



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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 1 of 52

**ANNUAL SURVEILLANCE ASSESSMENT (ASA-02) ON
RSPO CERTIFICATION**

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Pukin Grouping

Rompin (Pahang) & Segamat (Johor), Malaysia

Certificate No:

Issued date:

Expiry date:

RSPO 927888

13 June 2012

12 June 2017

Assessment Type

Initial Certification (Main Assessment)

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Re-Certification

Assessment Dates

8-11 Dec 2010

5-9 Nov 2012

22 – 26 April 2013

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 2 of 52

TABLE OF CONTENTS

Section	Content	Page No
1.0	SCOPE OF ANNUAL SURVEILLANCE ASSESSMENT (ASA-02)	
1.1	Introduction	3
1.2	Location (address, GPS and map) mill, estates and hectarage	3
1.3	Description of supply base (fruit sources)	4
1.4	Year of plantings and cycle	5
1.5	Summary of Land Use – Conservation and HCV Areas	5
1.6	Other certifications held and Use of RSPO Trademarks	6
1.7	Organizational information/contact person	6
1.8	Tonnages Verified for Certification	7
1.9	Time Bound Plan	8
1.10	Abbreviations Used	9
2.0	ASSESSMENT PROCESS	
2.1	Assessment Methodology, Plan & Site Visits	10
2.2	Date of next scheduled visit	10
2.3	Qualifications of the Lead Assessor and Assessment Team	10
2.4	Certification Body	10 - 11
2.5	Process of Stakeholder consultation	11
3.0	ASSESSMENT FINDINGS	
3.1	Summary of findings	12 - 43
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	44 - 48
3.3	Summary of Feedback Received from Stakeholders and Findings	48 - 52
4.0	ASSESSMENT CONCLUSION AND RECOMMENDATION	
4.1	Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings	51
4.2	MICM RSPO Certification Details for Pukin Grouping	52
APPENDICES		Appendix Page
Appendix A	Qualifications of the Lead Assessor and Assessment Team	1
Appendix B	Assessment Plan	2 - 6
Appendix C	Maps of location – Mill, Estates, Conservation and HCV areas	7 - 15
Appendix D	Photographs of Assessment findings at Pukin Grouping	16 - 17
Appendix E	Time Bound Plan for Other Plantation Management Units	18

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 3 of 52

1.0 SCOPE OF ANNUAL SURVEILLANCE ASSESSMENT (ASA-02)

1.1 Introduction

This Annual Surveillance Assessment (ASA-02) was conducted on the Plantation Management Unit (PMU) Pukin Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **22 to 26 April 2013**, to assess if the organization's operations of the mill and its supply bases were in compliance against the RSPO Principles and Criteria (October 2007), Malaysian National Local Indicators (November 2010) and the RSPO Supply Chain Certification Standard (November 2011) for Palm Oil Mill.

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

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

Pukin Grouping consists of one (1) palm oil mill, namely Pukin Palm Oil Mill and four (4) own supplying estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The location maps are provided in **Appendix C**.

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

Name	Address	GPS Reference	
		Latitude	Longitude
Pukin Palm Oil Mill (Capacity: 60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 43'23.0" N	102° 54'41.7" E
Pukin Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E
Shahzan 1 Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E
Shahzan 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 4 of 52

1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Pukin Grouping PMU are from the abovementioned 8 estates only. Verification done on site during the Annual Surveillance Assessment (ASA-02) confirmed that there were no outgrower / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

Details of the planted hectareage for the FFB supply for Pukin Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary and FFB Production

Estate	Area Summary (ha) – 2012 / 2013	
	Certified Area	Planted Area
Pukin estate (Assessed in Annual Surveillance Assessment (ASA-02))	2,437.26	2,198.00
Shahzan 1 estate (Assessed in Annual Surveillance Assessment (ASA-02))	1,562.95	1,517.00
Shahzan 2 estate (Assessed in Annual Surveillance Assessment (ASA-02))	1,640.77	1,602.00
Segamat estate	1,921.62	1,779.00
Total:	7,562.60	7,096.00
Percentage:	100%	93.83%

Notes:

1. This Annual Surveillance Assessment (ASA-02) covered the overall land use for oil palm plantation areas, and the identified Conservation areas including HCV areas marked out at the estates.
2. The estates sampled for this Annual Surveillance Assessment (ASA-02) have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 5 of 52

1.4 Summary of plantings and cycle

The 4 estates been developed between 1988 and 2010 and are still in the 1st cycle of planting. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (2012/13)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below
1. Pukin Estate	2007-2010	2 nd	2,198	0
	2004-2007	2 nd		
	1994-2003	1 st		
2. Shahzan 1 Estate	2003	1 st	1,517	0
3. Shahzan 2 Estate	2002-2003	1 st	1,602	0
4. Segamat Estate	2013	2 nd	1,779	0
	2004-2006	2 nd		
	1994-2003	2 nd		
	1989-1993	1 st		
Total			7,096	0

Note: There has been no New Planting in any of the 8 estates at the certified areas since 1991.

1.5 Summary of Conservation and HCV Areas

The summary of Conservation and HCV Areas as identified in Pukin Grouping during this Annual Surveillance Assessment (ASA-02) in 2013 is as shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	July 2011 / June 2012 (Annual Surveillance Assessment ASA-01) Hectare – Ha	July 2012 / June 2013 (Annual Surveillance Assessment ASA-02) Hectare – Ha
1	Planted Area (ha) – Oil Palm		
	- Mature	6,856.0	7,096.00
	- Immature	240.0	0
2	Conservation Area (ha)		
	- comprising buffer zones along small streams, hilly areas, swampy and unplantable areas	1.52	12.20
3	HCV Area (ha)		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	0.15	7.30

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)**

Page 6 of 52

1.6 Other certifications held and Use of RSPO Trademarks

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

1.6.1 The RSPO's trademarks and logo are not being used by the PMU audited. Instructions for use were provided and acknowledged by the PMU through a signed Memorandum during the assessment.

1.7 Organizational information / Contact Person

At Head Office:

Mr. Too Heng Liew

Head of Sustainability (Malaysia/Indonesia)

IOI Corporation Berhad

Level 8, Two IOI Square, IOI Resort,

62502, Putrajaya

Tel: 603 8947 8888

Fax: 603 8947 8988

Email: hltoo@ioigroup.com

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 7 of 52

1.8 Tonnages Verified for Certification

The breakdown of all the suppliers and their tonnages of FFB supplied to the **POM at Pukin Grouping** based on the reporting period for 2012/2013 (including 3 months –April, May , June projected figures) are as follows:

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	RSPO P&C Certification By CB (date)
1.	Pukin	48,556	Pukin POM	MICM (13 June 2012)
2.	Segamat	44,796	Pukin POM	MICM (13 June 2012)
3.	Shahzan 1	48,544	Pukin POM	MICM (13 June 2012)
4.	Shahzan 2	52,110	Pukin POM	MICM (13 June 2012)
A	Sub-Total Pukin PMU estates	194,006		
5.	Leepang A	56,533	Bukit Leelau POM	SIRIM (19 Nov 2010)
6.	Laukin A	28,275	Bukit Leelau POM	SIRIM (19 Nov 2010)
B	Sub-Total other IOI certified estates:	84,808		
C	Grand total:	278,814		

Total annual volumes / tonnages of FFB supplied from the supply base to Pukin Grouping POM during the previous period, current Annual Surveillance Assessment (ASA-02) period and projected period are as follows:

Estate / Supplier	FFB Processed in 2011/12		FFB Processed in 2012/13		FFB Processed for 2013/14 – Projected	
	MT	%	MT	%	MT	%
Pukin Grouping	143,483.32	76.0	194,006	69.6	199,412	70.1
Certified IOI estates	45,276.26	24.0	84,808	30.4	85,049	29.9
Total	188,759.58	100.00	278,814	100	284,461	100
SCCS Model for POM	SG		SG		SG	

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 8 of 52

The annual certifiable tonnages of CPO and PK production by Pukin Grouping from the supply base/suppliers as assessed and verified during the current Annual Surveillance Assessment (ASA-02) (based on 2011/12 data) are detailed as follows:

POM	July 2011 / June 2012		July 2012 / June 2013 (projected)		July 2013 / June 2014 (projected)	
Total FFB Processed (MT)	188,759.58		278,814.00		284,461.00	
Total CPO Production (MT)	42,433.15	OER: 22.48%	63,430.19	OER: % 22.75%	64,714.88	OER: 22.75%
Total PK Production (MT)	8,777.32	KER: 4.65%	13,940.70	KER: % 5.00%	14,223.05	KER: 5.00%
SCCS Model for POM	SG		SG		SG	

* Note: Currently, the POM has established and maintained procedures for the book keeping and monitoring requirements for the CPO at the mill and was verified to be adopting the '**Segregation – SG**' model in accordance with the RSPO Supply Chain Certification Standard (SCCS) requirements. Verified activities and checked items for the **SCCS of the POM** are reported in section.3.1.1.

1.9 Time Bound Plan for Other Plantation Management Units

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

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

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

The information pertaining to IOI's plantation activities and status are also available at the following website link:
http://www.ioigroup.com/business/busi_plantoverview.cfm
http://www.ioigroup.com/business/busi_millsestates.cfm

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 9 of 52

1.10 Abbreviations Used

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

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

**Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)**

Page 10 of 52

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 12 March 2013, MICM has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on Pukin Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 22 to 26 April 2013, the Assessment team of MICM conducted the Annual Surveillance Assessment (ASA-02) in which 3 out of the 4 estates of Pukin Grouping namely Pukin, Shahzan 1, and Shahzan 2 estates as well as the palm oil mill were assessed for compliance against the RSPO requirements. The number of estates sampled was based on a minimum sample of $0.8\sqrt{y}$ where y is the number of management sub-units and the selection was made based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.

During the on-site assessment, relevant documents and records, including Standard Operating Procedures (StOP), management plans, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team using the process approach auditing technique 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).

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

After completion of the on-site field assessment, MICM also performed the evaluation of conformity against the RSPO Certification System requirements for CB. The assessment report, findings and associated documents were evaluated through an independent review by the MICM Internal Evaluation Panel prior to submission of the Public Summary Report to RSPO Secretariat for approval.

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

2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment (ASA-03) which will be carried out within a 12-month period after RSPO acceptance of this report.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

Intertek-Moody is the trading name / brand name of Moody International Certification (Malaysia) Sdn Bhd. The Intertek-Moody Group is a worldwide technical services organization dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, 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 Moody operates globally providing clients with a wide-ranging technical inspection expertise and access to

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 11 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

thousands of skilled specialists worldwide. Intertek-Moody Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.

2.5 Process of stakeholder consultation

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

During the assessment, stakeholders were interviewed and their feedbacks were recorded. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs; external FFB suppliers, fertilizer suppliers and contractors. Details on stakeholders' feedback, PMU response and MICM verification / comments are provided in **Appendix E**

Among the list of key stakeholders consulted was the following:

Government Agencies

- | | |
|---|--|
| 1. Department of Lands And Mines | 11. Department of Forestry, Johor & Pahang |
| 2. Department of Environment | 12. Department of Immigration, Johor & Pahang |
| 3. Department of Forestry Peninsular Malaysia | 13. Department of Immigration, Johor & Pahang |
| 4. Department of Immigration | 14. Department of Irrigation & Drainage, Johor & Pahang |
| 5. Department of Irrigation & Drainage | 15. Department of Labour, Johor & Pahang |
| 6. Department of Labour | 16. Department of Occupational Safety & Health, Johor & Pahang |
| 7. Department of Occupational Safety & Health | 17. Department of Wildlife & National Parks, Johor & Pahang |
| 8. Department of Orang Asli Affairs | 18. Land and Mines Office, Johor & Pahang |
| 9. Department of Wildlife & National Parks | 19. Pertubuhan Keselamatan Sosial (SOCSCO) |
| 10. Department of Environment | |

Statutory Bodies

- | | |
|--|--|
| 20. Malaysian Palm Oil Board (MPOB) | 22. Malaysia Palm Oil Association (MPOA) |
| 21. Malaysian Palm Oil Board (MPOB) – Northern & Southern Region | |

NGOs

- | | |
|--|---|
| 23. All Women's Action Society (AWAM) | 46. National Council of Welfare & Social Development Malaysia – NCWSDM |
| 24. BCSDM - Business Council for Sustainable Development in Malaysia | 47. National Union of Plantation Workers (NUPW) |
| 25. Borneo Child Aid Society (Humana) | 48. Partners of Community Organisations (PACOS) |
| 26. Borneo Resources Institute Malaysia (BRIMAS) | 49. Penang Institute previously known as Socio-Economic & Environmental Research Institute (SERI) |
| 27. Borneo Rhino Alliance (BORA) | 50. Proforest - South East Asia Regional Office |
| 28. Center for Orang Asli Concerns COAC | 51. Sabah Wetlands Conservation Society (SWCS) |
| 29. Centre for Environment; Technology and Development; Malaysia – CETDEM | 52. SEPA - Sabah Environmental Protection Association |
| 30. Consumers Association Of Penang – CAP | 53. SUARAM - Suara Rakyat Malaysia |
| 31. EcoKnights | 54. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia |
| 32. Environmental Management and Research Association of Malaysia (ENSEARCH) | 55. Sustainable Development Network Malaysia (SUSDEN) |
| 33. Environmental Protection Society Malaysia (EPSM) | 56. Tenaganita Sdn Bhd |
| 34. Friends of the Earth; Malaysia | 57. The Malaysian Forum of Environmental Journalist (MFEJ) |
| 35. Future in Our Hands Society; Malaysia | 58. TRAFFIC - the wildlife trade monitoring network |
| 36. Global Environment Centre | 59. Transparency International - Malaysian Chapter |
| 37. Institute of Foresters; Malaysia (IRIM) | 60. Treat Every Environment Special Sdn Bhd. (TrEES) |
| 38. JUST - International Movement for a Just World | 61. United Nations Development Programme - UNDP Malaysia |
| 39. Malaysian Environmental NGOs – MENGO | 62. Wild Asia Sdn Bhd |
| 40. Malaysian National Animal Welfare Foundation – MNAWF | 63. World Wide Fund for Nature (WWF) Malaysia |
| 41. Malaysian Nature Society (MNS) Kuala Lumpur | 64. World Wide Fund of Nature (WWF) Sabah |
| 42. Malaysian Nature Society Sabah | 65. Malaysian CropLife & Public Health Association (MCPHA) |
| 43. Malaysian Plant Protection Society (MAPPS) | 66. Pesticide Action Network Asia and the Pacific (PAN AP) |

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 12 of 52

3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1 Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
1.1.1 Records of requests and responses must be maintained Major compliance.	Records of requests for information by stakeholders were maintained, i.e. correspondences and minutes of meetings held with the suppliers, transporters, local authorities, employees and local community leaders or representatives up till April 2013. It was verified that stakeholder meeting were held for the current certification period. The mill and estates have maintained their respective records of Stakeholder's meetings and action plans. Records as maintained were reviewed during on-site surveillance assessment.	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
This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that must be publicly available include, but are not necessarily limited to: Major compliance	Organization's policies have been maintained since the last assessment. The 7 types of mandatory documents as specified in 1.2 are available to the public as required. Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notice boards and websites) and updated by IOI, HQ e.g. website link: http://www.ioigroup.com/business/busi_plantoverview.cfm	Complied
1.2.1 Land titles/user rights (C2.2).	Copies of all the land titles were available and have been maintained at the Mill and respective estates during current 2 nd surveillance audit.	Complied
1.2.2 Safety and health plan (C4.7).	Safety and Health Plan was annually reviewed i.e. Safety & Health Manager (Peninsular Plantations) for Mill & Estates and additional activities and action items were implemented such as wearing of PPE by external contractors.	Complied
1.2.3 Plans and impact assessments relating to environmental and social impacts (C5.1, 6.1, 7.1, 7.3)	SEIA reports were reviewed by Sustainability Manager together with feedback by respective Mill and Estate managers in a meeting on for FY2012/2013 and were evident in the minutes of meetings maintained by the respective units within the IOI Pukin PMU.	Complied
1.2.4 Pollution prevention plans (C 5.6)	Pollution Prevention Management Plans were reviewed in for FY2012/2013. Action items recorded included the	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 13 of 52

	programs for awareness and continued implementation of the 3Rs in handling domestic wastes among the estate staff and workers.	
1.2.5 Details of complaints and grievances (C 6.3)	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. ECC representatives interviewed had confirmed that there were no serious issues for FY2012/2013 which had required major actions from the Pukin PMU Management.</p> <p>Noted that Logbook entries between July 2012 and June 2013 were on minor issues relating repairs to workers housing/quarters facilities such as lighting and water supply which were attended to on a weekly basis by the respective estate office personnel. See 6.3.2.</p>	Complied
1.2.6 Negotiation procedures (C 6.4)	<p>Negotiation procedure and flowchart was available and maintained since July 2009. Additionally via website link: http://www.ioigroup.com/business/busi_plantoverview.cfm</p> <p>No borders at estates in Pukin grouping were adjacent to any villages or native land.</p> <p>Therefore not required for records of negotiation or compensation pertaining to this criteria.</p> <p>No changes in status noted during this second surveillance assessment on-site. Hence no negotiation or compensation records pertaining to this criterion needing follow up verification.</p> <p>IOI had also uploaded the status on the land dispute/claim at their plantation in Sarawak which is publicly available at website link: http://www.ioigroup.com/default.cfm</p>	Complied
1.2.7 Continuous improvement plan (C 8.1)	<p>Continuous improvements plans in key operations have been developed at the Pukin Grouping-PMU which were regularly monitored and reviewed. This has included the Integrated Pest Management (IPM) program and environmental and social programs i.e. the introduction of waste pollution and reduction including the recycling of materials i.e. via central collection and disposal of scrap iron collected from the renovations of older buildings and structures.</p> <p>The overall long term improvement plans were also viewed via the website link: http://www.ioigroup.com/business/busi_agritech.cfm</p> <p>See also details of findings on C 8.1</p>	Complied

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
------------	---------------------------------	------------

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 14 of 52

<p>2.1.1 Evidence of compliance with relevant legal requirements.</p> <p>Major compliance</p>	<p>At Pukin Grouping - PMU, a legal register covering the applicable local and international laws and regulations were available at the mill with the Mill Manager and at each estate with the respective Estate Managers.</p> <p>Newly gazette laws such as Minimum Retirement Age Act 2012 and National Wages Consultative Council Act 2011 which were commenced on 5 August 2012 and 23 September 2011 respectively have been included in the legal register.</p> <p>The Mill and Estate Managers had maintained the tracking for any changes in legal requirements. These were reviewed on yearly basis and updated with the compliance status indicated. The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management. Minimum Wage Order Requirement 2012 has been implemented in Pukin Grouping by implementation of RM900.00 as minimum wage salary to all workers.</p> <p>Based on the site observations, interviews and records checking at the field and mill, there was sufficient evidence of compliance with the relevant laws, regulations, local and international laws at that the POM and estates.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Labour Ordinances e.g. *FOMEMA fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Permits for Hiring of Foreign Workers have been renewed and valid till September 2013 for the POM and all the estates. Evaluation of legal requirements was done by respective Estate Managers, Mill Manager and Sustainability Team (from HQ) in June 2012.</p>	<p>Complied</p>
<p>2.1.2 A documented system, which includes written information on legal requirements.</p> <p>Minor compliance</p>	<p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements that the PMU has subscribed to was maintained.</p> <p>During this 1st Surveillance, the list of laws and circulars received from regulatory bodies such as from DOE and DOSH were maintained and complied with. Updates had been monitored and changes made were appropriate.</p>	<p>Complied</p>

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 15 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

<p>2.1.3 A mechanism for ensuring that they are implemented. Minor compliance</p>	<p>Annual review and appropriate updates was noted on June 2012, with the compliance status indicated. Among others, safety and health, environmental and pollution management, chemical handling, usage and storage, scheduled waste management requirements were evaluated.</p> <p>Evaluation of legal requirements was done by the Mill and respective Estate Managers in June 2012. Licenses and permits were renewed and evidenced to be valid, e.g. MPOB license for Mill – valid till June 2013 (at the time of audit). Statutory returns to relevant authorities found to be in compliance.</p>	<p>Complied</p>
<p>2.1.4 A system for tracking any changes in the law. The systems used should be appropriate to the scale of the organization. Minor compliance</p>	<p>Changes in the relevant laws are communicated and received from the IOI Group HQ. The PMU managers subsequently ensured that the changes and tracking done was adequately updated. Based on the site observations, interviews and records updated, the system used is appropriate to the operations at Pukin PMU.</p> <p>Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure and last performed in June 2012 by the Sustainability Team with the Mill and estate managers.</p>	<p>Complied</p>
<p>Criterion 2.2 The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.2.1 Evidence of legal ownership of the land including history of land tenure. Major compliance</p>	<p>Copies of the land titles were maintained and sighted to be in proper order. There were no recorded or known disputes over the ownership of the land and no changes to the land ownership since the last audit.</p>	
<p>2.2.2 Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2] Major compliance</p>	<p>The land title was designated for agricultural use specifically for the cultivation of oil palm. The stated use of the respective plots of land for agricultural / oil palm plantation purpose is maintained.</p> <p>It is verified that there has been no change to the stated land titles and designated use is complied.</p>	<p>Complied</p>
<p>2.2.3.1 Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained. Minor compliance</p>	<p>During this surveillance, the legal boundary stones and markers were checked on site as per the mapping of the perimeters along estates land indicated in the land titles presented. The maintenance for the boundary stones / markers was found to be adequately maintained.</p>	<p>Complied</p>

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 16 of 52

2.2.3.2 Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. Cross ref. to 2.3.3, 6.4.1 and 6.4.2.	On-site verification confirmed that there has been no planting beyond the legal demarcated boundary of the estates. There were no existing land disputes at the PMU.	Complied
Minor compliance	<p>There has been no dispute on the land rights in the Pukin PMU.</p> <p>Process for conflict resolution is verified to be publicly available via website link: http://www.ioigroup.com/business/busi_plantoverview.cfm</p> <p>It was confirmed that the boundary markers have been marked clearly on estate maps and satisfactorily maintained at the physical sites. Verification was done during the current surveillance audit. Therefore it is confirmed that previous Minor NCR 1 of 4 was effectively closed</p>	
Criterion 2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.		
Indicators	Findings and Objective Evidence	Compliance
2.3.1 Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights. Major compliance	<p>The estate lands at the PMU are legally owned by IOI and no other users were identified in the land area.</p> <p>The existing estates are not encumbered by any customary land rights and therefore participatory mapping is not required.</p>	Complied
2.3.2 Map of appropriate scale showing extent of claims under dispute. Major compliance	There has been no existing disputed land.	Complied
2.3.3 Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6). Minor compliance	<p>The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition complied with legal requirements without infringement of any legal rights.</p>	Complied

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

Criterion 3.1 There is an implemented management plan that aims to achieve long term economic and financial viability.		
Indicators	Findings and Objective Evidence	Compliance
3.1.1 Annual budget with a minimum 2 years of projection Major compliance	<p>The documents and management plans pertaining to mill and each estate within PMU have been viewed for FFB, CPO, PK, OER, KER, CPO yield/ha. Cost of production with projections for the next 5 years i.e. until FY 2017/18 was also in</p>	Complied

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 17 of 52

	<p>order.</p> <p>The financial budget was viewed during the audit and the actual results on a daily, monthly and annual basis was found to be in order.</p> <p>A financial management mechanism was evidenced to be monitoring the actual performance results on a daily, monthly and annual basis.</p>	
<p>3.1.2 Annual replanting programme projected for a minimum of 5 years with yearly review.</p> <p>Minor compliance</p>	<p>Annual replanting programme was audited and found to be prepared up to FY 2021/2022.</p> <p>Pukin estate carried out replanting between 2004 and 2010. At present, there are no plans for replanting for the next 5 years in Shahzan 1, Shahzan 2 and Segamat estates.</p>	Complied

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

<p>Criterion 4.1 Operating procedures are appropriately documented and consistently implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Documented Standard Operating Procedures (SOP) for estates and mills.</p> <p>Major compliance</p>	<p>No changes were noted in StOP documents from the previous audit.</p> <p>Upon the review of procedures in both the POM and the estate, they were found to be carried out effectively.</p>	Complied
<p>4.1.2 Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.</p> <p>Minor compliance</p>	<p>All relevant records such as store issuance, store requisition, rat baiting were found to be in order.</p> <p>Circle spraying conducted in Field 10C was viewed and proper safety attire and measures were adopted as per OSHA 1994.</p> <p>Chemicals used during the spraying activity were recorded daily as opposed to the previous audit at Segamat estate.</p> <p>It was confirmed that the training has been provided on the chemical costing recording was done on 19/11/12 and review of daily records is now closely monitored by Field Supervisors and Assistant Estate Managers and the subsequent recording has been done satisfactorily. Verification was done during the current surveillance audit and it is confirmed that previous Minor NCR 2 of 4 was effectively closed</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 18 of 52

Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.		
Indicators	Findings and Objective Evidence	Compliance
4.2.1 Monitoring of fertilizer inputs through annual fertilizer recommendations. Minor compliance	Fertilizer recommendations by IOI Agronomist were carried out as per budget and on site viewing of the programme in Field 94B. Soil sampling maps were viewed in the operating units. Soil sampling and leaf sampling schedules were carried out according to the IOI Agronomy department EFB mulching was noted in Field 06A to be in order. Single layer application in Field 06A was viewed and was in accordance with the StOP. Default in EFB application earlier was rectified.	Complied
4.2.2 Evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor compliance	Soil maps had been sighted in the estates. Sampling of palm leaves for nutrient analysis was also carried out annually. Soil sampling carried out on 20% of the total fields each year and thus a single round of sampling were conducted on every field on a 5-year cycle (last done in Feb 2010). Soil analysis of all fields completed over a 5 years cycle. Leaf sampling and analysis had been carried out annually with the latest leaf sampling and analysis carried out in May 2012.	Complied
4.2.3 Monitor the area on which EFB, POME and zero-burn replanting is applied. Minor compliance	During field inspection, 1 layer EFB mulching application was noted as per the Company's standard policy. It was noted that "zero burning" policy was well implemented in the fields. The NCR raised on EFB mulching in Pukin estate was rectified with the application of single layer EFB. It was confirmed that the training has been provided to EFB shovel driver as mentioned above and the subsequent EFB application has been implemented satisfactorily. Therefore it is confirmed that previous Minor NCR 3 of 4 was effectively closed	Complied
Criterion 4.3 Practices to minimize and control erosion and degradation of soils.		
Indicators	Findings and Objective Evidence	Compliance
4.3.1 Documented evidence of practices minimizing soil erosion and degradation	All agro practices in minimizing soil erosion such as: a) Frond stacking in alternate inter-rows of palms.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 19 of 52

Minor compliance	Woody plants uprooted. Only soft grasses allowed growing. b) Terrace areas and slopes were stacked with fronds. It was also noted that fronds were arranged parallel along streams c) Stop bunds were constructed within the planting terraces d) Buffer zones and riparian areas are well demarcated and maintained	
4.3.2 Avoid or minimize bare or exposed soil within estates. Minor compliance	Ground vegetation was well maintained with minimum soil exposure.	Complied
4.3.3 Presence of road maintenance programme. Minor compliance	Road maintenance programme and records were viewed and found to be in order.	Complied
4.3.4 Subsidence of peat soils should be minimized through an effective and documented water management programme. Minor compliance	It was verified that there are no peat soil in Pukin Group estates.	Complied
4.3.5 Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils). Minor compliance	No evidence of fragile problematic soils in Pukin Group estates.	Complied
Criterion 4.4 Practices maintain the quality and availability of surface and ground water.		
Indicators	Findings and Objective Evidence	Compliance
4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate. Major compliance	Buffer zones were available along natural waterways and inspected during field visit in Pukin estate and Shahzan 2 estate. No spraying or manuring activities were allowed in buffer zones. Appropriate markings and signages were identified and displayed along these zones. Field workers were adequately trained and instructed to refrain from all agro practices. Silt pits were noticed which reduces suspended solids and contaminants to meet the DOE limits. IOI's Group policy on slope protection and river buffer-zoning was available for inspection and public viewing. The PMU has identified appropriate buffer zones along all natural waterways i.e. rivers and streams passing through the estates. No spraying or manuring activities were allowed to be performed within the demarcated zones. Appropriate markings and signages were found to be placed and maintained during on-site inspection.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 20 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>The environmental management plans were reviewed. No replanting was observed at the demarcated buffer zones. On-site inspections confirmed the sighting of demarcations and restoration done with the natural riverine plants seen growing at the banks. The field workers were adequately trained and instructed to avoid spraying of agro-chemicals in the buffer zones.</p> <p>The POM had monitored and controlled discharges to waterways with installation of silt traps to reduce suspended solids and contaminants to meet the DOE limits. Daily checks for leakages were observed on the POME which was channeled to the Effluent Treatment Ponds (ETP) for dislodging. Water and treated POME samples were taken monthly and sent to external laboratories for analysis.</p>	
<p>4.4.2 No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate.</p> <p>Major compliance</p>	<p>No construction of bunds/weirs/dams across the main streams were seen during audits at Pukin estate, Shahzan 1 and Shahzan 2 estate</p>	Complied
<p>4.4.3 Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1).</p> <p>Major compliance</p>	<p>The monitoring of the effluent quality at the POM was continued to be done on a monthly analysis with results submitted by IOI Research Centre laboratory.</p> <p>During current surveillance, the assessment team found that the monitoring of outgoing water discharge was done and regularly reviewed with appropriate actions taken to minimize negative impacts.</p>	Complied
<p>4.4.4 Monitoring rainfall data for proper water management.</p> <p>Minor compliance</p>	<p>Rainfall record for the month of April 2013 at Pukin estate was viewed and the rainfall figure is attached.</p>	Complied
<p>4.4.5 Monitoring of water usage in mills (tonnage water use/tonne FFB processed).</p> <p>Minor compliance</p>	<p>During current surveillance, the assessment team found that the monitoring of outgoing water discharge was done and regularly reviewed with appropriate actions taken to minimize negative impacts.</p>	Complied
<p>4.4.6 Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.</p> <p>Minor compliance</p>	<p>No water drainage into any protected areas was noticed during field inspection</p>	Complied
<p>4.4.7 Evidence of water management plans.</p> <p>Minor compliance</p>	<p>The raw water intake was treated before the water reaches human consumption in mill and estate. Water analysis is done half yearly and is based on MOH requirements.</p> <p>Dosing/chlorination process at the mill was viewed</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 21 of 52

	and the mill's water treatment plant was viewed and was found in satisfactory order	
Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.		
Indicators	Findings and Objective Evidence	Compliance
4.5.1 Documented IPM system. Minor compliance	The estates adopted the IOI group policy and the Environmental Management and Monitoring Plan as IPM system which were inspected Beneficial predator plants such as <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> were seen planted along the access roads within the estates Pests and weed infestations were found to be minimal level in these estates Estates were noticed to effectively manage using the appropriate IPM techniques similar to the previous years Documents on IPM system for rat control and insect pest control in the estates has been sighted for 2012/2013	Complied
4.5.2 Monitoring extent of IPM implementation for major pests. Minor compliance	Pest infestation was found to be minimal Bagworm was sighted in Shahzan 2 and action was taken to arrest the spread by using Methamidophos at 10ml/palm in Field 02 and 03 covering a total of 939.37/ha from January to March 2013.	Complied
4.5.3 Recording areas where pesticides have been used. Minor compliance	The usage of pesticides in all estates are recorded and found to be in order	Complied
4.5.4 Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil. Minor compliance	Records on monitoring of pesticide usage units per hectare or per tonne crop had been verified at the estates.	Complied
Criterion 4.6 Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.		
Indicators	Findings and Objective Evidence	Compliance

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 22 of 52

4.6.1 Written justification in Standard Operating Procedures (SOP) of all agrochemicals use. Major compliance	The estates have documented procedures for the use of all agrochemicals. Written justification in Standard Operating Procedure of all agrochemicals use had been sighted.	Complied
4.6.2 Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Major compliance	Pesticides used were only those pesticides officially registered under Section 53A of the Pesticide Act 1974 (Act 149); and in accordance with USECHH Regulations (2000).	Complied
4.6.3 Pesticides shall be stored in accordance to the Local Occupational Safety and Health Laws and Regulations and local laws on Pesticides control. Major compliance	The estates had well ventilated store facilities to store pesticides in accordance to the Occupational Safety and Health Act 1994 (Act 514), Pesticides Act 1974 (Act 149) and Chemical Health and Risk Assessment (CHRA) guidelines. Inspection at sites observed that pesticides were kept under lock and key. Empty containers disposed off in accordance with the DOE requirements. Information regarding the chemicals and their usage, hazard and general names were displayed in the National Language (i.e. Bahasa Malaysia) and translated for the understanding of the foreign workers.	Complied
4.6.4 All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level. Major compliance	MSDS in both English and Bahasa Malaysia of chemicals had been displayed in the chemical stores.	Complied
4.6.5 Annual medical surveillance as per CHRA for plantation pesticide operators. Major compliance	Annual medical checkup has been carried out for pesticides operators. Annual medical surveillance as per CHRA for all the pesticide operators had been carried out in July 2012. Results were verified to be satisfactory with no cases of any poisoning occurring.	Complied
4.6.6 No work with pesticides for confirmed pregnant and breast-feeding women. Major compliance	Confirmed no pregnant and breast-feeding workers were assigned to carry out work with pesticides.	Complied
4.6.7 Documentary evidence that use of chemicals categorized as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM. Minor compliance	Paraquat usage had been eliminated in all the estates since end of December, 2011. No paraquat usage found during site and field inspections at the time of audit.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 23 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

4.6.8 Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities. Major compliance	The PMU does not practice any aerial application of agrochemicals. All agrochemicals are used in a way that does not endanger health or the environment was sighted during assessment at the estates visited	Complied
4.6.9 Evidence of chemical residues in CPO testing, as requested and conducted by the buyers. Minor compliance	To date there has been no request by the buyers for this testing.	Complied
4.6.10 Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007. Minor compliance	Records of pesticides and their active ingredients used, area treated, and the number of applications had been maintained and kept for a minimum of 5 years. See also finding for indicator 4.5.4	Complied
Criterion 4.7 An occupational health and safety plan is documented effectively communicated and implemented.		
Indicators	Findings and Objective Evidence	Compliance
4.7.1 Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act and Factory Machinery Act. Major compliance The safety and health (OSH) plan shall cover the following: a. A safety and health policy, which is communicated and implemented. b. All operations have been risk assessed and documented. c. An awareness and training programme which includes the following specifics for pesticides : i. to ensure all workers involved have been adequately trained in a safe working practices (See also C 4.8) ii. all precautions attached to products should be properly observed and applied to the workers. d. The appropriate personal protective equipment (PPE) is used for each risk assessed operation. i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning. e. The responsible person (s) should be identified. f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed. g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers. h. Workers trained in First Aid should be present in both field and mill operations. i. First Aid equipment should be available at worksites.	The Occupational Safety and Health (OSH) Policy were displayed at the POM and all the estates. The Occupational Safety and Health (OSH) Plan established have included the establishment of escape routes and locations of the firefighting equipment at the sites covered. Each estate and mill had identified and assessed their respective hazards and risks as per established procedures. Actions and precautions established to address the identified risks. All operations where health and safety is an issue have been assessed and procedures and actions are documented and implemented to address the identified issues. Noted evidence that each procedure is further supported with documented tasks and task elements and all possible risks assessed. All precautions attached to products are observed and applied to the workers. Noted in the training records that workers involved in the operations have been adequately trained in the OSH policy, programs and in safe working practices. Pesticide sprayers and fruit cutters selected at random at the estates were interviewed and they were able to demonstrate the correct safety precautions required. Adequate and appropriate PPE were available to labourers at the place of work to cover all potentially hazardous operations, such as pesticide application, chemical storage / handling, land preparation and harvesting.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 24 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>The responsible persons (i.e. mandores / field supervisors), conductors and store supervisor) were identified.</p> <p>There were records of regular meetings between the responsible person and workers where concerns of all parties about health, safety and welfare were briefed and discussed.</p> <p>Records detailing the occurrence and issues raised were properly maintained. Meeting minutes were available.</p> <p>Accident and Emergency procedures and First Aid procedures are present and instructions are clearly understood by all workers. Accident procedures are also available in Bahasa Malaysia, which is understood to the workers. Assigned operatives trained in First Aid are present in both field and other operations and first aid equipment are available at worksites. Sighted a list of sites where all First Aids boxes are placed.</p> <p>Records of accidents are kept and reviewed monthly. Fire Drills had been conducted at each site (Mill and Estates) with records observed in response to potential emergency.</p> <p>All workers (including the Indonesian foreign workers) were covered by the worker's compensation scheme. Calculation on Lost Time Accident was maintained. Workplaces, machinery, equipment, transportation vehicles were maintained to ensure safety and without undue risk to health. Chemical, physical and biological substances and agents were stored under controlled conditions. A safe and healthy working environment was provided for the workers regardless of whether they are estate full time employees or contract workers.</p> <p>Good Agriculture Practice (GAP) and Chemical Health Risk Assessment (CHRA) were among the references used in maintaining the safe working environment for the employees.</p> <p>Field inspection at Pukin estate observed circle spraying with Glyphosate + Kenrane + Anpol was noted and was in accordance with issue and costing records. Workers were using appropriate PPE. Signboards indicated spraying of herbicides in progress and the harvesting supervisor (mandore) also carried the First Aid Box during supervision at the field.</p>	
--	---	--

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 25 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	OSH Plan has been reviewed as planned and the communication and implementation aspects are in place. The OSH plans had been sighted in the estates.	
4.7.2 Records should be kept of all accidents and periodically reviewed at quarterly intervals. Major compliance	Records on accidents had been kept and reviewed at quarterly intervals. Lost Time Accident (LTA) had been monitored.	Complied
4.7.3 Workers should be covered by accident insurance. Major compliance	Local workers were covered by SOCSO whereas foreign workers were covered by Workmen Compensation Insurance Scheme.	Complied
Criterion 4.8 All staff, workers, smallholders and contractors are appropriately trained.		
Indicators	Findings and Objective Evidence	Compliance
4.8.1 A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept. Major compliance	Training plans and training records (e.g. training attendance) are in place as appropriate for all staff and workers for period Y2012/2013 at Pukin Mill and sampled estates. Employees including EHA are trained in accordance with IOI Pukin training needs analysis conducted by Mill and Estate management as well as meeting DOSH requirements. Selected trainings include On-Job-Training, safety training, emergency drill, First-aid, gender committee-sexual harassment, chemical handling among others, to enable them to fulfill their assigned tasks and responsibilities. Actual dates and other records were available in the training record files at both POM and estates sampled. Contractors have signed safety instruction documents to comply with IOI's safety rules and regulations.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 26 of 52

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

Criterion 5.1

Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Indicators	Findings and Objective Evidence	Compliance
5.1.1 Documented aspects and impacts risk assessment that is periodically reviewed and updated. Major compliance	<p>Documented Environmental Impact Assessment, Management Actions Plans and Continuous Improvement Plans (EIA/MAP/CIP) for FY 2012/2013 were available and have been adequately reviewed by the mill/estate and the IOI Sustainability Team.</p> <p>The dates of review are as below:</p> <ul style="list-style-type: none"> • 28 February 2013 (Pukin Palm Oil Mill) • 08 March 2013 (Pukin Estate) • 19 March 2013 (Shahzan 1 Estate) • 28 March 2013 (Shahzan 2 Estate) • 14 March 2013 (Segamat Estate) <p>A timetable for monitoring the EIA/MAP/CIP was developed and implemented. The implementation and monitoring of the above mentioned plans were appropriate.</p>	Complied
5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. Minor compliance	<p>PMU Pukin Grouping has developed, implemented and monitored the environmental improvement plan to mitigate the negative impacts and promote the positive ones. Action plans cover EFB, scheduled wastes e.g. SW305, SW306, SW409, SW410, SW102, pruned oil palm fronds, riparian buffer zones maintenance, domestic waste/landfills, diesel usage, renewable energy usage, water quality monitoring, fertilizers and disposal of scrap.</p> <p>However, at Shazan 1 Estate, the Environment Improvement Plan implementation and monitoring records were not adequately updated. Therefore Minor NCR 1 of 2 was raised.</p>	Minor NCR 1 of 2

Criterion 5.2

The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

Indicators	Findings and Objective Evidence	Compliance
5.2.1 Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings. Major compliance	<p>The identification and assessment of HCV areas and the annual review of their status has been performed for FY2012/ 2013. The review generated a larger area for HCV land area (7.30 hectares) and conservation land area (12.20 hectares) as compared to previously. Refer to Table in Section 1.5 Summaries of Conservation</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 27 of 52

	and HCV Areas.	
<p>5.2.2 Management plan for HCV habitats (including ERTs) and their conservation.</p> <p>Major compliance</p>	<p>The HCV assessment report(s) have indicated that there were no ERT / protected species within the areas covered by the Pukin PMU estates.</p> <p>The HCV study collated information has included the planted areas, buffer areas bordering the state forest land such as the boundary of the State Forest Land adjacent to the Shahzan 1 & 2 estates.</p> <p>Cooperation with the Forestry /Land department to gather information on the animal species near the forest land boundaries was maintained.</p> <p>The relevant estate(s) management has undertaken appropriate measures to control any illegal hunting, fishing or trapping activities within the PMU. No hunting policy and signage were prominently displayed to convey this policy especially at the state forest land bordering with the estates.</p>	Complied
<p>5.2.3 Evidence of a commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.</p> <p>Minor compliance</p>	<p>The PMU is committed to discourage any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts. Signages prohibiting the said activities at the conservation areas were erected and the monthly patrols conducted were recorded in the patrol record-books.</p>	Complied
<p>Criterion 5.3</p> <p>Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.3.1 Documented identification of all waste products and sources of pollution.</p> <p>Major compliance</p>	<p>All waste products and their sources have been identified and documented in the "Environmental Impact Assessment, Management Action Plans, and Continuous Improvement Plans" for mill and estates - e.g. EFB, fibers, shells, boiler ash, decanter cakes and scheduled wastes.</p> <p>Plans to identify pollution aspects and actions to mitigate pollution are in place. Recycling bins of three different color codes were available in the POM, workers quarters/ line site(s) and estates and were used for solid waste segregation and recycling. The solid waste management at the dumpsite / landfill has appropriate signage i.e. on Health, Safety and Environment rules that are required at the current designated landfill/dumpsite(s).</p> <p>Biomass is recycled – fiber and shells are sent to mill boiler to be used as fuel. POME from mill is used for land application in the estates. The practice being both environmentally and socially</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 28 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>responsible.</p> <p>Scheduled Waste management file identifying all wastes e.g. used batteries, spent hydraulic oil, spent / residual chemicals, oily contaminated rags and contaminated containers. The major scheduled wastes codes were SW305, SW306, SW409 and SW410 . Scheduled waste stores inspected at all sites and disposal was done by scheduled waste disposal company authorized by Department of Environment.</p> <p>Metal Waste i.e. scrap metal are disposed by contractors who resell to recycling metal factories . Disposal of scrap iron inventory are properly recorded and monitored in record books .</p>	
<p>5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.</p> <p>Minor compliance</p>	<p>Management operational plans for wastes and pollutants control have been established at the POM and estates. These plans have been reviewed for the period FY2012/ 2013. Mitigation measures are being monitored by the respective units .</p> <p>It was confirmed that the additional capacity for spillage containment whereas the estate has appointed a contractor to extend the height of the bunding from current 0.57m to 1.1 m by December 2012 which will be able to meet the 110% capacity needed and has been completed satisfactorily. Hence, it is confirmed that previous Minor NCR 4 of 4 was effectively closed.</p>	Complied
<p>5.3.3 Evidence that crop residues / biomass are recycled (Cross ref. C 4.2).</p> <p>Minor compliance.</p>	<p>Recycling of crop residues / biomass had been carried out. Recycled materials include EFB, fiber and kernel shells. See 4.2 .</p>	Complied
<p>Criterion 5.4</p> <p>Efficiency of energy use and use of renewable energy is maximized.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.4.1 Monitoring of renewable energy use per tonne of CPO or palm product in the mill.</p> <p>Minor compliance</p>	<p>The use of energy in palm oil mill was monitored monthly to compare the energy usage against the production of metric tonne CPO. Electricity generation was through the boiler plant at mill where palm fiber and kernel shell were used as fuel.</p>	Complied.
<p>5.4.2 Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill).</p> <p>Minor compliance</p>	<p>The direct usage of diesel (fuel) was monitored and recorded by the palm oil mill. The (diesel) energy usage data is continually monitored over the years as opportunity for improvement through the use of palm fiber and kernel shell for achieving energy efficiency. The total diesel usage by the Palm Oil Mill for FY 2012/ 2013 was 7.7 liter per mt CPO.</p>	Complied.

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 29 of 52

Criterion 5.5		
Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.		
Indicators	Findings and Objective Evidence	Compliance
5.5.1 No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Local - Environmental law on Open Burning'. Major compliance	PUKIN GROUPING-PMU had observed the IOI's group policy of 'Zero open burning' in the estates. Inspections at site confirmed no evidence of open burning. No burning of waste including domestic waste was noted.	Complied
5.5.2 Previous crop should be felled / mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched. Minor compliance	Previous crop are appropriately felled according to IOI's SOP.	Complied
5.5.3 No evidence of burning waste (including domestic waste). Minor compliance	No evidence of open burning was found during site inspection in the estates including at the work quarters.	Complied
Criterion 5.6		
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
5.6.1 Documented plans to mitigate all polluting activities (Cross ref to C 5.1). Major compliance	Environmental impact assessment has been performed to identify potential pollution to water, gaseous emissions to air and contamination on land. Management Action Plans and Continuous Improvement Plans were developed by the IOI Sustainability Team to mitigate significant impacts identified.	Complied
5.6.2 Plans are reviewed annually. Minor compliance	Management plans have been reviewed and approved by the Sustainability Team and respective Mill and Estate Manager. Current year updated documents were available. These exercises were reviewed annually. See 5.1 for review dates . Field inspections confirmed that mitigation actions are being implemented as per management plans.	Complied
5.6.3 Monitor and reduce peat subsidence rate through water table management (Within ranges specified in C 4.3). Minor compliance	No peat land exists within the estates of the Pukin PMU.	Complied

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

Criterion 6.1

Aspects of plantation and mill management, including replanting, that have social impacts are identified in a

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 30 of 52

participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A documented social impact assessment including records of meetings.</p> <p>Major compliance</p>	<p>Documented Social Impact Assessment, Management Actions Plans and Continuous Improvement Plans were prepared for the respective mill and estates under Pukin-PMU by the IOI Sustainability Team from IOI Research Centre.</p> <p>The findings of the assessment had included the identification of social impacts through internal and external stakeholder consultations. Each operating unit has appointed social officer in-charge and has established social committee meetings with records adequately maintained.</p> <p>The meeting reports include action plans and recommendations in order to mitigate negative impacts and for reviewing grievances from internal and external stakeholders. Documented actions are implemented in accordance with RSPO and legal requirements.</p> <p>Timelines have been suitably established for the above-mentioned action plans and responsibilities have been assigned by the Mill and Estate Managers.</p> <p>The documented "Social Impact Assessment, Management Action Plans and Continuous Improvement Plans" for individual Mill and Estates of IOI PUKIN PMU Grouping have been prepared as dated below:</p> <ul style="list-style-type: none"> • 29 September 2010 (Pukin POM) • 30 July 2010 (Pukin Estate) • 02 September 2010 (Segamat Estate) • 27 July 2010 (Shazan 1 Estate) • 27 July 2010 (Shazan 2 Estate) <p>Documents have been reviewed and approved by the respective Mill/ Estate Manager as well as the Sustainability Team. Current updated document was dated October 2012.</p>	Complied
<p>6.1.2 Evidence that the assessment had been done with the participation of affected parties.</p> <p>Minor compliance</p>	<p>The consultations were attended by a wide range of stakeholders including government agencies such as the Forestry Dept., local businesses-transporters, labour contractors, maintenance contractors, neighboring estates and representatives from the villages surrounding the estates.</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 31 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p> <p>All issues raised during the consultations were acted upon such as the maintenance of the access roads, recreational facilities among others.</p>	
<p>6.1.3 A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.</p> <p>Minor compliance.</p>	<p>A time table of activities identified was sighted with time frame on implementation plans. Site inspections carried out confirmed that the implementation was satisfactorily acted on.</p> <p>Stakeholder consultation meetings with the local communities and employees on the assessment were performed by the Estate managers with their Social Liaison Officers.</p> <p>Employee representation was through the Employees Consultative Council (ECC) which has representation from the different levels of workers who are elected by the workers. In all estates in IOI Pukin POM grouping an Employees Consultative Committee (ECC) was formed. Members in the ECC include representatives from manurers, sprayers, harvesters, FFB checkers, general workers and loaders.</p> <p>The National Union of Plantation Workers (NUPW) representative for IOI Pukin Grouping was also interviewed and the response was very positive.</p> <p>However, records showing monitoring status of Y2012/2013 social plans and mitigation plans from stakeholder's consultation are not adequately updated. Therefore NCR 2 of 2 has been raised</p>	<p>Minor NCR 2 of 2</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>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.2.1 Documented consultation and communication procedures.</p> <p>Major compliance</p>	<p>IOI Pukin grouping has adopted open and transparent methods of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p> <p>The lists of stakeholders are updated on a monthly basis and records of meeting were maintained.</p>	<p>Complied</p>

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 32 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	The maintenance of the list of stakeholders at the IOI Pukin grouping is adequate and has ensured that the list is kept current. Noted that there are open and transparent methods for communication and consultation which has taken into consideration the local mechanisms including migrant workers and languages.	
6.2.2 A nominated plantation management official at the operating unit responsible for these issues. Minor compliance	PMU Pukin grouping found as open and transparent in communication and consultation between growers and/or millers, local communities and other affected or interested parties. Nominated respective officers at the operating unit are responsible to represent the PMU Pukin grouping when any relevant issues raised by local communities and other affected or interested parties.	Complied
6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders. Minor compliance	Respective officer at PMU Pukin grouping has updated the stakeholders' list and records of all communication and also record the actions taken in response to input from stakeholders.	Complied
Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.		
Indicators	Findings and Objective Evidence	Compliance
6.3.1 Documentation of the process by which a dispute was resolved and the outcome. Major compliance	<p>All estates in Pukin grouping have established complaints and grievances procedures and it was well implemented. Complaints and Grievances logbook were sighted in all estates in the grouping.</p> <p>Alternative to the logbook, estate workers and administration staff could also file their complaints and grievances through their respective ECC representatives.</p> <p>Timelines for response to complaints and grievances are either through the logbook or ECC representatives are appropriately established and implemented</p> <p>The estates had maintained the established complaints and grievances procedures. Noted that any Complaints and Grievances Logbook were used in the estates appropriately and records of corrective actions implemented were stated in the logbook. ECC representatives interviewed understood that roles, responsibility and treated them as an important matter.</p>	Complied
6.3.2 The system resolves disputes in an effective, timely and appropriate manner. Minor compliance	PMU Pukin grouping have procedure for handling compensation claim in an effective, timely and appropriate manner.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 33 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	Water supply problem reported in Complaints and Grievances Logbook as well in the ECC meeting at Pukin Estate were solved in a timely manner. The management had provided water-tanks for each house in the workers quarters.	
6.3.3 The system is open to any affected parties. Minor compliance	The resolution procedure for handling compensation claim is open to any affected parties upon request and available at Pukin Palm Oil Mill office	Complied
Criterion 6.4 Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		
Indicators	Findings and Objective Evidence	Compliance
6.4.1 Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation. Major compliance	<p>There were no borders at estates in Pukin grouping which were adjacent to any villages or native land.</p> <p>Therefore no has been no records of any negotiation or compensation pertaining to this criteria.</p> <p>No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion</p>	Complied
6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land. Minor compliance	PMU Pukin grouping has documented a procedure for handling compensation claim (including calculating and distributing fair compensation). To the date, there is no dispute by any parties reported.	Complied
6.4.3 The process and outcome of any compensation claims is documented and made publicly available. Minor compliance	The procedure for handling compensation claim process are documented and made publicly available upon request.	Complied
Criterion 6.5 Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.		
Indicators	Findings and Objective Evidence	Compliance
6.5.1 Documentation of pay and conditions. Major compliance	<p>Basic daily rate for all employees in Pukin grouping estates have met the industry minimum standards which included extra pay under the statutory fringe benefits.</p> <p>The estate managements also provide free housing and treated water supply, subsidized electricity, medical benefits, community halls, mosques and welfare amenities constitutes a decent living for the employees</p> <p>There were positive improvements with regards to</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 34 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>salary / pay increment this i.e. July 2011 for the estate workers in Pukin grouping. Other benefits were maintained such as free housing and treated water supply, subsidized electricity, medical benefits, community halls, mosques and welfare amenities which constitute a decent living for the employees.</p> <p>Pay and conditions for employees on maternity leave were satisfactorily implemented as per employment contract signed. The Minimum Wage Order 2012 which set minimum wage for workers at RM900.00/month has already been implemented with a circular dated 14 January 2013.</p>	
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.</p> <p>Minor compliance</p>	<p>Documented employment offer / contract for local as well as migrant workers had been established in compliance with Malaysian labour laws and collective agreements with plantation unions and has covered all labour issues such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, employment termination, period of notice.</p> <p>The employment documents are made available in both Bahasa Malaysia and English and have been explained and adequately understood by the workers (both local and foreign).</p>	Complied
<p>6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities or above, where no such public facilities are available or accessible (not applicable to smallholders).</p> <p>Minor compliance</p>	<p>PMU Pukin grouping has provided adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities</p>	Complied
<p>Criterion 6.6</p> <p>The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.6.1 Documented minutes of meetings with main trade unions or workers representatives.</p> <p>Major compliance</p>	<p>The published statements of policy which recognizes the employee's freedom of association, was noted to be available in a few native languages including Bahasa Malaysia, English and some local native languages.</p> <p>Due to the restrictions stated in Immigration Act 1959/63, in which foreign employees are not allowed to form or be affiliated to any society or association, the estate management had formed the ECC as an alternative mechanism to cater to the collective bargaining needs of the workers.</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 35 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>Results of ECC meetings were minute and available. Dates of latest ECC meetings are as follows:</p> <p>POM, 19 April, 2013</p> <ul style="list-style-type: none"> – Pukin Estate, 26 March 2013 – Shahzan I Estate, 25 February 2013 – Shahzan II Estate, 27 February 2013 <p>The policy statements which recognize the employee's freedom of association were widely displayed in local languages and English. ECC was functional in Pukin grouping estates and their meetings were minute, distributed accordingly and records have been properly maintained.</p>	
6.6.2 A published statement in local languages recognizing freedom of association. Minor compliance	The PMU has published statement recognizing freedom of association which was available at the Pukin Palm Oil Mill office.	Complied
Criterion 6.7. Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.		
Indicators	Findings and Objective Evidence	Compliance
6.7.1 Documentary evidence that minimum age requirement is met. Major compliance	<p>There was no evidence of any child labor being used at the estates of Pukin grouping.</p> <p>The Child Labour policy adopted by estate managements on had stated that the minimum age of workers is 19 years. Site inspection of the employment records in all estates confirmed that this has been complied.</p> <p>Crèche was established in Segamat Estate to cater to the proper education of the workers children.</p> <p>Inspections of the employment records including field trips in the estates of Pukin grouping confirmed that this criterion has been complied.</p>	Complied
Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
Indicators	Findings and Objective Evidence	Compliance
6.8.1 A publicly available equal opportunities policy. Major compliance	<p>An Equal Job Opportunity Policy was adopted by the estate management was displayed in the places where workers usually gather such as the estate administration offices, community halls, crèche, health clinics and housing blocks.</p> <p>Payment slips were also inspected in all estates in order to ensure no discrimination in daily rate between workers, unfair deduction of wages and proper wage payment for work done during the rest days as reflected in the payment slips issued.</p>	Complied

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 36 of 52

	<p>There was no negative feedback on any form of discrimination from the private interviews conducted with the interviewees, and from the payment slips inspection.</p> <p>The policy statements which recognize equal job opportunity were widely available and displayed in local languages and English. Inspections including interviews in the estates of Pukin grouping of the employment records including migrant workers, pay slips and deductions of wages (according to law) confirmed that this criteria has been complied. No negative feedback received from the interviews conducted.</p>	
<p>6.8.2 Evidence that employees and groups including migrant workers have not been discriminated against.</p> <p>Minor compliance</p>	<p>Based on interview and feedback from stakeholders, workers and local communities there has been no issue of discrimination at the PMU.</p>	Complied
<p>Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their productive rights is developed and applied.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.9.1 A policy on sexual harassment and violence and records of implementation.</p> <p>Major compliance</p>	<p>The established social policy has covered aspects on sexual harassment, gender and women reproductive rights.</p> <p>There was a documented procedure on the management of sexual harassment.</p> <p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche.</p> <p>There was a gender committee specifically to address areas of concern to women. This committee was headed by the manager and, has representatives from all areas of work. The minutes of meetings were documented and kept.</p> <p>The policy statements which recognize sexual harassment, gender and women reproductive rights were widely available and displayed in local languages and English. There were functional gender committee(s) specifically to address areas of concern to women and noted no negative feedback received from the interviews conducted. Their minutes of meetings were documented, kept and could be retrieved during audit.</p> <p>Dates of Gender Committee meetings: – POM and Pukin Estate, 6 March, 2013</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 37 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<ul style="list-style-type: none"> – Shahzan I and Shahzan II estates, 25 February 2013 <p>Dates of sexual harassment training for male workers:</p> <ul style="list-style-type: none"> – POM, 9 November, 2013 – Pukin Estate, 9 November, 2013 – Shahzan I & Shahzan II estates, 2 April 2013 	
<p>6.9.2 A specific grievance mechanism is established.</p> <p>Major compliance</p>	<p>Under PMU Pukin grouping policy, management of PMU Pukin grouping has take all precaution to prevent sexual harassment and violence against women and to protect their productive rights is developed and applied. Based meeting minutes on PMU Pukin grouping and employees, the grievance mechanism that has been established will be used if issue raise.</p> <p>The sexual harassment report logbooks are kept by assigned female staff in POM and each estate. Access to the logbook is restricted to only the assigned person and the managers.</p>	Complied
<p>Criterion 6.10</p> <p>Growers and mills deal fairly and transparently with smallholders and other local businesses.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.10.1 Pricing mechanisms for FFB and inputs/services shall be documented.</p> <p>Major compliance</p>	<p>All the estates in the Pukin grouping do not have any dealings with smallholders.</p> <p>There was also no evidence to suggest of any unfair business practices with the local businesses.</p> <p>No changes with regards to dealing with smallholders since last year and no evidence to suggest of any unfair business practices with the local businesses.</p>	Complied
<p>6.10.2 Current and past prices paid for FFB shall be publicly available.</p> <p>Minor compliance</p>	<p>PMU Pukin grouping has record and documented all data on current and past prices paid for FFB. This are found available upon request</p>	Complied
<p>6.10.3 Evidence that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Minor compliance</p>	<p>Based on employee contract and meeting minute (between PMU Pukin management and employee) it is sighted that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Based on interview with external stakeholders, all suppliers and service providers to POM and estates understand and satisfied with working contract they have entered with IOI.</p>	Complied
<p>6.10.4 Agreed payments shall be made in a timely manner.</p> <p>Minor compliance</p>	<p>The Mill and estates was found to have practiced settlement of agreed payments in a timely manner.</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 38 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>Samples of payments made and the acknowledgement of receipts /signed dates were scrutinized and noted to be in order.</p> <p>All FFB were supplied from the IOI owned estates and there were no dealings with any smallholders or middlemen for the FFB supply.</p>	
Criterion 6.11 Growers and millers contribute to local sustainable development wherever appropriate.		
Indicators	Findings and Objective Evidence	Compliance
6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities. Minor compliance	<p>The PMU was found to have contributed positively to CSR for development of local communities. CSR activities include organizing local sports activities, donations made to local communities for religious occasions, hiring local workers where available, permission for local communities to use estate facilities for religious and sports activities, supporting education activities children of local staff/workers, and providing free services to local people who require immediate medical attention at their clinics.</p> <p>Referring specifically to POM, Pukin Estate Shahzan I and Shahzan II Estates, the contribution to the local development is limited to business and employment relationships. Most of social contribution goes to the staff and workers of these Pukin grouping estates & POM, e.g. organizing sports events, involvement in religious festivities. Local communities were seldom invited to participate in the activities organized by POM or the estates.</p>	Complied

Principle 7: Responsible development of new plantings

The PMU has a procedure for this development but has not carried any new plantings since November 2005. Plans were available for replanting according to Principle 7, subject to the EIA and other regulatory approval.

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 continuous improvement in key operations.		
Indicators	Findings and Objective Evidence	Compliance
Demonstrate progressive improvement to the following but not limited to: 8.1.1 Minimize use of certain pesticides (C4.6) Major compliance	<p>Continuous improvements in key operations have been developed at the Pukin Grouping-PMU which were regularly monitored and reviewed. Under the Integrated Pest Management (IPM) program, for pest control and reduction in the consumption of chemical pesticides. There were increasing efforts made through the use of direct bio-control methods such as the cultivation of beneficial plants, the introduction of waste pollution and reduction</p>	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 39 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

	<p>programs including the recycling of materials i.e. the central collection and disposal of scrap iron collected from the renovations of older buildings and structures.</p> <p>Continuous improvements in key operations have been reviewed in 2011 at the Pukin Grouping-PMU and were regularly monitored. It was noted that the growers are actively seeking to identify alternatives to paraquat and a joint study with BASF was in progress (refer also section 4.6).</p> <p>The use of Paraquat had been reduced during the last few years and eventually stopped by the end of 2011.</p> <p>Refer also to website link: http://www.ioigroup.com/business/busi_agritech.cfm</p>	
<p>8.1.2 Environmental impacts (C5.1)</p> <p>Major compliance</p>	<p>Additional one effluent pond was constructed in December 2012. Installation of Green Tube to reduce BOD for the POME. This is to achieve long term BOD of less than 50 ppm.</p> <p>Refer also website link: http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm</p>	Complied.
<p>8.1.3 Maximizing recycling and minimizing waste or by-products generation.</p> <p>Major compliance</p>	<p>Land application of POME had been carried out as per plan for FY2012/ 2013. EFB had been applied in the fields to improve the soil structure in addition to the recycling of nutrients to the soil during decomposition.</p>	Complied.
<p>8.1.4 Pollution prevention plans (C5.6)</p> <p>Major compliance</p>	<p>Preparation for monitoring of Green House Gases has been initiated by the sustainability team.</p> <p>Bund capacity for diesel tank has been increased at Segamat Estate.</p>	Complied.
<p>8.1.5 Social impacts (C6.1)</p> <p>Major compliance</p>	<p>PMU Pukin grouping has identified the social impact, implemented and monitored the plan to mitigate the negative impacts and promote the positive ones are, to demonstrate continuous improvement.</p>	Complied
<p>8.1.6 A mechanism to capture the performance and expenditure in social and environmental aspects.</p> <p>Minor compliance</p>	<p>Expenditure in social and environmental aspects had been included in the accounting system under separate items.</p>	Complied.

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 40 of 52

3.1.1 Supply Chain Certification Standards Findings at CPO Mill

The Supply Chain model applied at Pukin Grouping - POM during this Annual Surveillance Assessment (ASA-02) is Module D – CPO Mills: Segregation (SG)

Details of findings are as follows:

D.1 Documented procedures		
Indicators	Findings and Objective Evidence	Compliance
D.1.1 The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	SCC Module D (SG): IOI Group Standard Operation Procedure Doc. No. : RSPOSC/SOP/SG/2 titled RSPO Supply Chain – Module D – CPO Mills Segregation Issue 02 dated 01 September 2012 documented the implementation of a Segregation (SG) model Supply Chain Certification at the Palm Oil Mill.	Complied
a) Complete and up to date procedures covering the implementation of all the elements in these requirements	All the requirements for controlling the FFB receipt, processing, sales, CPO and PK dispatch, training and claims for Module D - Segregation for the Palm Oil Mill has been included into the procedure. Verified that all the elements of the supply chain requirements were implemented.	Complied
b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	It was verified that the POM Manager had the overall responsibility and authority over the implementation of the requirements of RSPO SCC Module D. He and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements for their respective areas of operations. The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers/ Assistant Engineers, Security Officer, Weighbridge Operator, Laboratory Technician, Chief Clerk, clerks) have been suitably defined.	Complied
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	SCC Module D (SG): Standard Operation Procedure as mentioned in D1.1 has included all the requirements for controlling the receiving of FFB, processing, sales, CPO and PK dispatch, training and claims for Module D - Segregation for the Palm Oil Mill. Verified that all the elements of the supply chain requirements were implemented. Verified from receiving documents (FFB Dispatch Chit and Weighbridge Ticket) and production records that the Palm Oil Mill receives all FFB supplied from certified sources i.e. their own 4 estates and certified FFB from other IOI PMUs within the region. See details in section 1.8 of this report.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 41 of 52

	Confirmed that there was no supply of FFB from sources which were non-certified.	
--	--	--

D.2 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	All supplies of FFB were subjected to verification of FFB Dispatch Chit by weighbridge personnel and quality checks (grading) by the mill PIC to determine the origin, quantity and quality of the FFB. The FFB Dispatch Chit indicated the date, vehicle no., estate & field no. and weight. Non-certified FFBs are rejected and not allowed to be further processed.	Complied
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	Daily records are tabulated on purchase/receipt of FFB detailing the supplying estates (as identified in section 1.8) , time in/out, weighbridge ticket no., vehicle number, weight , OER, bunch weight and bunch quality. FFB quality reports are available showing the Supply Estate, net weight, OER and bunch quality for the review of the estate and mill managers . Monthly FFB and CPO/PK Report for the current period were audited / verified and found to have complied with requirements of the Segregated (SG) module whereby the Palm Oil Mill received and processed FFB from its own 4 estates and other IOI certified estates. The documented Standard Operation Procedure as mentioned in D1.1 has specified an internal monitoring and reporting mechanism for notifying the CB of projected overproduction.	Complied
D.3 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	The SOP stipulates that record of transaction (goods in and goods out) and production records of FFB, CPO and PK found to be done daily and monthly covering all aspects of SCC requirements.	Complied
D.3.2 Retention times for all records and reports shall be at least five (5) years.	The SOP stated a retention period of at least 5 years for all records and reports. Pertinent records and reports inspected were found to be properly filed, accessible and retrievable.	Complied
D.3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a	A volume balance recording system was implemented to show the FFB deliveries, CPO and PK production and dispatch that were computed	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 42 of 52

three-monthly basis.	monthly.	
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. "product name"/SG or Segregated. The supply chain model used should be clearly indicated.	Stamp prepared for indicating the SG Module of the Supply Chain model as 'RSPO CSPO/SG' on the relevant documents (FFB delivery document, weighbridge ticket, sales contracts, delivery orders, etc.). The documents had been stamped for the SG Module was presented, e.g. 'RSPO CSPO/SG'.	Complied

D.4 Sales and good out

Indicators	Findings and Objective Evidence	Compliance
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated); d) The quantity of the products delivered; e) Reference to related transport documentation.	Sales contracts/invoices and dispatch of CPO and PK with the identification of contract number. Dispatched CPO and PK found to be accompanied by relevant documents such as weighbridge ticket, delivery order, gate pass, MPOB L3 Form that clearly state the following: -Name and address of the buyer -Date of issue -Description of the product including the Supply Chain Model SG (Segregation) -Quantity of product -Inspection Checklist of CPO tankers & PK delivery lorries	Complied

D.5 Processing

Indicators	Findings and Objective Evidence	Compliance
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical materials; (up to 5 % contamination is allowed)	The processing facility has established and implemented a clear procedure and mechanism for the RSPO CSPO/SG module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements during receipt, transport and storage. No contamination to the segregated physical material was observed thus meeting the objective of 100% segregated material. The following audit findings confirmed that the mill has demonstrated full compliance of D5.1 to D 5.3 including avoidance of contamination from uncertified materials.	Complied
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Documents and records examined found to show evidence of traceability of the CPO and PK produced to the FFB supply. SG module was verified from the production and operational controls and records for the FY2012/2013 production and the requirements were found to be met.	Complied
D.5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not	CPO produced was stored in Storage Tank nos.1 to 4, whilst the PK produced was stored in PK Bunker no.1 to 4.	Complied

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 43 of 52

<p>need to be separately certified. The mill has to ensure that:</p> <p>a) The crush operator conforms to these requirements for segregation</p> <p>b) The crush is covered through a signed and enforceable agreement</p>	<p>There is no PK crushing in the Palm Oil Mill. All PK are sold and dispatched to external plants for crushing. PK is sold to customers located in Pasir Gudang, Johor and Klang, Selangor.</p> <p>Sales activities are coordinated and controlled by the IOI Marketing department at IOI HQ. The sales orders are executed by a signed and enforceable contract with stipulated quantity, quality and delivery requirements. Dispatch of CPO and PK to the external warehouse and buyers were carried out with relevant documents appropriately signed and traceable to the contracts.</p>	
D.6 Training		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Training for mill personnel had been done by the IOI Sustainability Team personnel. Records were sighted and have been maintained appropriately at the mill office. Interviews conducted with mill personnel confirmed their awareness and knowledge of the Supply Chain Certification Systems and in particular, the SG module.</p>	<p>Complied</p>
D.7 Claims		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims.</p>	<p>Based on the records verified at site in the mill, there have been no claims that can constitute a breach of the RSPO Rules for Communications and Claims to date.</p>	<p>Complied</p>

3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the Pukin POM has been able to comply with the requirements of the RSPO SCCS under the 'SG' module and is thus eligible for 'SG' trading for its palm products for year 2012/2013.

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 44 of 52

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)
Initial / Main Assessment	2010	1- Major and 4- Minor	7
Annual Surveillance Assessment (ASA-01)	2012	4 - Minor	0
Annual Surveillance Assessment (ASA-01)	2013	2- Minor	0

Main Assessment (Y2010):

NCR #	MYNI Indicator	Details of NCR		
01 / 5 Major	4.6.5	Date issued: 12 December 2010	Date due (reply): Within 30 days	Date closed: 9 November 2012
		Nonconformance: In year 2009 till current in December 2010, the estates within the grouping did not send all workers who were exposed to chemicals for the annual medical surveillance by the Occupational & Health Dept. e.g. at the Segamat estate, in 2009 - only 2 employees and in 2010 - only 6 employees out of a total of 43 workers were medically examined.		
		Root Cause and Corrective Action (replied): All workers needing the annual medical surveillance as per CHRA findings have been examined as per List attached.		
		Verification (on-site): Documented evidence submitted was acceptable after review and was verified. Effectiveness of implementation was confirmed during Surveillance assessment. NCR was closed on 9 November 2012 (on-site).		
NCR #	MYNI Indicator	Details of NCR		
02 / 5 Minor	6.5.2	Date issued: 12 December 2010	Date due (reply): Within 30 days	Date closed: 9 November 2012
		Nonconformance: The 'Surat Tawaran Bekerja Sebagai Pekerja Ladang' did not reflect the current and actual practices of the estates within the grouping e.g. the wage rate, levy and current signatory.		
		Root Cause and Corrective Action (replied): Memo was issued by Human Resource Manager (Plantation Division) to all operation centers. Samples of updated contract and copies were attached.		
		Verification: Documented evidence submitted was acceptable after review and was verified. Effectiveness of implementation was confirmed during Surveillance assessment. NCR was closed on 9 November 2012 (on-site).		
NCR #	MYNI Indicator	Details of NCR		

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 45 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

03 / 5 Minor	4.4.7	Date issued: 12 December 2010		Date due (reply): Within 30 days	Date closed: 9 November 2012
		Nonconformance: The Pukin Oil Mill's pump house (raw water intake point) used for human consumption / domestic purposes was not secured and was lacking in warning and safety precaution signages.			
		Root Cause and Corrective Action (replied): Raw water Pump House was secured and SOPs including appropriate signage(s) (photograph attached).			
		Verification: Documented evidence submitted was acceptable after review and was verified. Effectiveness of implementation was confirmed during Surveillance assessment. NCR was closed on November 2012 (on site).			
NCR #	MYNI Indicator	Details of NCR			
04 / 5 Minor	4.4.7	Date issued: 12 December 2010		Date due (reply): Within 30 days	Date closed: 9 November 2012
		Nonconformance: 1) The tube well located at 0311 at Shahzan 1 estate was noted to be exposed to pesticide spraying, hence the raw water samples should be tested for Group 4 (pesticides) under Ministry of Health's (MOH) Drinking water standard 2009. 2) The tube well area is not secured. Warning and safety precaution signages should be prominently displayed.			
		Root Cause and Corrective Action (replied): The tube well secured, appropriate warning signage(s) and actions taken (photograph was attached) testing of pesticide residual from the tube well's raw water sample conducted and certificate of analysis provided.			
		Verification: Documented evidence submitted was acceptable after review and was verified. Effectiveness of implementation was confirmed during Surveillance assessment. NCR was closed on 9 November 2012 (on site).			
NCR #	MYNI Indicator	Details of NCR			
05 / 5 Minor	5.2.1	Date issued: 12 December 2010		Date due (reply): Within 30 days	Date closed: 9 November 2012
		Nonconformance: 1) The HCV assessment dated 1 st October 2010 for the Pukin PMU estates and Oil Mill has not included the 'Chinese Shrine' located near the Assistant Estate Manager's bungalow at block 0311, Shahzan 1 & 2 estates. 2) The aforesaid HCV assessment report has not considered the three ponds at the Shahzan 1 & 2 estates for HCV status.			
		Root Cause and Corrective Action (replied): The HCV assessment dated 1 st October 2010 for the Pukin PMU estates and Oil Mill revised in December 2010 have included the Chinese Shrine (Taoist Shrine) which has been assessed. Additionally, reported in the HCV status findings were the three ponds identified.			

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 46 of 52

	<p>Verification (for effective closure – on site):</p> <p>Documented evidence submitted was acceptable after review and was verified. Effectiveness of implementation was confirmed during Surveillance assessment. NCR was closed on 9 November 2012 (on site).</p>
--	--

Year 2012: Annual Surveillance Assessment, ASA-01

NCR #	MYNI Indicator	Details of NCR		
1 / 4 Minor	2.2.3.1	Date issued: 9 November 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 26 April 2013
		<p>Nonconformance:</p> <p>At Shahzan 2 estate, the boundary markers along the perimeter adjacent to State owned land and other smallholders are not adequately maintained and the current status at neighbouring perimeters have not been updated.</p>		
		<p>Root Cause and Corrective Action (replied):</p> <p>The boundary markers were difficult to locate due to overgrowth at many points along the perimeter and boundary of the estate.</p> <p>Maintenance of boundary markers will be done and indicated in the estate maps.</p>		
		<p>Verification (for effective closure – on site):</p> <p>Corrective active plan and supporting documents submitted has been verified to be acceptable. (Note: Above reply received on 4 Dec 2012).</p> <p>Verification was done during the current surveillance audit. It was confirmed that the boundary markers have been marked clearly on estate maps and satisfactorily maintained at the physical sites.</p>		
NCR #	MYNI Indicator	Details of NCR		
2 / 4 Minor	4.1.2	Date issued: 9 November 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 26 April 2013
		<p>Nonconformance:</p> <p>Chemicals used for circle spraying and selective spraying were not completely recorded in the daily costing records at Segamat estate e.g. data was not complete from 01/10/11 to 10/10/11 in Field PM 04D.</p>		
		<p>Root Cause and Corrective Action (replied):</p> <p>The recording for daily costing records was not consistently done as the personnel were not aware or well trained. Training on the Chemical costing recording was done on 19/11/12 and review of daily records is now closely monitored by Field Supervisors and Assistant Estate Managers.</p>		
		<p>Verification (for effective closure – on site):</p> <p>Corrective active plan and supporting documents submitted has been verified to be acceptable. (Note: Above reply received on 4 Dec 2012).</p> <p>Verification was done during the current surveillance audit. It was confirmed that the training has been provided as mentioned above and the subsequent recording has been done satisfactorily.</p>		
NCR #	MYNI Indicator	Details of NCR		

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad

Page 47 of 52

Pukin Grouping: Annual Surveillance Assessment (ASA-02)

3 / 4 Minor	4.2.3	Date issued: 9 November 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 26 April 2013
		Nonconformance: EFB mulching in the inter-row of mature palms had been spread in heaps of up to 4 layers e.g. at Field 94D at Pukin estate. This is not in accordance with the company procedure which states EFB should be spread in the inter-row in a single layer.		
		Root Cause and Corrective Action (replied): The procedure was not strictly followed and monitored by the field personnel. Training was provided to EFB shovel driver on EFB application as the procedure on 19/11/2012		
		Verification (for effective closure – on site): Corrective active plan and supporting documents submitted has been verified to be acceptable. (Note: Above reply received on 4 Dec 2012). Verification was done during the current surveillance audit. It was confirmed that the training has been provided to EFB shovel driver as mentioned above and the subsequent EFB application has been implemented satisfactorily.		
NCR #	MYNI Indicator	Details of NCR		
4 / 4 Minor	5.3.2	Date issued: 9 November 2012	Date due: (Within 30 days of NCR issuance)	Date closed: 26 April 2013
		Nonconformance: At Segamat estate, the bund capacity for the diesel tank was insufficient. to contain at the minimum of 110% of the diesel tank volume.		
		Root Cause and Corrective Action (replied): Estate personnel were not aware of the capacity of the bunding made. The estate has appointed a contractor to extend the height of the bunding from current 0.57m to 1.1 m by December 2012 which will be able to meet the 110% capacity needed.		
		Verification (for effective closure – on site): Corrective active plan and supporting documents submitted has been verified to be acceptable. (Note: Above reply received on 4 Dec 2012). Verification was done during the current surveillance audit. It was confirmed that the additional capacity for spillage containment as mentioned above has been completed satisfactorily.		

Year 2013 Annual Surveillance Assessment, ASA-02

NCR #	MYNI Indicator	Details of NCR		
1 / 2 Minor	5.1.2	Date issued: 26 April 2013	Date due: (Within 30 days of NCR issuance)	Date closed:
		Nonconformance: Environment improvement plan implementation and monitoring records were not adequately updated in Shahzan 1 estate		
		Root Cause and Corrective Action (replied): Environmental improvement plan and monitoring records already been updated. Management comments and action taken has been clearly stated in the plan. Records of program for monitoring already constructed and distributed to all the operating units.		

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 48 of 52

		Verification (for effective closure – on site):		
NCR #	MYNI Indicator	Details of NCR		
2/ 2 Minor	6.1.3	Date issued: 26 April 2013	Date due: (Within 30 days of NCR issuance)	Date closed:
		Nonconformance: Records showing monitoring status of social action plans, i.e. annual social plans and mitigation plans from stakeholders consultation are not adequately updated		
		Root Cause and Corrective Action (replied): Mitigation plans from stakeholder's consultation have been adequately updated. Social plan schedule and program has been initiated and implemented immediately to all the operating units		
		Verification (for effective closure – on site):		

3.2.1 Summary of Observations:

No Observations (OBS) were identified in year 2013 Annual Surveillance Assessment, ASA-02.

3.2.2 Identified Positive Elements

1. CSR activities have been done by the IOI Pukin PMU Grouping such as financial funding for education , social and religious activities.
2. OSH activities have been very well implemented and significant activities have been planned for all units within the IOI Pukin PMU Grouping.

3.3 Feedback from Stakeholders and Findings

MICM had obtained some written and verbal feedback from the stakeholders on the environmental and social performance of Pukin Grouping operations in the course of assessment and consultations. During the Annual Surveillance Assessment (ASA-02), all pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings.

There was no negative issue / feedback from the Local Government Agencies, NGOs, Local Community leaders which were invited for comment on the assessment on the Pukin Grouping PMU. Comments reported in the earlier RSPO Summary reports including those performed by other CBs on the other estates within the said PMU region were reviewed with no recent adverse issues needing our further verification.

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 49 of 52

A summary of the feedback communicated to MICM is tabulated below:

Stakeholders' Feedback	PMU Response	MICM verification / comments
Government Agencies		
Malaysian Palm Oil Board (Datuk Dr. Choo Yuen May) via email of 8 October 2012: <ul style="list-style-type: none"> Informed no current issue 	Ongoing consultation with MPOB will be maintained.	Verified during on-site assessment at Pukin PMU that MPOB requirements and reporting has been adhered to.
Non-Governmental Organizations		
Nil	Nil	Nil
Local Communities		
The on-site consultation and feedback session on 8 November 2012 had a total of 24 persons from the local community (comprising 16 Contractor representatives and 8 Neighbouring smallholders) <ul style="list-style-type: none"> Overall the feedback given ranged from satisfactory to good level on the matters pertaining to socio-economic conditions such as infrastructure, road access and maintenance, worker safety, employment and business opportunity and payment terms. Stakeholders generally confirm that the PMU has taken adequate positive measures in the environmental related issues such as protection of water sources and prevention of pollution and soil erosion. 	<ul style="list-style-type: none"> Ongoing social impact and consultations with contractors will be maintained. Ongoing mitigation of any negative social and environmental impacts and consultations with local communities will be maintained. 	Verified during on-site assessment at Pukin PMU that no significant social issues has arisen (see report details under P&C 4,5,6 & 8)
Other Interested parties		
Nil	Nil	Nil

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

At the current period of assessment, the IOI Plantation Group still has a dispute case which is being resolved at Sarawak, Malaysia.

Case: Dispute with the Long Teran Community in Sarawak, Malaysia

Details on the status as updated until 4 February 2013 by the RSPO Secretariat are available as per the web links below:

http://www.rspo.org/en/status_of_complaint&cpid=4

Complainant:

- a. Local Community;
- b. NGO (Grassroots)

Date Filed: 16/03/2010

Nature of complaint: Infringement of P&C 2.2 the right to land use disputed

Synopsis of complaint: Land conflict

IOI Group's certification process for new certifications was suspended in 1/4/11. Both parties have agreed for mediation. Mediator has been engaged through the RSPO Dispute Settlement Facility. Mediation process Stage 1 began in September 2011 and is on-going. (Note: Stage 1 is about Conflict assessment and Agreement to Participate in Mediation. This stage would map the dispute through identifying the parties who should participate in

MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 50 of 52

the mediation and establish a primary agenda of issues that require resolution. It would also seek the commitment of the key parties to enter into mediation, and establish their agreement to the mediation team).

Status of case: Update: 4 Feb 2013 (*Latest status*)

The Dispute Settlement Facility (DSF) has been requested to step-up pre-mediation works with the parties, with a view to bringing the parties to the table by July 2013, for further mediated negotiations to resolve the conflict.

The Complaint Panel (formerly known as the Grievance Panel) has met up in November 2012 to review the status of the IOI-LTK case. The Panel recognizes the efforts and challenges faced by both parties in moving towards resolving the case.

Meanwhile, the Complaint Panel has agreed to lift the suspensions of new certifications by IOI with the exception of IOI-Pelita Plantation (Sarawak), which will not be certifiable until this dispute is resolved.

MICM verification and comment: Based on the above announcement, and at the time of submission of this report in June 2013, there has been no other significant issue made against the IOI Group of Plantations. Therefore, the above outstanding case does not affect the continued certification of IOI – Pukin PMU.

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

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 51 of 52

4.0 Assessment Conclusion and Recommendation

Based on the findings above, IOI Corporation Berhad Pukin Grouping had been able to demonstrate its compliance with the RSPO Principles and Criteria (October 2007), Malaysian National Interpretation (MY-NI 2010) and the RSPO Supply Chain Certification Standard (November 2011) for Palm Oil Mill.

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

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



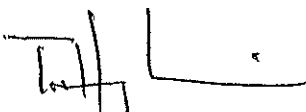
Mr. Mohan Thavarajah
Lead Assessor

Date: 12 June 2013

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI CORPORATION BERHAD



Mr. Too Heng Liew (Head of Sustainability Malaysia & Indonesia)

Date: 12 June 2013



MOODY INTERNATIONAL CERTIFICATION (M) SDN BHD

(188296-W)

Report No.: R2020/10-3 IOI Corporation Berhad
Pukin Grouping: Annual Surveillance Assessment (ASA-02)

Page 52 of 52

4.2 MICM RSPO Certification Details for Pukin Grouping

Certificate No:	RSPO 927888
Issue date:	13 June 2012
Expiry date:	12 June 2017
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Pukin Grouping
Address of POM:	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang
Standards:	RSPO Principles and Criteria (October 2007) Malaysian National Interpretation (MY- NI, November 2010) and RSPO Supply Chain Certification Standards (November 2011) for the Palm Oil Mill
Certification scope:	Production of Crude Palm Oil and Palm Kernels
Supply Chain model for CPO & PK:	Segregated (SG)

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

Name	Address	GPS Reference	
		Latitude	Longitude
Pukin Palm Oil Mill (Capacity: 60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 43'23.0" N	102° 54'41.7" E
Pukin Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E
Shahzan 1 Estate	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 47'58.5" N	102° 50'56.3" E
Shahzan 2 Estate	36km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 48'59.6" N	102° 52'26.5" E
Segamat Estate	Km 5, Jalan Segamat Muar, 85009 Segamat, Johor	02° 29'22.0" N	102° 52'58.5" E

The annual certifiable tonnages of CPO and PK production by Pukin Grouping from the supply base/suppliers as assessed and verified during the current Annual Surveillance Assessment (ASA-02) (based on 2012/13 data) are detailed as follows:

POM	July 2012 / June 2013 -projected		July 2013 / June 2014 - projected	
Total FFB Processed (MT)	278,814.00		284,461.00	
Total CPO Production (MT)	63,430.19	OER:22.75 %	64,714.88	OER:22.75 %
Total PK Production (MT)	13,940.70	KER:5.00 %	14,223.05	KER: 5.00%
SCCS Model for POM	SG		SG	