Corporation Berhad**
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 95 of 112

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, RSPO RED and RSPO NEXT requirements. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Brunei, Thailand, Cambodia and Australia. He is currently the RSPO Regional Program Manager of Intertek Certification International, Malaysia and has performed over 800 auditing days on quality, environmental and safety & health assessments in various sectors including oil palm plantations. He was the RSPO CB Assessment Team Leader / Member which audited several RSPO certified Plantation Management Units since 2009. He was the CB Team Leader in the stakeholder consultation and development of the RSPO Cambodian Local Indicators. He is a member of the CB Internal Review Panel for RSPO Assessment reports since 2010. He is also the Lead Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

Mr. 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. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

Mr. Jumat Majid – Assessor / Technical Expert

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

Mr. Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

Mr. Mohamad Amirul Saifullah Mohamad Senan (MAS) – Assessor / Technical Expert**(during On-site Verification only)**

(Good Agriculture Practice, Integrated Pest Management, Safety and Health)
– Bachelor of Agricultural Science (UPM)

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 96 of 112

Appendix B:

Assessment Plan (Actual)

At HQ site: 12 July 2019

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

At PMU site: 22 – 26 July 2019

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
22 July 2019 (Day 1)	9.00 am – 9.30 am	Opening Meeting and Briefing at POM Office (attended by representatives from the Estates as well)		
	9.30 am – 12.30 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		AL	SH	JMD
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P1 Transparency P2 Laws & regulations P3 Economic & Financial Viability P8 Continual Improvement SCC for POM 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P2 Laws & regulations P4 Best Practices at Mil P5 Environmental, Conservation & HCV (incl. GHG calculations) P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> P2 Laws & regulations P6 Social - Employees, Individuals & Communities incl. Gender Issues 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 Minimum requirements for Multiple Management units 		
	12.30pm – 1.30pm	Lunch Break		
	1.30 pm – 5.30pm	Continue Site assessment at POM		
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 97 of 112

Date	Time	Assessors and Assessment Activity		
23 July 2019 (Day 2)	8.30 am – 12.30pm	AL	SH	JMD
		Site assessment at Estate:1 - Meliau <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings (if any) • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Estate 1 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Social - Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Estate 2: Tindakan		
	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		
24 July 2019 Wednesday (Day 3)	8.30 am – 12.30pm	AL	SH	JMD
		Site assessment at Estate 3 - Sugut <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings (if any) • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Estate 3 <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Social - Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Estate 3		
	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		
25 July 2019 (Day 4)	8.30 am – 12.30pm	AL	SH	JMD
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P3 Economic & Financial Viability • 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:	

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 98 of 112

			<p>1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment.</p> <p>2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement</p>		
		<p>Site assessment at Estate 4 - Ulu</p> <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	<p>Site assessment at Estate 4</p> <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings (if any) • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	<p>Site assessment at Estate 4</p> <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Social - Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	
	12.30 pm – 1.30 pm	Lunch Break			
	1.30 pm - 5.30 pm	<p>Site assessment at Estate 4</p> <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	<p>Site assessment at Estate 4</p> <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings (if any) • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	<p>Site assessment at Estate 4</p> <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Social - Employees, Individuals & Communities incl. Gender Issues • 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		
		AL	SH	JMD
26 July 2019 (Day 5)	8.30 am – 10.00 am	Preparation for Closing Meeting		
	10.00 am – 12.00 am	Closing Meeting & Briefing at Palm Oil Mill Office		
	1.00 pm onward	Travel to Airport		
	4.30 pm – 7.30 pm	Flight back to KL		

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 99 of 112

Appendix B-1:

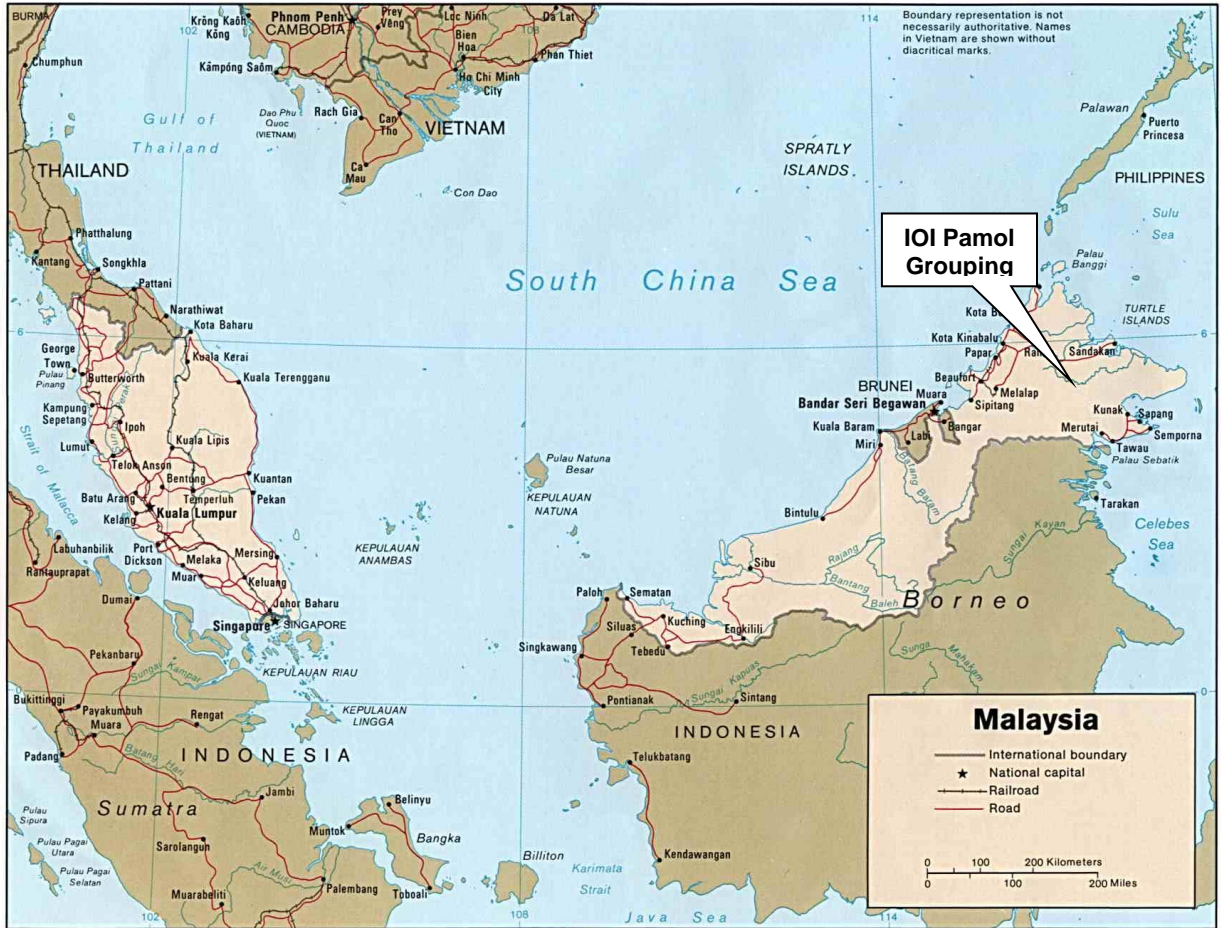
On-site Verification at CH site: 12 - 13 Nov 2019

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
12 Nov 2019 (Day 1)	-	(Note: Flight and Travel from KL to Sandakan done on 11 Nov 2019)		
	8.30 am – 9.00 am	Opening Meeting and Briefing at Pamol - POM Office (attended by representatives from the Estates as well)		
	9.00 am – 12.30 am	<ul style="list-style-type: none"> Documentation Review by Assessors on latest supporting documents submitted as Root Cause, Corrective Actions and Preventive Measures (Risk Based) for NCs detected and issued during previous and latest assessments. Overview and arrangement of specific on-site inspection at locations and areas of Major (Critical) issues for verification of implementation. Site specific issues on Major NCs as implemented by the POM and throughout all the Estates in grouping. 		
		AL	JMD	MAS
		Site Verification & Documentations Review at Palm Oil Mill - Implementations on: <ul style="list-style-type: none"> P2 P5 	Site Verification & Documentations Review at Palm Oil Mill - Implementations on: <ul style="list-style-type: none"> P2 P6 	Site Verification & Documentations Review at Palm Oil Mill - Implementations on: <ul style="list-style-type: none"> P4 P6
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 5.30 pm	AL	JMD	MAS
		Site Verification at Selected Estates -Implementations on: <ul style="list-style-type: none"> P2 P5 	Site Verification at Selected Estates -Implementations on: <ul style="list-style-type: none"> P2 P6 	Site Verification at Selected Estates -Implementations on: <ul style="list-style-type: none"> P4 P6
5.30 pm – 6.00 pm	Travel to Guest House & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
13 Nov 2019 (Day 2)	8.30 am – 12.30pm	AL	JMD	MAS
		Site Verification at Selected Estates -Implementations on: <ul style="list-style-type: none"> P2 P5 	Site Verification at Selected Estates -Implementations on: <ul style="list-style-type: none"> P2 P6 	Site Verification at Selected Estates -Implementations on: <ul style="list-style-type: none"> P4 P6
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.30pm	Continue site Verification at Selected Estates		
	3.30 pm – 4.30pm	AL	JMD	MAS
		Preparation for Closing Meeting		
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
5.30 pm onward	Travel to Mayvin POM & Estates Grouping (at Telupid)			

Appendix C-1:

Location Map of IOI Pamol (Sabah) Grouping, Sandakan, Sabah



INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

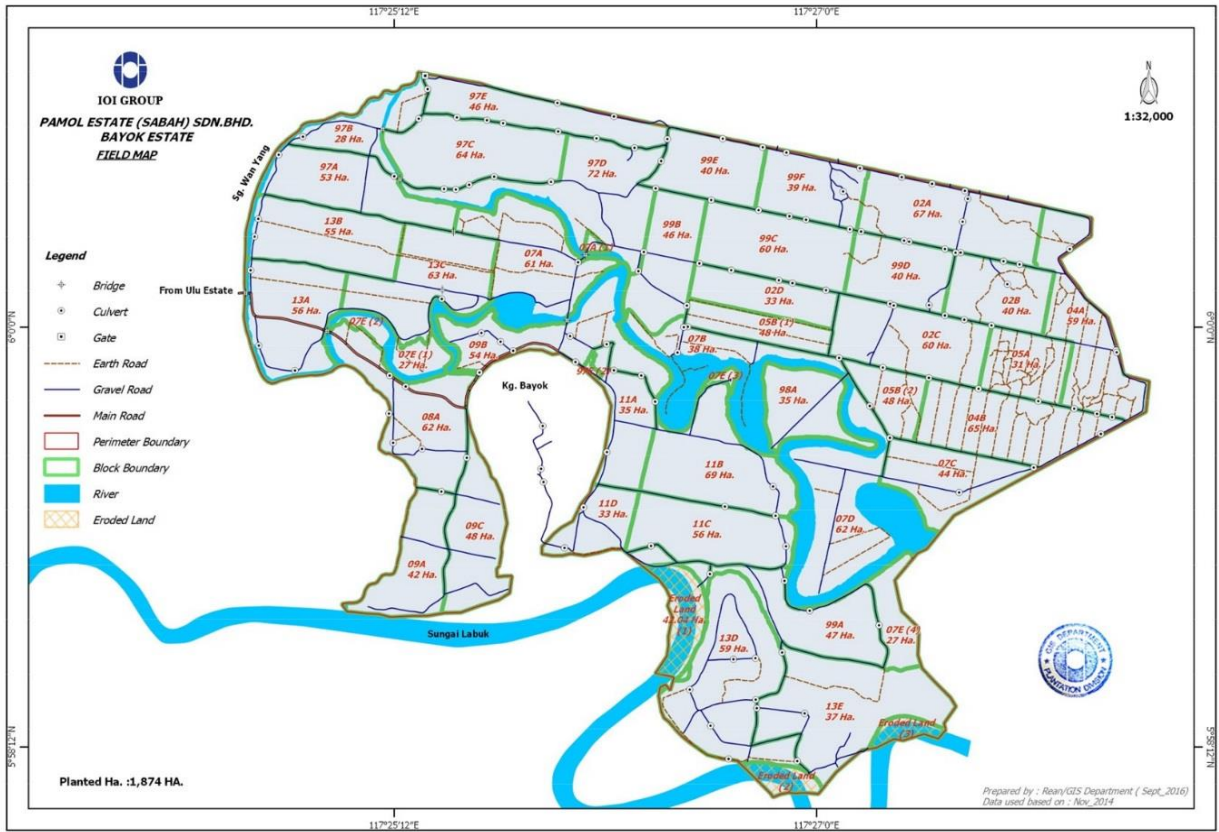
Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 101 of 112

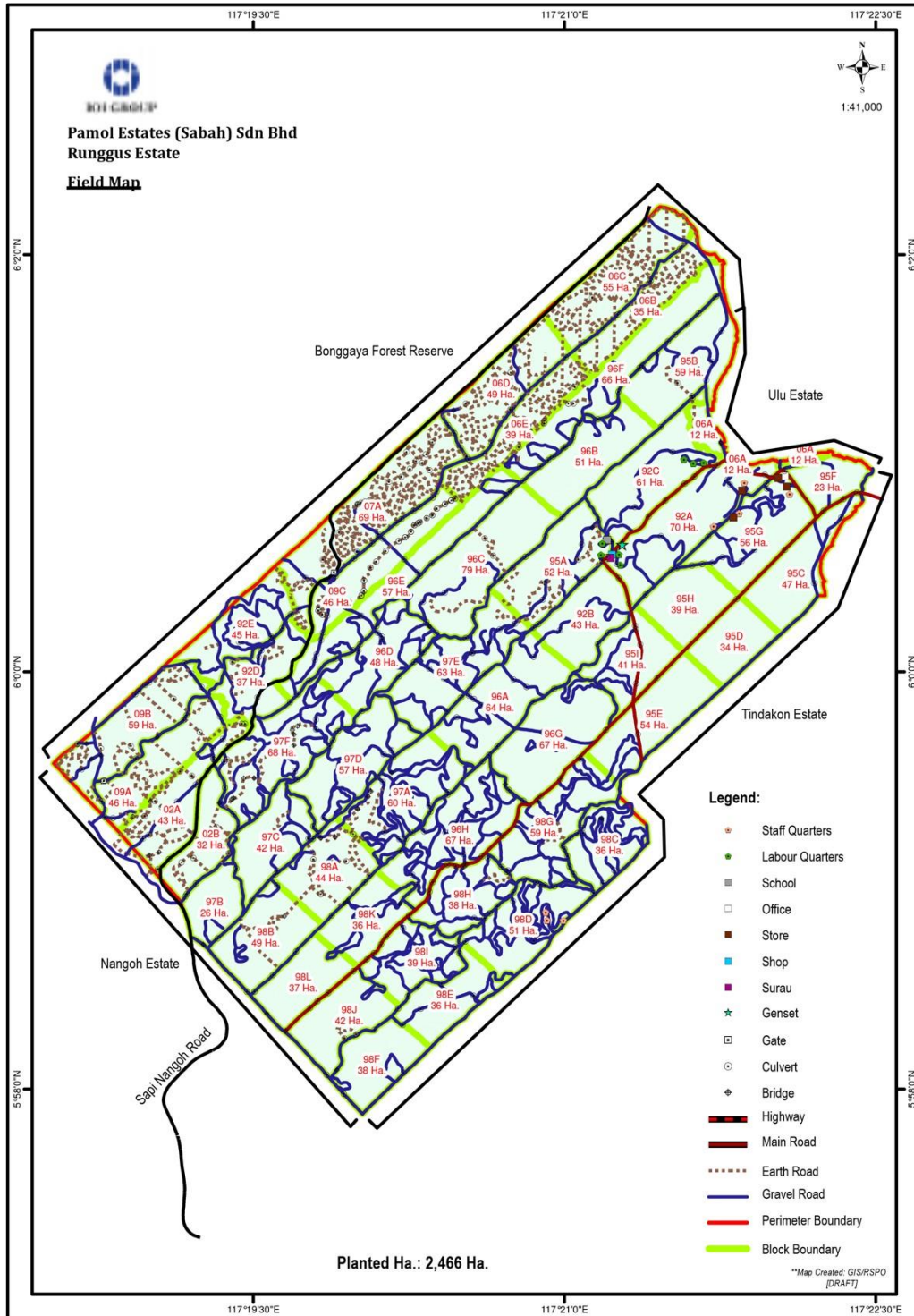
Appendix C-1-1: Map of Ulu Estate



Appendix C-1-2: Map of Bayok Estate



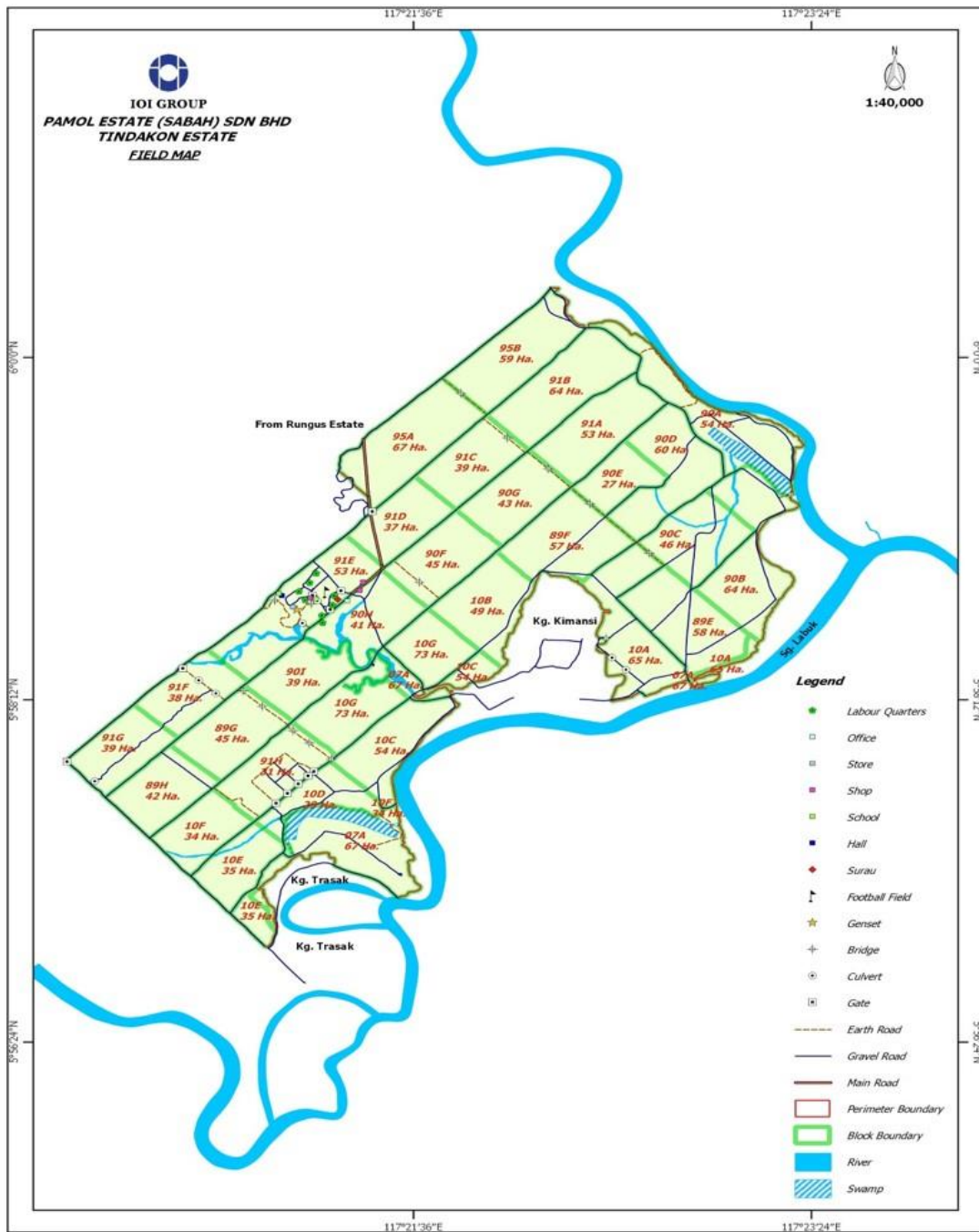
Appendix C-1-3: Map of Rungus Estate



INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

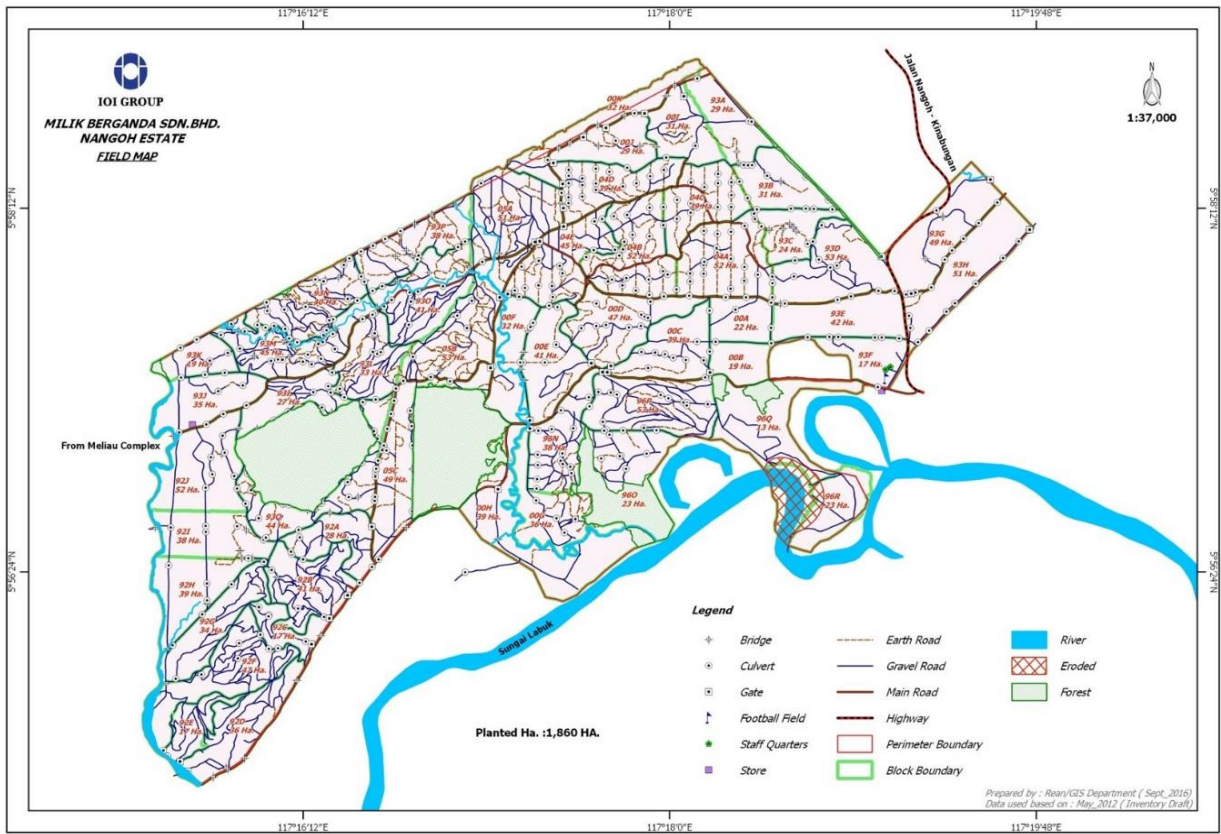
Appendix C-1-4: Map of Tindakon Estate



INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

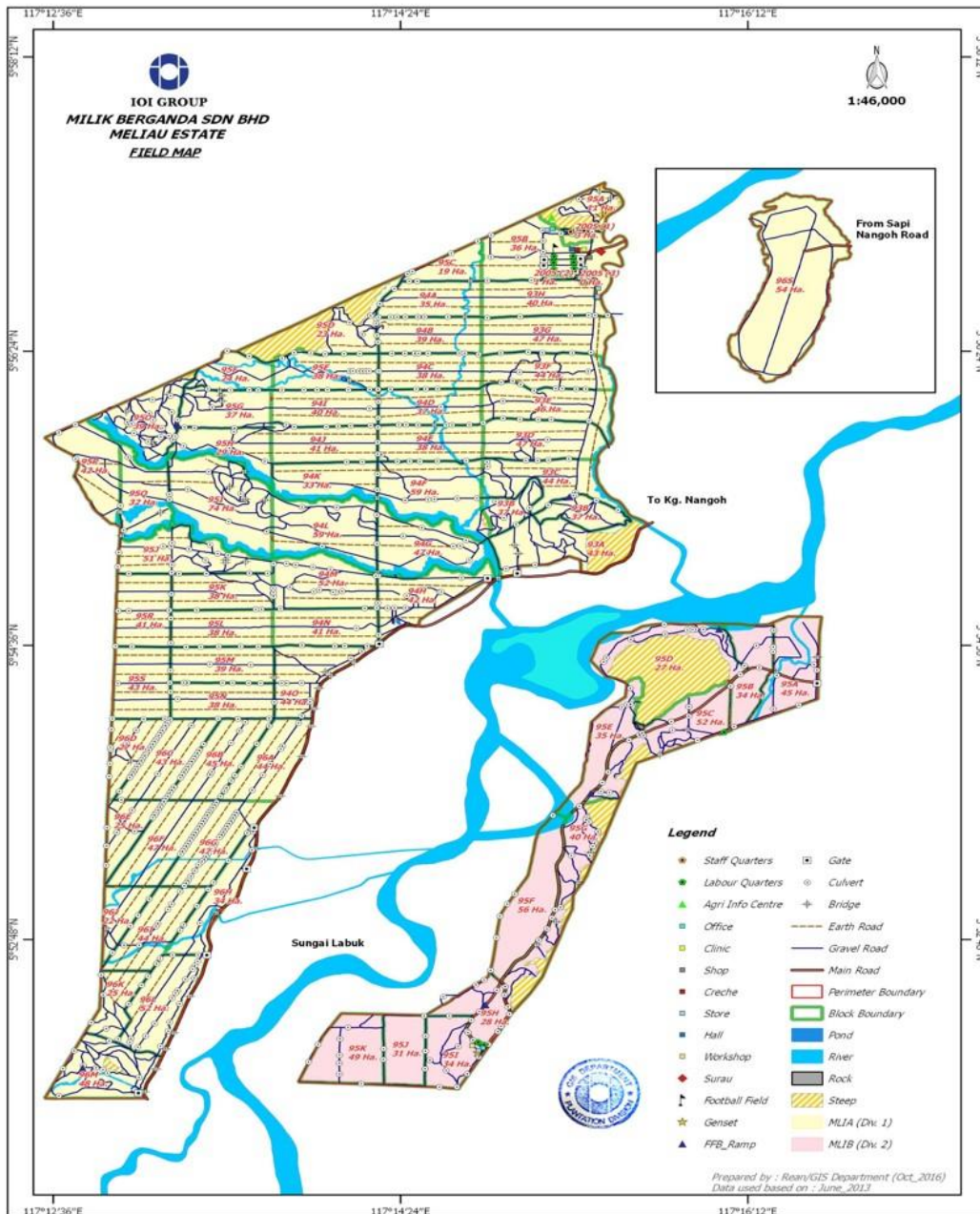
Appendix C-1-5: Map of Nangoh Estate



INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Appendix C-1-6: Map of Meliau Estate

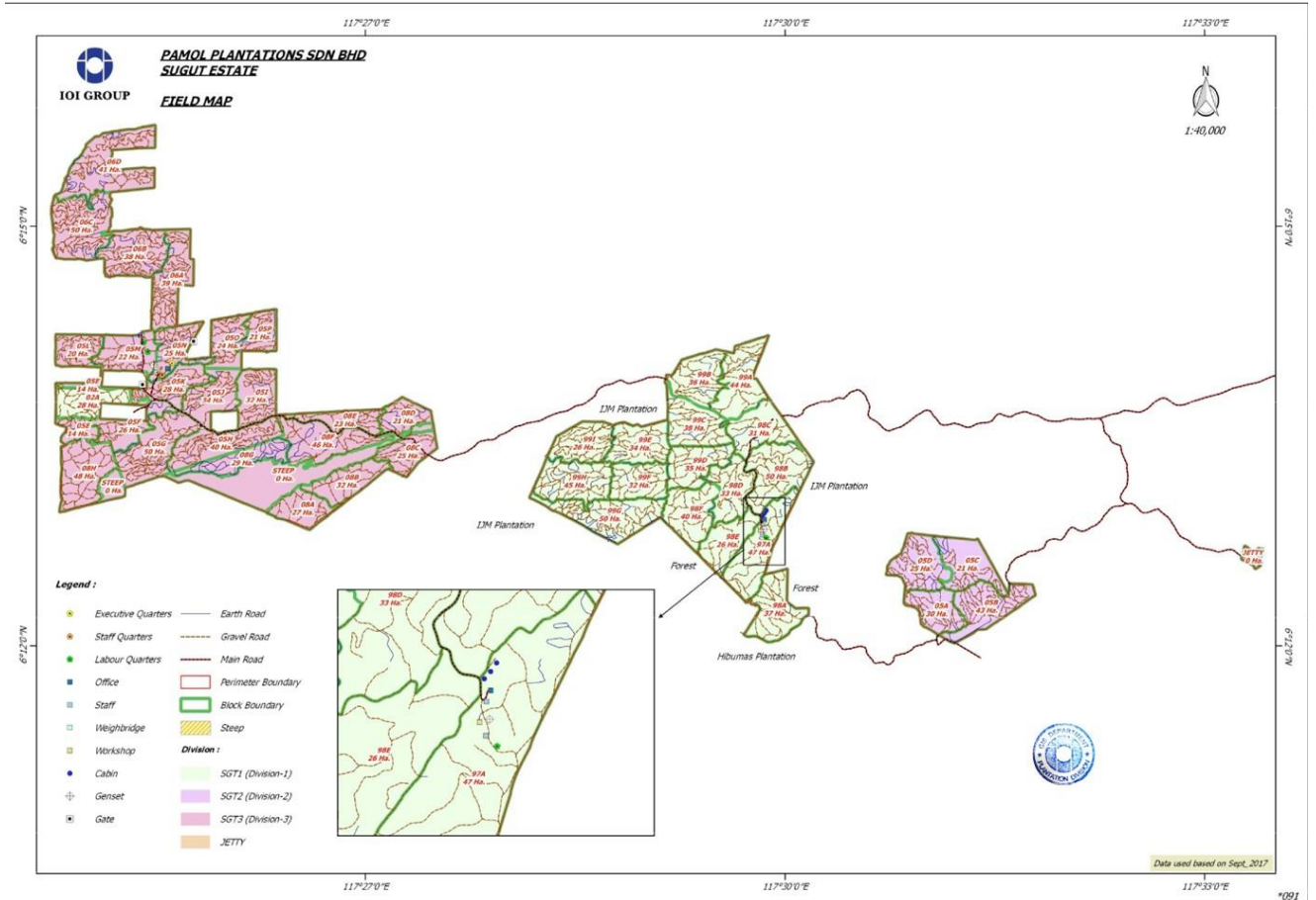


INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 107 of 112

Appendix C-1-7: Map of Sugut Estate



INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 108 of 112

Appendix D:

Time Bound Plan

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

No	PMU	Supply Bases (Estate Name)	Main Assessment	Certification Status	Status	Updated Information on Minimum Requirements for Multiple Management Units, Clause 4.5.1, 4.5.3 & 4.5.4 RSPO Certification Systems for Principles & Criteria
1.	Pamol (Sabah) POM, Sabah	Meliau, Nangoh, Rungus, Tindakon, Ulu, Sugut & Bayok	May 2008	Re-Certified in November 2016	ASA-03 completed in July 2019	In progress of closing NCs
2.	Sakilan POM	Sakilan, Linbar 1 and Linbar 2	Nov 2008	Re-Certified in Mar 2015	ASA-04 completed in December 2018.	No outstanding issues
3.	Pamol Kluang POM	Pamol Timur, Pamol Barat, Mamor, Unijaya, Kahang and Swee Lam	Mar 2009	Re-Certified in Mar 2015	ASA-04 completed in Dec 2018	No outstanding issues
4.	Gomali POM	Gomali, Paya Lang, Bahau, Bertam, Bukit Dinding, Kuala Jelai, Tambang, Regent, Sagil, Jasin Lalang and Sembilan Tani (Associated Outgrower)	Aug 2009	Re-Certified in Aug 2015	ASA-04 completed in May 2019	No outstanding issues
5.	Baturong POM	Baturong 1, Baturong 2, Baturong 3 and Cantawan	Sept 2009	Re-Certified in Oct 2015	ASA-03 completed in July 2019.	No outstanding issues
6.	Bukit Leelau POM	Bukit Leelau, Detas, Merchong, Mekassar, Leepang A and Laukin A	Apr 2010	Re-Certified in Nov 2015	ASA-03 completed in September 2018	No outstanding issues
7.	Mayvin POM	Pamol 1, Pamol 2, Pamol 5, Pamol 6 and Tangkulap	Aug 2010	Re-Certified in Dec 2015	ASA-03 completed in Aug 2019	In progress of closing NCs
8.	Pukin POM, Pahang	Pukin, Shahzan 1, Shahzan 2, Segamat and Bukit Serampang	Dec 2010	Re-certified in June 2016	ASA-03 completed in March 2019	No outstanding issues
9.	Leepang (Sabah) POM	Morisem 5, Leepang 1, Leepang 5, Permodalan 1, Permodalan 2, Permodalan 3, Permodalan 4	Aug 2012	Pending for Cert Issuance	Recertification audit completed in November 2018	No outstanding issues.
10.	Syarimo POM	Syarimo 1, Syarimo 2, Syarimo 3, Syarimo 4, Syarimo 5, Syarimo 6, Syarimo 7, Syarimo 8 and Syarimo 9	Sept 2012	Re-certified in Mar 2018	ASA-01 audit completed in January 2019.	No outstanding issues

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 109 of 112

11.	Ladang Sabah POM	Moynod, Luangmanis, Terusan Baru, Sungai Sapi, Laukin, Labuk, Bimbingan 1, Bimbingan 2	Oct 2012	Re-certified in July 2018	ASA-01 audit completed in January 2019.	No outstanding issues
12.	Morisem POM, Sabah	Morisem 1, Morisem 2, Morisem 3, Morisem 4, Leepang 2, Leepang 3, and Leepang 4	Sept 2013	Certified in Dec 2013	Recertification audit completed in September 2018	No outstanding issues
13.	Unico POM-1, Sabah	Unico 6, Ladang Asas (Tas & Halusah), 31 outgrowers and 1 Collection Centre	Planned - 2018	Certified in July 2018	ASA-01 audit completed in April 2019.	No outstanding issues Outgrowers are not part of the certified area
14.	Unico Desa POM-2, Sabah	Unico 1, Unico 2, Unico 3, Unico 4, Unico 5 and 16 outgrowers	Dec 2017	Certified in May 2018	ASA-01 audit completed in February 2019.	No outstanding issues Outgrowers are not part of the certified area
15.	IOI – Pelita, Sarawak	Sejap and Tegai	Planned – TBC as it is in the resolution process	Uncertified Unit	New certification for IOI – Pelita (Sarawak) is in the resolution process	<p>On 18 January 2019, IOI retained the services of the Community's Information and Communication Centre (CICOM), a local NGO, to conduct Community Capacity Building program, which is the main component of Stage I of the Resolution Plan.</p> <p>In mid-March 2019, IOI and CICOM launched the Community Capacity Building program, the purpose of which was to do the following:</p> <ul style="list-style-type: none"> • Double check whether the communities have good understanding of a) RSPO Principles & Criteria on conflict resolution, b) Free, Prior and Informed Consent process, and c) Resolution Plan itself; • Provide affected communities with any needed advice and technical expertise; • Gather community grievances, on the basis of which the Community Participatory Mapping would be designed. <p>CICOM completed the Capacity Building Program at the end of June 2019.</p> <p>Currently, with input from all stakeholders, including the State of Sarawak Government, IOI is evaluating options in regards to the surveyors to</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 110 of 112

						<p>be involved in the Community Participatory Mapping.</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) IOI Pelita Land Dispute Resolution Plan</p> <p>(b) Current progress on IOI Pelita Land Dispute Resolution Process</p> <p>(c) https://www.ioigroup.com/Content/MEDIA/Media?Category=7</p> <p>(d) RSPO Case Tracker – IOI Pelita Status of Complaints</p>
16.	PT SKS, Indonesia	SKS 1, SKS 2, and SKS 3	Planned - 2019	Uncertified Unit	<p>In progress of RSPO audit preparation. RSPO Stage 1 is planned to be conducted in September 2019</p>	<p>RSPO Complaints Panel (CP) has officially closed the complaint case on 12 October 2018. IOI will continue to work with the RSPO Investigate and Monitoring Unit on the implementation of its Action Plans to ensure continuous sustainable development. First and Second quarterly update for the action plan on PT. SKS, PT. BNS and PT. BSS was submitted to RSPO Investigate and Monitoring Unit in December 2018 and February 2019 respectively.</p> <p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "PT Sukses Karya Sawit (SKS), PT Berkat Nabati Sawit (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) - Subsidiary of PT Sawit Nabati Agro (PT SNA), IOI GROUP (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements set by the Complaints Panel."</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</p> <p>(b) RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</p>

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 111 of 112

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

INTERTEK CERTIFICATION INTERNATIONAL SDN BHD
(188296-W)

Report No.: R9309/16-3 IOI Corporation Berhad
Pamol Estates (Sabah) Sdn Bhd - POM Grouping: ASA-03 (2019)

Page 112 of 112

						<p>On 15th April 2019, RSPO's official announced "that the monitoring of the implementation of the Complaints Panel directives for "PT Sukses Karya Sawit (SKS), PT Berkat Nabati Sawit (PT BNS), PT Bumi Sawit Sejahtera (PT BSS) - Subsidiary of PT Sawit Nabati Agro (PT SNA), IOI GROUP (a subsidiary of IOI Corporation Berhad) - Case No: GR-000882 " is now officially closed."</p> <p>IOI received an email from RSPO that "the Investigation & Monitoring Unit (IMU) of the RSPO Secretariat had finalized the internal review of the action plan and progress reports submitted by IOI against the Complaints Panel's directives and the IMU concluded that IOI has successfully met all the requirements set by the Complaints Panel."</p> <p>Further and updated progress of this issue could be access through the link below;</p> <p>(a) RSPO Ketapang Complaint for PT BSS, PT SKS & PT BNS</p> <p>(b) RSPO Case Tracker – PT BSS, PT SKS & PT. BNS Status of Complaints</p> <p>The RSPO P&C pre-audit to be conducted in September 2019.</p> <p>Pending issuance of HGU.</p>
19.	PT KPAM, Indonesia	Under Development	Planned - 2023	Uncertified Unit	<p>NPP and HCSA was approved in April 2018.</p> <p>Currently under development.</p>	<p>RSPO has approved PT. KPAM NPP Summary Report and was published in RSPO website for public notification on 13 April 2018. The NPP public notification could be assessed through the link below:</p> <p>https://rspo.org/certification/new-planting-procedures/public-consultations/ioi-group-pt-kalimantan-prima-agro-mandiri</p> <p>HCSA Peer Review Assessment completed on 14 May 2018. The HCSA Peer Review Report and Summary Report could be assessed through the link below:</p> <p>http://highcarbonstock.org/registered-hcs-assessments/</p>

CB Evaluation and verification:

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

- End of Report -