

# IOI Corporation Berhad

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

PLANTATION MANAGEMENT UNIT

## **Pukin Grouping**

Rompin and Muadzam Shah (Pahang),  
Segamat and Tangkak (Johor), Malaysia



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# Assessment Report

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**RECERTIFICATION ASSESSMENT REPORT**  
**ON RSPO CERTIFICATION**

**PUBLIC SUMMARY REPORT**

**IOI CORPORATION BERHAD**

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

**PLANTATION MANAGEMENT UNIT**  
**Pukin Grouping**

Rompin & Muadzam Shah (Pahang), Segamat & Tangkak (Johor), Malaysia

**Certificate No:**

Original Issued date:

Issue Date:

Expiry date:

**RSPO 927888**

13 Jun 2012

13 Jun 2016

12 Jun 2021

**Assessment Type**

Initial Certification (Main Assessment)

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

cum Extension of Scope

Annual Surveillance Assessment (ASA-04)

Re-Certification Assessment

**Assessment Dates**

8-11 Dec 2010

5-9 Nov 2012

22-26 Apr 2013

08-11 Apr 2014

13-17 Apr 2015

28 Mar – 1 Apr 2016

**Intertek Certification International Sdn Bhd**

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## 1.0 SCOPE OF ASSESSMENT

### 1.1 Introduction

This Re-Certification Assessment was conducted on the Plantation Management Unit (PMU) Pukin Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from 28 Mar - 1 Apr 2016, to assess the organization's operations of the mill and its supply bases for compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Interpretation (MYNI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for the Palm Oil Mill.

Note: 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 and/or managed by IOI.

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

Pukin Grouping consists of 1 palm oil mill, namely Pukin Palm Oil Mill and 7 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° 43'07.9" N	102° 54'28.7" 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
Leepang A Estate	KM 68, Kuantan-Segamat Highway, 26700 Muadzam Shah, Pahang.	03° 00'36.1" N	103° 01'48.0" E
Laukin A Estate	KM 72, Kuantan-Segamat Highway, 26700 Muadzam Shah, Pahang.	03° 01'26.1" N	103° 02'33.0" E
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E

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### 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 7 estates which are owned by IOI. Verification done on site during Re-Certification Assessment confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

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

**Table 2: Estate Area Summary**

Estate	Area Summary (ha) – FY Jul 2013/ Jun 2014		Area Summary (ha) – FY Jul 2014 / Jun 2015		Area Summary (ha) – – FY Jul 2015 / Jun 2016	
	Certified Area	Planted Area	Certified Area	Planted Area	Certified Area	Planted Area
Pukin Estate	2,437.26	2,188.00	2,437.26	2,188.00	2,437.26	2,188.00
Shahzan 1 Estate	1,562.95	1,517.00	1,562.95	1,517.00	1,562.95	1,518.00
Shahzan 2 Estate	1,640.77	1,602.00	1,640.77	1,602.00	1,640.77	1,601.00
Segamat Estate	1,921.62	1,779.00	1,921.62	1,779.00	1,916.27	1,738.00
Leepang A Estate	2403.70	1,829.00	2403.70	1,829.00	2,403.70	1,829.00
Laukin A Estate	1,619.90	1,051.00	1,619.90	1,051.00	1,619.90	1,051.00
Bukit Serampang Estate	2,564.46	2,558.00	2,564.46	2,558.00	2,564.46	2,558.00
<b>Total:</b>	<b>14,150.66</b>	<b>12,524.00</b>	<b>14,150.66</b>	<b>12,524.00</b>	<b>14,145.31</b>	<b>12,483.00</b>
<b>Percentage:</b>	<b>100%</b>	<b>88.50%</b>	<b>100%</b>	<b>88.50%</b>	<b>100 %</b>	<b>88.25%</b>

**Notes:**

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

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### 1.4 Summary of plantings and cycle

The 7 estates been developed since 1989 and all are presently in the 2<sup>nd</sup> cycle of planting. The age profile is as shown in Table 3.

**Table 3: Age Profile of Planted Oil Palm - Jul 2015 / Jun 2016**

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
1.Pukin Estate	2007-2010	2 <sup>nd</sup>	2,188	0	2,188
	2004-2007	2 <sup>nd</sup>			
	1994-2003	1 <sup>st</sup>			
2.Shahzan 1 Estate	2003	1 <sup>st</sup>	1,518	0	1,518
3.Shahzan 2 Estate	2002-2003	1 <sup>st</sup>	1,601	0	1,601
4.Segamat Estate	2013-2016	2 <sup>nd</sup>	1,488	250	1,738
	2004-2006	2 <sup>nd</sup>			
	1994-2003	2 <sup>nd</sup>			
	1989-1993	1 <sup>st</sup>			
5. Leepang A Estate	2002	1 <sup>st</sup>	1,829	0	1,829
	2001	1 <sup>st</sup>			
6. Laukin A Estate	2002	1 <sup>st</sup>	1,051	0	1,051
7. Bukit Serampang Estate	2011-2012	2 <sup>nd</sup>	2,462	96	2,558
	2007	2 <sup>nd</sup>			
	1999-2002	2 <sup>nd</sup>			
	1993-1998	1 <sup>st</sup>			
		<b>Total</b>	<b>12,137</b>	<b>346</b>	<b>12,483</b>

### 1.5 Summary of Land Use - Conservation and HCV Areas

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

**Table 4: Conservation and HCV Areas**

#	Statement of Land Use (Ha)	2014 / 2015 Hectarage – Ha	2015 / 2016 Hectarage – Ha
<b>1</b>	<b>Planted Area (ha) – Oil Palm</b>		
	- Mature (Production)	12,309	12,137
	- Immature (Non-Production)	215	346
<b>2</b>	<b>Conservation Area (ha)</b>		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	23	* 923
<b>3</b>	<b>HCV Area (ha)</b>		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	15	15

Note: \* Conservation area has presently included the unplatable areas at Leepang A estate (about 430 ha) and

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Laukin A estate (about 470 ha) as surveyed by IOI-GIS in Nov / Dec 2015.

### **1.6 Other certifications held and Use of RSPO Trademarks**

IOI-Pukin Grouping is also certified to the International Sustainability and Carbon Certification (ISCC). 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 of commitment agreeing to adhere to the latest "RSPO Rules on Communications & Claims" during the assessment.

### **1.7 Organizational information / Contact Person**

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### 1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Pukin Grouping based on the reporting period for current assessment are as shown in Table 5 below:

**Table 5: Tonnages Verified for Certification**

(Reporting period 01 Jul 2015 until 30 Jun 2016 - Actual 9 months + projected 3 months)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	RSPO P&C Certification By CB
1.	Pukin estate	49,084	Pukin Oil Mill	Intertek
2.	Segamat estate	27,893	Pukin Oil Mill	Intertek
3.	Shahzan 1 estate	39,910	Pukin Oil Mill	Intertek
4.	Shahzan 2 estate	45,510	Pukin Oil Mill	Intertek
5.	Leepang A estate	42,370	Pukin Oil Mill	Intertek
6.	Laukin A estate	23,313	Pukin Oil Mill	Intertek
7.	Bukit Serampang estate	43,982	Pukin Oil Mill	Intertek
<b>A</b>	<b>Sub-Total Pukin PMU estates</b>	<b>272,062</b>		
8.	Merchong estate	4,103	Bukit Leelau Oil Mill	SIRIM
9.	Mekassar estate	2,585	Bukit Leelau Oil Mill	SIRIM
10.	Bukit Leelau estate	870	Bukit Leelau Oil Mill	SIRIM
11.	Detas estate	990	Bukit Leelau Oil Mill	SIRIM
<b>B</b>	<b>Sub-Total other IOI certified estates:</b>	<b>8,548</b>		
<b>C</b>	<b>Grand total:</b>	<b>280,610</b>		

1.8.2 Total annual tonnages of FFB supplied from the supply base to Pukin Grouping POM during the previous period, current assessment and projected period are as shown in Table 6 below:

**Table 6: Annual Tonnages of FFB**

Estate / Supplier	FFB Processed in Jul 2014/ Jun 2015 - Actual		FFB Processed in Jul 2015/ Jun 2016 - Actual + Projected		FFB Processed in Jul 2016/ Jun 2017 - Projected	
	MT	%	MT	%	MT	%
Pukin Grouping	291,406.95	98	272,062	97	310,000	100
Other Suppliers (certified PMUs under IOI Group)	5,832.44	2	8,548	3	0	0
<b>Total</b>	297,239.39	100	280,610	100.00	310,000	100
SCCS Model for POM	SG/IP		IP		IP	



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1.8.3 The annual certified tonnages of CPO and PK production by the PMU from the supply base/suppliers as assessed and verified during the current assessment (based on 2015 / 2016 data) are detailed as shown in Table 7 below:

**Table 7: Annual Certified Tonnages of CPO and PK – 2016**

POM	Jul 2014/ Jun 2015 - Actual		Jul 2015/ Jun 2016 - Actual + Projected		Jul 2016/ Jun 2017 - Projected	
<b>Total Certified FFB Processed (MT)</b>	297,239.39		280,610		310,000	
<b>Total Certified CPO Production (MT)</b>	66,559.68	OER: 22.39%	63,249	OER: 22.54%	70,525	OER: 22.75%
<b>Total Certified PK Production (MT)</b>	14,103.17	KER: 4.74%	13,800	KER: 4.92%	15,345	KER: 4.95%

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

### 1.9 Time Bound Plan for Other Plantation Management Units

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

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

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

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

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

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

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

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

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

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

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### 1.10 Abbreviations Used

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

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## 2.0 ASSESSMENT PROCESS

### 2.1 Assessment Methodology, Plan and Site Visits

Since 18 Feb 2016, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on Pukin Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 28 Mar -1 Apr 2016, the Assessment team conducted the current assessment in which 3 out of the 7 estates of Pukin Grouping namely Shahzan 2, Leepang A and Bukit Serampang 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 (SOP), management plans, hectarage 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 of RSPO Supply Chain Certification Standard (Nov 2014) 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 the 'Identity Preserved' - IP Module requirements. These include documented procedure, purchasing and goods in, record keeping, sales and goods out, processing, monitoring and traceability of the CSPO and CSPK quantities, training for staff and claims.

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

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

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

### 2.2 Date of next scheduled visit

The next scheduled visit will be the Annual Surveillance Assessment (for the next 5-year certification cycle) which will be carried out within a 12-month period prior to the annual certificate anniversary / (eTrace license) expiry date.

### 2.3 Qualifications of the Lead Assessor and Assessment Team

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

### 2.4 Certification Body

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

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## 2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

### Government Agencies (by emails)

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

### Statutory Bodies (by emails)

25. Malaysian Palm Oil Board (MPOB)
26. Malaysian Palm Oil Board (MPOB) - Northern Region
27. Malaysian Palm Oil Board (MPOB) - Central Region
28. Malaysian Palm Oil Board (MPOB) - Southern Region
29. Malaysian Palm Oil Board (MPOB) - Eastern Region
30. Malaysian Palm Oil Board (MPOB) - Sarawak Region
31. Malaysian Palm Oil Board (MPOB) - Sabah Region
32. Malaysia Palm Oil Association (MPOA)
33. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
34. Malaysia Palm Oil Association Sabah (MPOA)

### NGOs (by emails)

35. All Women's Action Society (AWAM)
36. BCSDM - Business Council for Sustainable Development in Malaysia
37. Borneo Child Aid Society (Humana)
38. Borneo Resources Institute Malaysia (BRIMAS)
39. Borneo Rhino Alliance (BORA)
40. Center for Orang Asli Concerns COAC

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41. Centre for Environment, Technology and Development, Malaysia - CETDEM
42. Consumers Association Of Penang - CAP
43. Eco Knights
44. ENO Asia Environment
45. Environmental Management and Research Association of Malaysia (ENSEARCH)
46. Environmental Protection Society Malaysia (EPSM)
47. Friends of the Earth, Malaysia
48. Future in Our Hands Society, Malaysia
49. Global Environment Centre
50. HUTAN - Kinabatangan Orang-utan Conservation Programme
51. Institute of Foresters, Malaysia (IRIM)
52. JUST - International Movement for a Just World
53. Malaysian CropLife & Public Health Association (MCPA)
54. Malaysian Environmental NGOs - MENGO
55. Malaysian National Animal Welfare Foundation – MNAWF
56. Malaysian Nature Society Johor
57. Malaysian Nature Society Pahang
58. Malaysian Plant Protection Society (MAPPS)
59. National Council of Welfare & Social Development Malaysia - NCWSDM
60. National Union of Plantation Workers (NUPW)
61. Partners of Community Organisations (PACOS)
62. Pesticide Action Network Asia and the Pacific (PAN AP)
63. Proforest - South East Asia Regional Office
64. R.E.A.C.H. - Regional Environmental Awareness Cameron Highlands
65. SUARAM - Suara Rakyat Malaysia
66. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
67. Sustainable Development Network Malaysia (SUSDEN)
68. Tenaganita Sdn Bhd
69. The Malaysian Forum of Environmental Journalist (MFEJ)
70. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
71. Transparency International - Malaysian Chapter
72. Treat Every Environment Special Sdn Bhd. (TrEES)
73. UNION – AMESU
74. United Nations Development Programme - UNDP Malaysia
75. Wetlands International (Malaysia)
76. Wild Asia Sdn Bhd
77. World Wide Fund for Nature (WWF) Malaysia

Local community (On-site interviews)

78. Consultative Committee & Gender representatives
79. Workers & Workers representatives
80. Village Heads & representatives
81. Suppliers & Contractors representatives

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### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of findings

##### Principle 1: Commitment to transparency

<b>Criterion 1.1</b>		
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>1.1.1</b> There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p><b>Minor Compliance</b></p>	<p>The PMU has established and implemented documented procedures (Stakeholder Request – Corporate Level, Stakeholder Request – POM Level, Stakeholder Request – Estate Level) for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>The procedure includes handling responses and requests from stakeholders.</p> <p>Records of participation and decision plans were verified to be maintained.</p> <p>This was evident from records of visits, inspections, minutes of meetings, attendance notes and correspondence with stakeholders such as DOSH (JKKP), DOE (JAS), BOMBA, TNB, MPOB and Energy Commission (“Suruhanjaya Tenaga”), employee consultative committees and local community leaders.</p> <p>Note: Public notification for stakeholder consultation prior Re-certification assessment of the PMU was made on 18 Feb 2016. See details of Stakeholder feedback under <b>section 3.3</b></p>	Complied
<p><b>1.1.2</b> Records of requests for information and responses shall be maintained.</p> <p><b>Major Compliance</b></p>	<p>The PMU had established and maintained an updated list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The PMU had conducted its internal and external stakeholder consultations in between 2 and 16 Mar 2016 at the POM and respective estates.</p> <p>Meeting minutes were maintained. Noted that the various categories of stakeholders were consulted. There were no complaints/ grievances or negative remarks.</p> <p>Records maintained were easily retrievable and made available upon request during the assessment.</p>	Complied
<b>Criterion 1.2</b>		
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>1.2.1</b> Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <p><b>Major Compliance</b></p>	<p>Management documents’ relating to environmental, social and legal issues was verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ e.g. website link:  <a href="http://www.ioigroup.com/business/busi_plantoverview.cfm">http://www.ioigroup.com/business/busi_plantoverview.cfm</a></p> <p>The organization’s policies declared that upon request, the following types of mandatory documents are available to the public:</p>	Complied

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	<ul style="list-style-type: none"> <li>• land titles/user rights,</li> <li>• occupational health and safety plan,</li> <li>• plans and impact assessments relating to environment and social impacts,</li> <li>• pollution prevention plans,</li> <li>• details of complaints &amp; grievances,</li> <li>• negotiation procedures</li> <li>• continuous improvement plan</li> <li>• Public summary of certification assessment report.</li> </ul> <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention.</p>	
<ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> </ul>	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	Complied
<ul style="list-style-type: none"> <li>• Occupational health and safety plans (Criterion 4.7);</li> </ul>	<p>Detailed Occupational Safety and Health Plan has been established and documented by the Safety &amp; Health Manager Plantations (Malaysia) and approved by the respective manager for mill and estates in Pukin POM Grouping. The Plan had been reviewed (annually) and up-dated for the POM and estates. The OSH Program was displayed prominently in notice boards in the Mill and respective estates. An effective level of activities and action items were planned and progressively implemented for FY2015/2016.</p> <p>Policy and HIRAC documented for both mill and estates. The HIRAC was also reviewed for the POM and estates in Jan and Feb 2016.</p> <p>The OSHA Plan include the establishment and implementation of CHRA, medical surveillance, Emergency Drill, First Aid training, Line site Inspection, Chemical Store Inspection, Audiometric test, PPE training, etc.</p> <p>POM has conducted the Emergency Preparedness (ERP). Safety Committee meetings held quarterly in year 2015. Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	Complied
<ul style="list-style-type: none"> <li>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</li> </ul>	<p>Environmental aspect and impact assessment conducted for the POM and estates and reviewed in Feb 2016 Management action plan documented and implemented.</p> <p>Social Impact Assessment carried out and suitably reviewed on Jan 2016 by the IOI Sustainability Team together with the respective Mill and Estate Managers. Positive and negative impacts and action plan documented.</p>	Complied
<ul style="list-style-type: none"> <li>• HCV documentation summary (Criteria 5.2 and 7.3);</li> </ul>	<p>The Assessment reports on 'Internal HCV and Conservation Areas' for FY2015/2016 were available. It was verified that the Management Action Plans for HCV and Conservation areas were being monitored and progressively implemented at the respective Estates.</p>	Complied
<ul style="list-style-type: none"> <li>• Pollution prevention and reduction plans (Criterion 5.6);</li> </ul>	<p>Pollution Prevention Management Plans were reviewed in for FY2015/2016. Action items include measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, schedule wastes (chemicals, drums, tyres, used PPE, hydraulic oil) and organic/domestic wastes disposal, reuse and</p>	Complied

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	recycling (paper, glass, scrap iron).	
<ul style="list-style-type: none"> <li>Details of complaints and grievances (Criterion 6.3);</li> </ul>	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. ECC (Employees Consultative Committee) representatives interviewed had confirmed that there were no serious issues which warrant major actions from the PMU Management.</p> <p>Logbook entries were examined and found to be in order. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p>	Complied
<ul style="list-style-type: none"> <li>Negotiation procedures (Criterion 6.4);</li> </ul>	<p>Presently, there is no conflict/dispute requiring negotiation or compensation pertaining to this criterion at this PMU.</p> <p>Negotiation procedure and flowchart was maintained</p> <p>Note: The status on the ongoing negotiations on land issues against IOI Group plantations at Sarawak and Kalimantan, Indonesia were accessible via website link: <a href="http://www.rspo.org/members/status-of-complaints">http://www.rspo.org/members/status-of-complaints</a></p> <p>Refer also to details in <b>Section 1.9: Timebound Plan</b></p>	Complied
<ul style="list-style-type: none"> <li>Continual improvement plans (Criterion 8.1);</li> </ul>	<p>The PMU has identified, documented and implemented Continuous Improvement Plans in key operations for the mill and estates.</p> <p>The plans includes bio-polishing for reduction in BOD level, biogas plant, reduction in the consumption of pesticides, cultivation of beneficial plants, recycling, pollution prevention and environmental and social programs.</p> <p>Monitoring and implementation of the Continuous Improvement Plans is progressively ongoing. Verified that reviews were done by the Mill and Estate Managers in Jan and Feb 2016.</p>	Complied
<ul style="list-style-type: none"> <li>Public summary of certification assessment report;</li> </ul>	Public summary of certification assessment reports are available from the company upon request.	Complied
<ul style="list-style-type: none"> <li>Human Rights Policy (Criterion 6.13).</li> </ul>	Human Rights & Workplace Policy contained within the Sustainability Policy Statement dated Mar 2014 signed by the CEO. Copies of the policy found to be displayed at prominent locations in the POM and estates.	Complied

### Criterion 1.3

Growers and millers commit to ethical conduct in all business operations and transactions.

Indicators	Findings and Objective Evidence	Compliance
<p><b>1.3.1</b> There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p><b>Minor Compliance</b></p>	<p>The Policy of commitment to a Code of Ethical Conduct has been documented and signed by the Group Executive Director and communicated to all levels of the workforce and operations. Copies of the policy found to be displayed at prominent locations in the POM and estates.</p> <p>There is a booklet containing details of the Code of Business Conduct and Ethics.</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
<p><b>2.1.1</b> Evidence of compliance with relevant legal requirements shall be available.</p>	At the PMU, a legal register covering the applicable local and international laws and regulations are available. Compliance to each law and regulation is monitored by the PMU.	Complied



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<p><b>Major Compliance</b></p>	<p>The relevant laws and legislations identified and listed cover safety and health, environment, pollution management, chemical handling, usage &amp; storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p> <p>Based on the site observations, interviews and records checking at the POM and estates, there was sufficient evidence of compliance with the relevant laws, regulations, local and international laws.</p> <p>Licenses and permits (License for Foreign Workers Employment, Workers Wages Deduction Permit, License for Controlled Items – Diesel and Fertilizer, MPOB license, DOSH Certificate, DOE license, BOMBA Fire Certificate, Energy Commission License, etc.) were monitored for their expiry dates and found to be renewed and valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilerman and chargeman were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a Boiler Register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</p> <p>Legal documents (work permits, passports) of foreign workers such as Indonesian and Bangladeshi, are available in the respective estates.</p> <p>Insurance for foreign workers in estates under MSIG Insurance and RHB Insurance Bhd.</p> <p>Note: There are no foreign workers in the POM.</p>	
<p><b>2.1.2</b> A documented system, which includes written information on legal requirements, shall be maintained. <b>Minor Compliance</b></p>	<p>The PMU has established and implemented a documented procedure for identifying, determining, reviewing and updating applicable legal and other requirements. It included the listing of laws and regulations that were being monitored for changes and reference.</p>	<p>Complied</p>
<p><b>2.1.3</b> A mechanism for ensuring compliance shall be implemented. <b>Minor Compliance</b></p>	<p>Monitoring mechanism was done through a yearly evaluation checked against the items in the Legal Register.</p>	<p>Complied</p>
<p><b>2.1.4</b> A system for tracking any changes in the law shall be</p>	<p>Changes in the relevant laws are communicated and received from the IOI Group HQ. The PMU subsequently ensured that the changes and tracking conducted was adequately updated.</p>	<p>Complied</p>

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implemented. <b>Minor Compliance</b>	Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.	
<b>Criterion 2.2</b> The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>2.2.1</b> Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. <b>Major Compliance</b>	Land ownership or lease for the POM and estates found to be in order. There is no change in the land ownership since the last assessment. Copies of the land titles of the POM and estates were maintained and found to be in proper order. The original copies are maintained by the Corporate Head Office. The legal use of the land was confirmed for the cultivation of oil palms and agricultural use.	Complied
<b>2.2.2</b> There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. <b>Minor Compliance</b>	It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palm and agricultural use. Locations of several boundary stones and pole markers were visited and verified to be within the boundary parameters of the estates. Demarcation was also evidenced by the dug up trenches and drains which were adjacent to neighboring estates.	Complied
<b>2.2.3</b> Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). <b>Minor Compliance</b>	There has been no dispute on the land rights in the PMU. As such, the process of fair compensation and FPIC is currently not applied.	Complied
<b>2.2.4</b> There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. <b>Major Compliance</b>	The estate lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area. The existing estates are not encumbered by any customary land rights and therefore participatory mapping is not required.	Complied
<b>2.2.5</b> For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). <b>Minor Compliance</b>	No land disputes in the PMU. As such the process of participatory mapping is not applicable for verification of implementation.	Not applicable
<b>2.2.6</b> To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. <b>Major Compliance</b>	No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.	Not applicable
<b>Criterion 2.3</b> Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.		

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Indicators	Findings and Objective Evidence	Compliance
<p><b>2.3.1</b> Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p> <p><b>Major Compliance</b></p>	<p>The estate lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area. The existing estates are not encumbered by any customary land rights and therefore participatory mapping is not required. Existing maps available at the PMU are verified to be within the legal boundaries of the PMU.</p>	Complied
<p><b>2.3.2</b> Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p><b>Minor Compliance</b></p>	<p>The estate lands were acquired from private plantation owners since 1990s or leased from the States of Pahang and Johor since year 2000 for a period of 99 years. Records are available to show such land acquisition complied with legal requirements without infringement of any legal rights that require free, prior and informed consent (FPIC).</p>	Complied
<p><b>2.3.3</b> All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p><b>Minor Compliance</b></p>	<p>The estate lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area. No conflict or dispute over the lands in the PMU. As such, this process is not available for verification.</p>	Not applicable
<p><b>2.3.4</b> Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p><b>Major Compliance</b></p>	<p>The estate lands at the PMU are legally owned or leased by IOI and no other users were identified in the land area. No conflict or dispute over the lands in the PMU. As such, this process is not available for verification.</p>	Not applicable

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

<b>Criterion 3.1</b>		
There is an implemented management plan that aims to achieve long-term economic and financial viability.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>3.1.1</b> A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for</p>	<p>Business Plans for five (5) years (till FY2020/2021) had been prepared by the Palm Oil Mill and the respective estates. Details of the Business Plans for the POM include the following:</p>	Complied

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<p>scheme smallholders.</p> <p><b>Major Compliance</b></p>	<p>(1) Mill extraction rates = OER and KER trends;</p> <p>(2) Cost of Production = Cost/MT CPO trends;</p> <p>(3) Forecast prices;</p> <p>(4) Financial indicators = Cost of labour, cost of supervision, depreciation costs, salaries/allowances, cost of materials, etc.).</p> <p>Details of the Business Plans for the estates include the following:</p> <p>(1) Replanting program (planting materials are DxP seedling;</p> <p>(2) Crop projection = FFB yield/ha trends;</p> <p>(3) Cost of Production = Cost/MT FFB trends;</p> <p>(4) Forecast prices;</p> <p>(5) Financial indicators = Cost of upkeep &amp; cultivation, harvesting &amp; collection cost, depreciation, cost of materials, cost of labour, cost of supervision, utilities, transport, depreciation costs, salaries/allowances, cost of materials, etc.).</p> <p>The Business Plans also include provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety &amp; Health, training, etc.).</p> <p>Mill and Estate Managers monitor the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.)</p> <p>There is evidence of monitoring of costs against budget to achieve specified targets.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the HQ.</p>	
<p><b>3.1.2</b> An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p><b>Minor Compliance</b></p>	<p>Annual replanting program were available and had been prepared up to FY2020/2021 for the estates.</p> <p>There would be no replanting on Shahzan 2 and Leepang A estates for the next twenty (20) years as the palms were replanted between 2001 and 2003. Replanting at Bukit Serampang estate had completed in 2012.</p>	Complied

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

#### Criteria 4.1

Operating procedures are appropriately documented, consistently implemented and monitored.

Indicators	Findings and Objective Evidence	Compliance
<p><b>4.1.1</b> Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p><b>Major Compliance</b></p>	<p>Documents on SOP had been maintained by the POM and the Estates which were verified to be in order.</p> <p>POM has documented the following SOPs:</p> <ol style="list-style-type: none"> <li>1. Group SOP for Palm Oil Mill Operations covering every station from FFB receiving until the delivery of processed oil and POME management.</li> <li>2. Laboratory Operation Manual (01/01/2008) Issue 1.</li> <li>3. SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling.</li> <li>4. Occupational Safety &amp; Health Manual and OSH Management System documents. The SOP for safe working practices includes hazards identification, risk assessment and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at</li> </ol>	Complied

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	<p>heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and “permit to work system” for the mill. Records of ‘Permit to Work’ including gas entry and stand-by permits issued by NIOSH to the competent personnel at the POM was verified to be maintained and found to be in order.</p> <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> <li>1. Group SOP for Estate Operation. The SOP describes operational procedure for oil palm DxP seed production, planting density, pre-nursery seedlings, land clearing &amp; preparation, oil palm planting technique, leguminous cover plant, fertilizer application for immature &amp; mature palms, weeding, integrated management of rat control, bagworm control, road maintenance, workshop, harvesting, buffalo healthcare, etc. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators.</li> <li>2. SOP for riparian zone management with specified buffer zones. Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</li> </ol>	
<p><b>4.1.2</b> A mechanism to check consistent implementation of procedures shall be in place.  <b>Minor Compliance</b></p>	<p>The implementation of the SOPs was verified to be consistently performed.</p> <p>Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records would be checked by the Assistant Manager and the Manager regularly.</p> <p>On-site assessment confirmed that the records were satisfactorily maintained.</p>	<p>Complied</p>
<p><b>4.1.3</b> Records of monitoring and any actions taken shall be maintained and available, as appropriate.  <b>Minor Compliance</b></p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates.</p> <p>Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying and manuring operations were carried out at the 3 estates visited i.e. Shahzan 2, Leepang A and Bukit Serampang as was stated in the Muster chits.</p>	<p>Complied</p>
<p><b>4.1.4</b> The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB).  <b>Major Compliance</b></p>	<p>The mill did not source any FFB from third-party. The entire crop was supplied by the estates within the company as verified from the records that indicate the source origin of FFB.</p>	<p>Complied</p>
<p><b>Criteria 4.2</b>  Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.2.1</b> There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible.  <b>Minor Compliance</b></p>	<p>Annual fertilizer inputs had been monitored through fertilizer recommendations made by IOI Research Centre. Recommendations by the Agronomist had been viewed and verified. Agronomist reports at estates audited were sighted e.g. report dated 24 Nov 2015 was sighted at Leepang A estate.</p> <p>GAP for minimization of soil erosion and maintenance of soil fertility is maintained via the frond stacking and fertilizer application as per the recommendation provided by the Agronomist.</p> <p>These had been verified through the records for fertilizer application and observation during field visit. Evidences provided were verified as following good agricultural practices.</p> <p>Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels.</p> <p>Noted that proper pesticide/herbicide spraying had also been done.</p>	<p>Complied</p>

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<p><b>4.2.2</b> Records of fertiliser inputs shall be maintained.  <b>Minor Compliance</b></p>	<p>Records of fertilizer application had been verified to be in order.</p>	<p>Complied</p>
<p><b>4.2.3</b> There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status.  <b>Minor Compliance</b></p>	<p>Leaf sampling and analysis had been carried out annually and soil sampling and analysis on a 5 year cycle (2014-2019) was available to determine the nutrient levels.   Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.   Records of the sampling and analysis had been verified to be satisfactory.</p>	<p>Complied</p>
<p><b>4.2.4</b> A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues.  <b>Minor Compliance</b></p>	<p>Geotubes are still in used to filter the solid from the POME and the solid would be used by the estates for field application as organic fertilizer.   Circle EFB mulching had been carried out at immature palms and for mature areas along the inter-row. Records of the quantities of EFB mulching including locations applied are maintained.   Land irrigation of effluent water discharges had ceased since 2014. Verified that dried POME are bagged and applied in the designated field blocks at the estates audited.</p>	<p>Complied</p>
<p><b>Criteria 4.3</b>  Practices minimise and control erosion and degradation of soils.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.3.1</b> Maps of any fragile/marginal soils shall be available.  <b>Major Compliance</b></p>	<p>Based on the soil maps and field visit verification, there was no fragile soil or marginal soil existence on the estates.  Soil series noted are as follows:  Leepang A estate: mainly Bungor, Serdang and Rengam  Shahzan 2 estate: mainly Sogomana, Durian and Segamat.  Bkt Serampang estate: mainly Marang, Laterite and Munchong.</p>	<p>Complied</p>
<p><b>4.3.2</b> A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP.  <b>Minor Compliance</b></p>	<p>The PMU has a SOP (Best Management Practices) for erosion control during replanting or any activities involving earth disturbance. Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.   There was no soil erosion noted during the field visit. No soil erosion encountered at estates audited as leguminous cover crop, <i>macuna bracteata</i> was well established.   Planting terraces constructed on land with slope more than 6°. Records and maps on terraces constructed had been verified on the estates such as at Bukit Serampang.</p>	<p>Complied</p>
<p><b>4.3.3</b> A road maintenance programme shall be in place.  <b>Minor Compliance</b></p>	<p>Road maintenance programmes for 2015/2016 verified to be implemented progressively. The programme covers road grading and patching. Estate roads were noted to be satisfactorily maintained at the fields visit.</p>	<p>Complied</p>
<p><b>4.3.4</b> Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.  <b>Major Compliance</b></p>	<p>It was confirmed during assessment on site that there is no peat soil on the estates.</p>	<p>Not Applicable</p>
<p><b>4.3.5</b> Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing.  <b>Minor Compliance</b></p>	<p>There was no peat soil on the estates as confirmed by auditor's on-site assessment</p>	<p>Not Applicable</p>

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<p><b>4.3.6</b> A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils).  <b>Minor Compliance</b></p>	<p>Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.</p>	<p>Complied</p>
<p><b>Criteria 4.4</b>  Practices maintain the quality and availability of surface and ground water.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.4.1</b> An implemented water management plan shall be in place.  <b>Minor Compliance</b></p>	<p>Documented water management plan verified to be in place for the palm oil mill and estates. The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>Water samples were taken at monthly interval at the inlet and outlet of the final discharge at the palm oil mill effluent pond. Also, water samples taken twice a year at upstream, midstream and downstream of streams. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil &amp; Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>The water supply for domestic use to staff and workers' housing at Segamat Estate is piped water from the water treatment plant operated by the government utility company. Suruhanjaya Perkhidmatan Air Negeri (SPAN) that comply with the Specification for Drinking Water Quality.</p> <p>The water for domestic use at Shahzan 1 Estate is extracted from tube well underground. Water samples taken twice a year and tests carried out on parameters (turbidity, E. Coli, Total Coliform, aluminum, iron, manganese, etc.) to meet the SPAN and Ministry of Health Specification for Drinking Water Quality.</p> <p>The water for domestic use at Pukin Estate is from the water treatment plant in the POM that draws water from Sungai Pukin. Water samples taken twice a year and tests carried out on parameters to meet the SPAN and Ministry of Health Specification for Drinking Water Quality.</p> <p>Rainfall data found to be monitored as part of the water management plan.</p> <p>There was no construction of bunds/ weirs/dams across the rivers or waterways passing through the estates.</p>	<p>Complied</p>
<p><b>4.4.2</b> Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated.  <b>Major Compliance</b></p>	<p>Appropriate buffer zones with signages and markings had been maintained along streams passing through Leepang A and Shahzan 2 estates.</p>	<p>Complied</p>
<p><b>4.4.3</b> Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6).  <b>Minor Compliance</b></p>	<p>The water at the outlet of the final discharge point of the palm oil mill effluent pond was analyzed at monthly intervals for pH, BOD, COD, Total Solids, Suspended Solids, oil &amp; grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirement of &lt;100 ppm.</p> <p>Stack emission monitoring by CEMS – Refer to 5.6.3</p>	<p>Complied</p>
<p><b>4.4.4</b> Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored.  <b>Minor Compliance</b></p>	<p>Water usage in the mill from Jan 2015 to Jan 2016 ranged from 1.61 to 2.24 m<sup>3</sup>/tonne FFB.</p> <p>The average of 2.1 m<sup>3</sup>/tonne FFB which noted to be above the industrial norm of 1.2m<sup>3</sup> to 1.5 m<sup>3</sup>/tonne FFB.</p>	<p>Complied</p>
<p><b>Criteria 4.5</b></p>		

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Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.

Indicators	Findings and Objective Evidence	Compliance																								
<p><b>4.5.1</b> Implementation of Integrated Pest Management (IPM) plans shall be monitored.  <b>Major Compliance</b></p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>The programme for planting of the beneficial plants was available at the estates audited but need improvement.</p> <p><b>Observation issued:</b>  <b>Monitoring of Beneficial Plants.</b>  <b>The locations, type and quantities of beneficial plants i.e. <i>Cassia cobanensis</i> (60%), <i>Antigonon leptopus</i> (20%) and <i>Turnera subulata</i> (20%) need to be more consistently adhered as <i>Tunera subulata</i> is noted to be mainly planted.</b></p> <p>Records on areas planted with <i>Tunera subulata</i> as verified together with the respective maps were as follows:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Additional</th> </tr> </thead> <tbody> <tr> <td>Leepang A estate</td> <td style="text-align: center;">6.6 km</td> <td style="text-align: center;">5.0 km</td> </tr> <tr> <td>Bkt Serampang estate</td> <td style="text-align: center;">7.0 km</td> <td style="text-align: center;">5.5 km</td> </tr> <tr> <td>Shahzan 2 estate</td> <td style="text-align: center;">5.5 km</td> <td style="text-align: center;">6.0 km</td> </tr> </tbody> </table> <p>Barn owl also used for the control of rodents. Barn Owl boxes census carried out and location maps available. The no. of barn owl boxes were as follows:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Additional</th> </tr> </thead> <tbody> <tr> <td>Leepang A estate</td> <td style="text-align: center;">80</td> <td style="text-align: center;">62</td> </tr> <tr> <td>Bkt Serampang estate</td> <td style="text-align: center;">86</td> <td style="text-align: center;">84</td> </tr> <tr> <td>Shahzan 2 estate</td> <td style="text-align: center;">138</td> <td style="text-align: center;">32</td> </tr> </tbody> </table> <p>Pest infestation was minimal on the estates. No cases of infestation by other pests (bagworms and rhinoceros beetle).</p>		Current	Additional	Leepang A estate	6.6 km	5.0 km	Bkt Serampang estate	7.0 km	5.5 km	Shahzan 2 estate	5.5 km	6.0 km		Current	Additional	Leepang A estate	80	62	Bkt Serampang estate	86	84	Shahzan 2 estate	138	32	<p><b>OBS: AL-01</b></p>
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<p><b>4.5.2</b> Training of those involved in IPM implementation shall be demonstrated.  <b>Minor Compliance</b></p>	<p>IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.</p>	<p>Complied</p>																								
<p><b>Criteria 4.6</b>  Pesticides are used in ways that do not endanger health or the environment.</p>																										
Indicators	Findings and Objective Evidence	Compliance																								
<p><b>4.6.1</b> Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available.  <b>Major Compliance</b></p>	<p>Register of agrochemicals use with written justification had been reviewed. The types of chemicals used are as follows:</p> <ol style="list-style-type: none"> <li>(1) Glyphosate isopropyl amine - Supremo</li> <li>(2) Metsulfuron methyl – Kenlly / Ellytech</li> <li>(3) 2, 4 - dimethy amine – 2,4-D Amine</li> <li>(4) Triclopyr Butoxyethyl Esther – Kenlon / Garlon</li> </ol> <p>Specific pesticides had been used to deal with the respective target pest, weed or disease.</p>	<p>Complied</p>																								
<p><b>4.6.2</b> Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided.  <b>Major Compliance</b></p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that records of monitoring were satisfactorily.</p>	<p>Complied</p>																								
<p><b>4.6.3</b> Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall</p>	<p>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan.</p> <p>The pesticide reduction program is monitored on usage per hectare</p>	<p>Complied</p>																								



<p>be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice.  <b>Major Compliance</b></p>	<p>basis. Overall, there has been a slight decline in pesticide usage per hectare on a year to year basis.          No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p>	
<p><b>4.6.4</b> Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).  <b>Minor Compliance</b></p>	<p>Paraquat usage had ceased since end 2011 for IOI Group Estates including the Pukin PMU.          Alternatives such as Glyphosate Isopropylamine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of paraquat.          First Aid Kits found to be available during pesticides spraying in the fields (4<sup>th</sup> Schedule).          Portable signboard noted to be displayed at areas of spraying activity (5<sup>th</sup> Schedule).</p>	Complied
<p><b>4.6.5</b> Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used.          All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).  <b>Major Compliance</b></p>	<p>All pesticide operators (including the contractor's workers) have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974.          Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves and overalls) have been provided and used by the pesticides operators.          All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers.          Programme and training records verified to be satisfactory.          The training include spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.          The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE.</p>	Complied
<p><b>4.6.6</b> Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations.  <b>Major Compliance</b></p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974.          Emergency shower and eye wash are available near the pesticides store in case of accidents.          Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers).          Used chemical containers were either reused as containers for spraying solution. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</p>	Complied
<p><b>4.6.7</b> Application of pesticides shall be by proven methods that minimise risk and impacts.  <b>Minor Compliance</b></p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Programme and training records verified to be satisfactory.</p>	Complied
<p><b>4.6.8</b> Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application.  <b>Major Compliance</b></p>	<p>The company's policy is not to carry out any aerial application of pesticides. This policy is verified to be followed at the PMU.</p>	Complied
<p><b>4.6.9</b> Evidence of continual training to</p>	<p>The Annual Training Plan includes training on pesticides handling.</p>	Complied

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<p>enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8).  <b>Minor Compliance</b></p>	<p>All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling.</p> <p>Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	
<p><b>4.6.10</b> Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3).  <b>Minor Compliance</b></p>	<p>Scheduled waste had been disposed of through M/S. OLST Petro-Chemical Sdn. Bhd., a licensed contractor approved by DOE.</p> <p>Records of scheduled waste collection at 180 days interval verified to be satisfactorily maintained.</p>	Complied
<p><b>4.6.11</b> Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated.  <b>Major Compliance</b></p>	<p>Annual medical surveillance in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 for all pesticide operators in all the estates audited had been carried out in Dec 2015.</p> <p>It was verified that the CHRA recommendations has been satisfactorily followed.</p> <p>Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical Doctor.</p> <p>A total of 10 workers (Leepang A), 12 (Bukit Serampang) and 12 (Shahzan 2) were sent for the medical surveillance check between 28 Dec 2015 and 12 Jan 2016.</p> <p>The medical reports showed that there was no case of low blood cholinesterase levels. It is confirmed by the respective Estate Managers that any worker with such health condition would be considered as unfit for work with pesticides and re-designated to other types of field work. No such cases are found in the PMU as at the date of assessment.</p> <p>Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Besides the annual medical surveillance, monthly clinical tests (to check lungs gastro intestinal, urinary system, nails, skin, etc.) also carried out by Health Assistant on sprayers and records maintained indicate no cases of toxic reactions.</p>	Complied
<p><b>4.6.12</b> No work with pesticides shall be undertaken by pregnant or breast-feeding women.  <b>Major Compliance</b></p>	<p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator.</p>	Complied
<p><b>Criteria 4.7</b>  An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>The occupational health and safety plan shall cover the following:  <b>4.7.1</b> An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.  <b>Major Compliance</b></p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory &amp; Machinery Act 1967 was documented and implemented.</p> <p>OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health.</p> <p>The Safety &amp; Health Officer is in charge of safety and health planning, operation &amp; coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.</p> <p>Records on training had been verified on the Palm Oil Mill and the Estates.</p> <p>Analysis on the understanding of training by the workers on the</p>	Complied

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<p><b>4.7.2</b> All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.  <b>Major Compliance</b></p>	<p>PMU had been verified.</p> <p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/ chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards.</p> <p>There was an additional assessment of noise levels in the POM on 10 Oct 2013 and Consultant Report is available. Work areas identified with high noise levels are the boiler station and engine room where noise level exceeded 85 db. Also, additional assessment of noise levels in Biogas Recovery Plant conducted on 13 Nov 2013 indicated only a small area &gt;85 db. Mill management have taken steps to reduce the noise levels by construction of a room to isolate the gen sets, reducing the exposure time to high noise and mandatory use of both ear plugs and ear mufflers.</p> <p>Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out for all 85 POM employees on Oct 2015.</p> <p>The PMU has identified the few employees whose audiometric reports indicated slight hearing impairment and taken measures to reduce noise exposure.</p> <p>Baseline audiogram and occupational and medical history records of workers maintained.</p> <p>The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues. Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKKP8 regulations was submitted to JKKP on time, i.e. in January of each year. The Safety &amp; Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p> <p>Checking made at line sites at Leepang A, Bkt Serampang and Shahzan 2 estates confirmed that the harvesting sickles kept by the</p>	<p style="text-align: center;">Complied</p>
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	workers in their quarters were properly sheathed and as per the Safety SOP. <b>Note:</b> <b>Previous year Major NC#OCL-01 (2015) is noted to be adequately addressed and effectively implemented and closed.</b>	
<b>4.7.3</b> All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. <b>Major Compliance</b>	Training programme planned for year 2015/2016 has included all categories of workers. Appropriate trainings on safe working practices are planned for: <ul style="list-style-type: none"> <li>- workers exposed to machinery and high noise levels,</li> <li>- workers working in confined space,</li> <li>- harvesters</li> <li>- pesticides operators</li> <li>- manurers</li> </ul> Other trainings held included firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training. The above trainings were conducted and records were maintained. Evaluations were carried out on each of the trainings to determine its effectiveness.	Complied
<b>4.7.4</b> The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. <b>Major Compliance</b>	The responsible person (usually the Mandore or Headman) had been identified. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.	Complied
<b>4.7.5</b> Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. <b>Minor Compliance</b>	Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites and contents were checked to be sufficient. Records on all accidents had been verified to be maintained satisfactorily. Quarterly review on accident cases had been carried out during quarterly meeting of Safety, & Health Committee and status of follow up were updated.	Complied
<b>4.7.6</b> All workers shall be provided with medical care, and covered by accident insurance. <b>Minor Compliance</b>	Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with insurance company, MSIG Insurance Berhad.	Complied
<b>4.7.7</b> Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. <b>Minor Compliance</b>	Records on Lost Time Accident (LTA) metrics had been verified to be satisfactorily maintained. Leepang A and Bkt Serampang estates had reported 1 case each LTA > 5 days in year 2015 which were appropriately followed up and submitted to JKPP. There was no reported LTA for 2016 as at audit time.	Complied
<b>Criteria 4.8</b> All staff, workers, smallholders and contract workers are appropriately trained.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>4.8.1</b> A formal training programme shall be in place that covers all	The training programme on all aspects of RSPO Principles and	Complied

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<p>aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. <b>Major Compliance</b></p>	<p>Criteria and the Supply Chain Certification System established was implemented. Refresher training for mill staff was conducted in Dec 2015 and interviews confirmed the satisfactory levels of understanding on requirements.</p> <p>Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed on annual basis and appropriate training including 'on-job' training / supervision and briefings were satisfactorily documented.</p>	
<p><b>4.8.2</b> Records of training for each employee shall be maintained. <b>Minor Compliance</b></p>	<p>Records of training provided for each employee, including new employees were available and maintained.</p>	<p align="center">Complied</p>

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

**Criteria 5.1**

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

<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.1.1</b> An environmental impact assessment (EIA) shall be documented.  <b>Major Compliance</b></p>	<p>The Environmental Aspect and Impacts Assessment were conducted and well documented. It was reviewed in February 2016. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p>	<p align="center">Complied</p>
<p><b>5.1.2</b> Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons.  <b>Minor Compliance</b></p>	<p>There were no major changes to the identified impacts since the establishment of the documents above.</p> <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the Pukin POM.</p> <p><b>Note:</b> <b>For NCR # SH-01 (2015): Corrective actions taken was verified to be satisfactorily addressed and effectively implemented and was closed.</b></p>	<p align="center">Complied</p>
<p><b>5.1.3</b> This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.  <b>Minor Compliance</b></p>	<p>The monitoring of the documented environmental improvement plans is ongoing.</p> <p>Implementation and monitoring of the documented environmental improvement plans was reviewed on February 2016. The review has taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone and clearing of overgrown natural vegetation and debris along the streams.</p> <p>At all estates visited (Leepang A, Bukit Serampang and Shahzan 2 Estate), it was found that the disposal of plantation waste materials was properly monitored and recorded. The waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. Monitoring and implementation of the environmental improvement plan were adhered to and found to be effectively implemented.</p> <p><b>Note:</b> <b>For NCR # SH-02 (2015): Corrective actions taken was verified to be satisfactorily addressed and effectively implemented and was closed.</b></p>	<p align="center">Complied</p>
<p><b>Criteria 5.2</b></p>		



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<b>Minor Compliance</b>	sustainability team and is ongoing.	
<p><b>5.2.5</b> Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p><b>Minor Compliance</b></p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the PMUs visited i.e. Leepang A Estate, Bukit Serampang Estate and Shahzan 2 Estate. Thus negotiated agreement of such nature is not applicable.</p>	Complied
<p><b>Criteria 5.3</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.3.1</b> All waste products and sources of pollution shall be identified and documented.</p> <p><b>Major Compliance</b></p>	<p>Visits made to POM and PMU (Leepang A, Bukit Serampang and Shahzan 2 Estates) showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and Boiler ashes were maintained and monitored at the POM.</p> <p>Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Pukin mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p>	Complied
<p><b>5.3.2</b> All chemicals and their containers shall be disposed of responsibly.</p> <p><b>Major Compliance</b></p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor.</p>	Complied
<p><b>5.3.3</b> A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p><b>Minor Compliance</b></p>	<p>The waste management and disposal plan were in place at both the POM and PMU. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in all the Plantations visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.</p> <p>The solid waste management and disposal plan using landfills was available at Bukit Serampang estate and Shahzan 2 estate only. Leepang A estate no longer using the landfill after February 2016. The waste disposal has been contracted out for collection and disposal to some other areas.</p>	Complied

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	<p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management of EFB application plans and progress reports were verified to be satisfactory.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.</p> <p>Signages available at the estates and mill were maintained.</p> <p><b>Note:</b>  <b>For OBS # SH-01 (2015): The flow meter at the POM has been replaced and was functioning well. Thus previous observation was addressed and effectively implemented and issue closed.</b></p>	
<p><b>Criteria 5.4</b>  Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.4.1</b> A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p><b>Minor Compliance</b></p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement.</p> <p>Visit to Pukin mill showed evident that they are compiling the data, document it for further action to improve on their efficiency of using the renewable and non-renewable energy. At the mill, the monthly record tabulated showed the amount of FFB processed, CPO produced, palm kernel produced, the usage of water, diesel usage, electrical power usage, fibre &amp; shell usage and also the B.O.D level of the effluent discharge.</p> <p>Apart from using diesel, electricity generation was through steam turbine and boiler where Palm fibre and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>At the Leepang A estate, Bukit Serampang estate and Shahzan 2 estate, diesel consumption was also monitored on a monthly basis.</p> <p>It was verified that energy usage are being monitored especially at the POM for better control and comparison of trends.</p>	Complied
<p><b>Criteria 5.5</b>  Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.5.1</b> There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p><b>Major Compliance</b></p>	<p>IOI Group had maintained the policy of 'Zero open burning' for any replanting at the estates.</p> <p>During the audit, there were no replanting activities carried out in the IOI Pukin plantation group.</p> <p>There was no evidence of open burning during field inspections made at Shahzan 2, Leepang A and Bukit Serampang estates.</p>	Complied
<p><b>5.5.2</b> Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p><b>Minor Compliance</b></p>	<p>There was no evidence of any land preparations or open burning during field inspections made at Shahzan 2, Leepang A and Bukit Serampang estates.</p>	Complied
<p><b>Criteria 5.6</b></p>		



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Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>5.6.1</b> An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p> <p><b>Major Compliance</b></p>	<p>Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Chart. Report showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on-site visit to the Pukin mill.</p> <p>POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations.</p>	Complied
<p><b>5.6.2</b> Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p><b>Major Compliance</b></p>	<p>Identification of significant pollutants and greenhouse gas (GHG) emissions has been done e.g. POME, diesel / fuel and fertilizer. Their usage have been recorded and documented at both the POM and PMU.</p> <p>Palm GHG summary report has been submitted to RSPO on 25 March 2016 using RSPO PalmGHG V2.1.1.</p> <p><b>Note:</b> <b>For NCR # SH-04 (2015): Corrective actions taken was verified to be satisfactorily addressed and effectively implemented and was closed.</b></p>	Complied
<p><b>5.6.3</b> A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p><b>Minor Compliance</b></p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements</p> <p>Water samples were regularly taken and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge points The water samples were sent for analysis. This was conducted by ENV Consultancy &amp; Monitoring Services. Records are maintained and verified on-site to have met the permissible regulatory limits.(Domestic Water Discharge Quality Report dated March 2015)</p> <p><b>Note:</b> <b>For OBS # SH-02 (2015): The flow meter at the POM has been replaced and was functioning well. Thus observation was addressed and effectively implemented and issue closed.</b></p>	Complied

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

<b>Criterion 6.1</b>		
Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>6.1.1</b> A social impact assessment (SIA) including records of meetings shall be documented.</p> <p><b>Major Compliance</b></p>	<p>At Pukin PMU, the respective Social Impact Assessment reports and Management plans at all estates and mill was specifically and individually documented by the Sustainability Team of IOI. In Pukin POM latest revision of the SIA was on 11 Mar 2016, in Leepang A on 29 Feb 2016 and in Bukit Serampang on 25 Feb 2016.</p> <p>External stakeholders consultation was held separately in the mill and in each estate, for example in Pukin POM stakeholder consultation was</p>	Complied

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	conducted on 8 Mar 2016 with 24 attendance, in Leepang A estate on 26 Feb 2016 with 19 attendance and in Bukit Serampang estate on 23 Feb 2016 with 13 attendance. External stakeholders attended the consultations include contractors, suppliers, government agencies, police, villagers, neighbouring plantations, etc.	
<p><b>6.1.2</b> There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p><b>Major Compliance</b></p>	<p>The group has considered issues of social impact to employees and communities affected by their activities. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p> <p>In all meeting minutes, e.g. ECC and Gender Committee, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. Through verification of entries made in the Complaints &amp; Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</p>	Complied
<p><b>6.1.3</b> Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p><b>Major Compliance</b></p>	<p>A time table of activities identified was sighted with time frame on implementation plans. Site inspection carried out confirmed that the implementations were in progress. Latest Social Plans sighted are for the period of May 2015-June 2016 in all estates audited and from January-December 2016 for Pukin POM.</p> <p>As an example, the POM has been receiving complaints regarding the hired school bus being late to collect the children from school during the stakeholder consultation and in the grievance book. To solve the issue the POM and Pukin Estate immediately put in their budget for the purchase of new school bus.</p>	Complied
<p><b>6.1.4</b> The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p><b>Minor Compliance</b></p>	<p>The plans are reviewed annually together with affected parties as mentioned especially the workers were consulted during the ECC meetings, daily morning muster and individual reports made in the Grievance Books maintained.</p>	Complied
<p><b>6.1.5</b> Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p><b>Minor Compliance</b></p>	<p>There are no smallholders at the PMU. Thus this is not applicable</p>	Not applicable
<p><b>Criterion 6.2</b></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>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.2.1</b> Consultation and communication procedures shall be documented.</p> <p><b>Major Compliance</b></p>	<p>IOI's Group consultation and communication procedures are available via website link:  <a href="http://www.ioigroup.com/Corporateresponsibility/environment_plantation_cfm">http://www.ioigroup.com/Corporateresponsibility/environment_plantation_cfm</a></p> <p>The PMU has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations</p>	Complied

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	by personal invitation to attend the internal and external stakeholders' consultation meetings.	
<p><b>6.2.2</b> A management official responsible for these issues shall be nominated.  <b>Minor Compliance</b></p>	<p>Nominated respective officers at the operating unit are responsible to represent the Pukin PMU when any relevant issues raised by local communities and other affected or interested parties.</p> <p>For examples in Leepang A Estate, Mr Ridhwan Razali is assigned as Social Liaison officer for the estate as stated in letter dated 28 Feb 2016 signed by Mr. Md. Farios Hasim, Estate Manager. Meanwhile in Mohd Rizuan Borhanuddin is assigned as Social Liaison officer for the Pukin POM as stated in letter dated 1 Jan 2016 signed by Mr. Sukumaran A/L Krishnan, Estate Manager.</p>	Complied
<p><b>6.2.3</b> A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.  <b>Minor Compliance</b></p>	<p>The maintenance of the list of stakeholders at the IOI Pukin PMU 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.</p>	Complied
<p><b>Criterion 6.3</b>  There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.3.1</b> The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.  <b>Major Compliance</b></p>	<p>All estates in Pukin PMU have established complaints and grievances procedures and they were all well implemented. Complaints and Grievances logbooks were sighted in all audited estates and actively used by workers.</p> <p>Timelines for response to complaints and grievances are either through the logbook or ECC representatives are appropriately established and implemented. Generally respond time for minor requests will be within 2-3 days.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For reports which are related to private matters such as sexual harassment reports separate logbooks are prepared and always kept under lock and key locations.</p> <p>Complainants are given the option whether the make the report personally or through nominated workers' representatives.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.</p> <p>Since Feb 2014 IOI PMU had developed "Dasar Pemberi Maklumat (Whistleblowing)" which was approved by Jawatankuasa Audit dan Pengurusan Risiko.</p>	Complied
<p><b>6.3.2</b> Documentation of both the process by which a dispute was resolved and the outcome shall be available.  <b>Major Compliance</b></p>	<p>The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.</p>	Complied
<p><b>Criterion 6.4</b>  Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>

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<p><b>6.4.1</b> A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. <b>Major Compliance</b></p>	<p>There were some borders at the estates audited in Pukin PMU adjacent to villages. There were no past cases requiring any negotiation or compensation pertaining to this criterion. There have been no changes in this status as at the period of verification on site.</p>	<p>Complied</p>
<p><b>6.4.2</b> A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. <b>Minor Compliance</b></p>	<p>The IOI Group has a procedure for calculating and distributing compensation which is available. To the date, there has been no dispute by any parties reported at the Pukin PMU.</p>	<p>Complied</p>
<p><b>6.4.3</b> The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. <b>Major Compliance</b></p>	<p>To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.</p>	<p>Complied</p>
<p><b>Criterion 6.5</b> Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>6.5.1</b> Documentation of pay and conditions shall be available. <b>Major Compliance</b></p>	<p>Offer letters and work contracts for local staff and foreign workers were verified. The contracts met the industry minimum standards including included extra pays under the statutory fringe benefits. Valid permit dated 19 Jan 2006 for wage deduction from Labour Office was also verified. No expiry date indicated in the permit. The payslips for workers at the estates and mill were verified to contain all necessary information and can easily be understood by the workers, e.g. type and rate of works completed, days offered, days worked, days absent, total deduction, etc. A review of some field workers' pay slips showed that the calculation of pay is clearly itemised, for example:</p> <ul style="list-style-type: none"> <li>• Normal day field work wage [Daily Rated or Piece Rated]</li> <li>• Normal working day overtime</li> <li>• Working rest day</li> <li>• Overtime for working rest day</li> <li>• Working public holiday</li> <li>• Overtime for working public holiday</li> <li>• Out-turn incentives [December pay slips only]</li> <li>• Conversion of annual leave into annual payment renewal [December</li> </ul>	<p>Complied</p>

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	<p>pay slips only]</p> <p>Based on instruction circulated in IOI Memorandum dated 2 Feb. 2015 all estates and mill managements at the PMU are instructed to use workers contracts in national language of the foreign workers hired. Signed workers contract in Indian, Bangladeshi, Nepali, Myanmar, Malay and English languages were verified.</p> <p><b>Observation issued:</b></p> <p><b>It was found out the Letter of Appointment issued by IOI's appointed employment agency in the foreign workers original country stated in 15(g) that <u>"[foreign workers] shall not engage in any romantic relationship and/or marry or intent to marry any Malaysian during the period of employment"</u>.</b></p> <p><b>This is inconsistent with the restriction set by Immigration Department which stated the in Recruitment Terms And Conditions of Foreign Workers that <u>"marriage is prohibited with local or foreign citizens"</u></b></p>	<p><b>OBS:</b> <b>JMD-01</b></p>
<p><b>6.5.2</b> Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p><b>Major Compliance</b></p>	<p>In Pukin PMU since January 2013, the offer letters had been revised to reflect the Minimum Wage Order 2012. The passports, work permits, insurance, permits for allowable deduction are in proper order in all estates visited. The obligatory Foreign Workers Compensation Scheme [FWCS] for foreign workers were issued by MSIG and expired on 30 Sep 2016 in the POM and all estates visited.</p> <p>At the estates audited a number of field workers found to have received less than RM900 as required in Minimum Wages Order 2012. Main reasons provided by the management was either due to absent from work [full day or half day], long holidays and low productivity. These reasons were verified during the audit.</p> <p>Employment Act 1955, stated that <b>"wages"</b> is defined as the <b>"...work done in respect of his contract of service..."</b> Workers who have not completed the assigned daily tasks, working less than hours stipulated in workers contract or refuse to take up assigned extra tasks other than their main work scope. The Minimum Wages Order 2012, stated that it is also referring to the same definition of <b>"wages"</b> used in Employment Act 1955 [see Guideline to the Implementation of The Minimum Wages Order 2012, Annex A, First Schedule Employment Act 1955, Article 3]. Thus, the conclusion is, the practice for not paying minimum wages to those type of workers mentioned above by the PMU and the whole industry is clearly permitted by both Minimum Wages Order 2012 and Employment Act 1955.</p> <p>However, these workers are identified and provided with an opportunity to explain their inability to achieve the minimum wages set by the law and the management. Workers explanation and decision made by the management, if any, e.g. change to another type of job, offer more additional jobs, are recorded in <b>Incomplete Task / Worked Less Than Normal Hours of Work</b>. This serves as evidence that the workers understood the reasons why they received wages is less than required by law at the same time evidence for effort taken by the management to motivate and assist workers with under-performance issues. The form mentioned above is signed by the workers, workers representative as witness, the field supervisors and the management after completion.</p> <p>Further analysis conducted shows, in most cases percentage of workers receiving wages less than what is required by law is below 10% every month. Workers with continuous under-performance problems even after repeated reminders, change of jobs, disciplinary actions are identified and repatriated back to their home countries as last resort to avoid their bad attitude influence other workers.</p> <p>All extra work pays required by the law are duly paid to the workers, e.g.</p>	

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	<p>rest day pay, public holiday pay, sick leave pay, etc.</p> <p>At the rate of RM34.62/days as stated in Minimum Wages Order 2012 for Peninsular Malaysia, at least 26 working days should be offered every month in order for the workers to reach the requirement of minimum wage of RM900/month. However, with effect from 1 Jul 2015 basic wages for foreign workers increased to RM36.00/day.</p> <p>Wages, passports and permits of foreign workers working with the contractors were also verified as valid according to relevant regulations. Two contractors in Bukit Serampang Estate submitted evidence of monthly wages in accordance to the Minimum Wages Order.</p> <p><b>Nonconformance issued:</b></p> <p><b>It was found out that in Leepang A estate and Bukit Serampang estate, the calculation of total work days offered for the workers in year 2015 was inconsistent.</b></p> <p><b>This caused the calculation prepared by the Estate management for annual leave payment eligibility to be inaccurate in Dec 2015.</b></p> <p><b>Note:</b></p> <p><b>OBS # JMD-01 (2015) on related issue was not adequately addressed and thus escalated in the NCR above.</b></p>	<p><b>NC: JMD-01 Major</b></p>
<p><b>6.5.3</b> Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p><b>Minor Compliance</b></p>	<p>PMU Pukin grouping has provided adequate housing, water supplies, medical, educational and welfare amenities in accordance with IOI guidelines stated in the Workers' Minimum Standard of Housing and Amenities Act 1990 which is only applied in Peninsular Malaysia.</p> <p><b><u>Housing, electricity and water supply</u></b></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estate are provided with free electricity and treated pond water 24 hours daily.</p> <p><b><u>Schools</u></b></p> <p>Schools for local workers' children are at the vicinity of Pukin PMU. Transportation to the school are provided free by the management.</p> <p><b><u>Sundry shops</u></b></p> <p>Sundry shops available outside at each estate audited. From interviews with the workers in PMU it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><b><u>Medical clinics</u></b></p> <p>Clinics manned by HA are available in most estates audited. The Health Attendance are responsible on monitoring and maintaining acceptable living standard in the workers quarters, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc., this monitoring is conducted through weekly linesite inspection and VMO visit. The Health or Medical Assistants are well experienced in handling minor health issues. VMO visit which is conducted once a month will also include visits to the linesite before examining patients referred by the HA. Service and medicines provided by the clinic free of charge and cover the independents of the workers as well. Workers of the contractors staying in the linesites are also admitted to the clinic if necessary free of charge.</p> <p><b>Observation issued:</b></p> <p><b>A case was found that based on VMO recommendation, a worker suspected with stable angina was sent for a test in Hospital</b></p>	

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	<p><b>Tangkak.</b>  <b>However, the Estate HA and VMO had not provided adequate evidence of review of the test results that the worker was fit for the current work.</b></p>	<p><b>OBS:</b>  <b>JMD-02</b></p>
<p><b>6.5.4</b> Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.  <b>Minor Compliance</b></p>	<p>Pukin PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p> <p>Most of the estates visited however are located close the some small townships which are reachable by local transportation, e.g. Leepang A is near to Muadzam town, Bukit Serampang is near to Tangkak town. Only Shahzan 2 is located somewhat interior but still the workers have no problem going out once a month to transfer money back to their hometown in Muadzam.</p>	<p>Compiled</p>
<p><b>Criterion 6.6</b>  The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.6.1</b> A published statement in local languages recognising freedom of association shall be available.  <b>Major Compliance</b></p>	<p>The published statements of policy which recognizes employee's freedom of association, was noted to be available and widely displayed in Bahasa Malaysia and English.</p> <p>Each estates audited in Pukin PMU had formed the ECC as a mechanism to cater to the collective bargaining needs of the workers. Results of ECC meetings were minuted and available for verification.</p>	<p>Complied</p>
<p><b>6.6.2</b> Minutes of meetings with main trade unions or workers representatives shall be documented.  <b>Minor Compliance</b></p>	<p>Employee collective bargaining was made through the Employees Consultative Council (ECC) which has representation from the different levels of workers who are elected by the workers.</p> <p>In all meeting minutes of ECC, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. For example latest ECC meeting was conducted on 4 Feb 2016 at the Pukin POM, on 14 Mar 2016 at Bukit Serampang Estate..</p>	<p>Complied</p>
<p><b>Criterion 6.7</b>  Children are not employed or exploited.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.7.1</b> There shall be documentary evidence that minimum age requirements are met.  <b>Major Compliance</b></p>	<p>There was no evidence of any child labor being used at the estates of Pukin PMU.</p> <p>The Child Labour policy adopted by estate managements 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>Inspections of the employment records including field trips in the estates of Pukin PMU confirmed that this criterion has been complied.</p>	<p>Complied</p>
<p><b>Criterion 6.8</b>  Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.8.1</b> A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.  <b>Major Compliance</b></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 PMU, checking of the employment records including migrant workers, pay slips and deductions of wages (according to law) confirmed that this criteria has</p>	<p>Complied</p>

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	been maintained.	
<p><b>6.8.2</b> Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p><b>Major Compliance</b></p>	<p>Based on interviews and feedback from the employees, migrant workers and review of ECC meeting minutes and Grievance Book, it is verified that there has been no issue of discrimination at the PMU.</p> <p>On 1 Mar 2016 IOI issued a new <b>“Special Labour Policy and Procedures”</b> to ensure measures related to foreign workers especially are implemented appropriately, e.g. o contract substitution, obligatory compliance to Malaysian immigration and labour laws.</p>	Complied
<p><b>6.8.3</b> It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p><b>Minor Compliance</b></p>	<p>Pukin PMU demonstrated that staff are hired and promoted based on specific criteria. However, promotion to higher position sometime take a longer period due to the position sought is not yet vacant.</p> <p>For foreign workers, hiring is based on employment agencies recommendation. However, it was evident that no discrimination on promotion as both men and women, local and foreign workers have equal opportunity to be promoted.</p>	Complied
<p><b>Criterion 6.9</b>                  There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.9.1</b> A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p> <p><b>Major Compliance</b></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 and no one case reported in 2015 in all estates and POM visited.</p> <p>IOI policies indicated pregnant and breastfeeding women have to be exempted from work associated with potentially hazardous chemicals and need to be given light duties such as work in and around the office. However, no pregnant women workers in the year 2015 working in Pukin PMU.</p> <p>There are Gender Consultative Committees (GCC) specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. For example latest meeting in Leepang A Estate was on 11 Mar 2016 and in Bukit Serampang Estate on 25 Jan 2016.</p> <p>The policy statements which recognize sexual harassment, gender and women reproductive rights were widely available and displayed in local languages and English. Briefing sessions have been conducted in all estates audited as well at the Pukin POM for both male and female workers, contractors’ even external stakeholders during the external stakeholder consultation session.</p>	Complied
<p><b>6.9.2</b> A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p><b>Major Compliance</b></p>	<p>The established social policy has covered aspects on sexual harassment, gender and women reproductive rights.</p> <p>Meeting minutes of activities of the GCC has been maintained and verified.</p>	Complied
<p><b>6.9.3</b> A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p><b>Minor Compliance</b></p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept.</p>	Complied



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<b>Criterion 6.10</b>		
Growers and millers deal fairly and transparently with smallholders and other local businesses.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>6.10.1</b> Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. <b>Minor Compliance</b>	All the estates in the Pukin PMU do not have any dealings with smallholders.  There was also no evidence to suggest of any unfair business practices with the local businesses.  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.	Complied
<b>6.10.2</b> Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). <b>Major Compliance</b>	Pukin PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.	Complied
<b>6.10.3</b> Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. <b>Minor Compliance</b>	Based on employee contracts and meeting minutes (between Pukin managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.  Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored during work in progress to follow safety requirements.	Complied
<b>6.10.4</b> Agreed payments shall be made in a timely manner. <b>Minor Compliance</b>	The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of 60-day grace period.	Complied
<b>Criterion 6.11</b>		
Growers and millers contribute to local sustainable development where appropriate.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>6.11.1</b> Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. <b>Minor Compliance</b>	The commitment to contribute towards local communities is evident and verified as sampled below. <ul style="list-style-type: none"> <li>• IOI increased the salary for all confirmed foreign workers to RM36.00/day with effect from 1 July 2015 higher than the Minimum Wages Order 2012</li> <li>• Adoption of Special Labour Policy and Procedures on 1 Mar. 2016</li> <li>• Allocation for new school bus to transport school children on time and safely</li> </ul>	Complied
<b>6.11.2</b> Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity <b>Minor Compliance</b>	Not applicable	Not applicable
<b>Criterion 6.12</b>		
No forms of forced or trafficked labour are used.		
<b>6.12.1</b> There shall be evidence	Estate workers are sourced by the IOI appointed agents and handled	Complied

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that no forms of forced or trafficked labour are used. <b>Major Compliance</b>	via IOI HQ in Kuala Lumpur. All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interview with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates.	
<b>6.12.2</b> Where applicable, it shall be demonstrated that no contract substitution has occurred. <b>Minor Compliance</b>	No incidents have been found and this is confirmed through interviews with external stakeholders the issue of contract substitution has occurred previously.	Complied
<b>6.12.3</b> Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. <b>Major Compliance</b>	A policy on Equal Opportunity was adopted and implemented by Pukin PMU verified to have covered all necessary aspects of migrant workers related issues. On 1 Mar. 2016 IOI also adopted a new Special Labour Policy and Procedures especially covering migrant workers.	Complied
<b>Criterion 6.13</b> Growers and millers respect human rights.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>6.13.1</b> A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). <b>Major Compliance</b>	The policy maintained was verified to have covered the clauses pertaining to Human Rights Policy were stated in the Equal Opportunity and Non-Discrimination Policy. It also included the adoption of the Special Labour Policy and Procedures especially covering migrant workers on 1 Mar. 2016 covers majority of the principles in 03 UN Guiding Principles on Business & Human Rights 2011. <b>Note:</b> <b>OBS # JMD-02 (2015): Issues were addressed and effectively implemented and closed.</b>	Complied
<b>6.13.2</b> As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. <b>Minor Compliance</b>	Not applicable.	Not applicable

### Principle 7: Responsible development of new plantings

IOI Pukin grouping has a documented procedure for this development but has not carried any new plantings after Nov 2005. Therefore, the requirements of Principle 7 are not applicable during this assessment.

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

<b>Criterion 8.1</b> Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>8.1.1</b> The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and	Action plans for continual improvement at the POM and Estates were documented, monitored and implemented. These include: <u>At Estates:</u>	Complied

<p>opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> <li>• Encourage optimising the yield of the supply base.</li> </ul> <p><b>Major Compliance</b></p>	<p>Planting of more cover crops along steep slopes and streams. Increase planting of beneficial plants (<i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>) along the roads;</p> <p>Construction of more barn owls,</p> <p>Fertilizer bags are to be recycled and empty pesticide containers to be returned to supplier. In addition, waste will also be segregated accordingly to the plastic and organic materials;</p> <p><u>At POM:</u></p> <p>Addition of EFB shredder machine for shell extraction.</p> <p>Addition of fruit elevator and conveyor for the sterilised fruit bunches.</p> <p><u>Social:</u></p> <ol style="list-style-type: none"> <li>1. IOI increased the salary for all confirmed foreign workers to RM36.00/day with effect from 1 July 2015 higher than the Minimum Wages Order 2012</li> <li>2. Adoption of Special Labour Policy and Procedures on 1 Mar. 2016</li> <li>3. Allocation for new school bus to transport school children safely on time, going out for study trips, sports competition or other events.</li> </ol> <p>Continual improvement plans as carried out by the POM and estates outcomes were monitored and clearly indicated.</p> <p><b>Note:</b></p> <p><b>OBS # OCL-01 (2015): Previous observation on continual improvement documentation was addressed and effectively implemented and issue closed.</b></p>	
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**3.1.1 Supply Chain Certification Standards Findings - on CPO Mill**

The Supply Chain module applied at Pukin Grouping POM during this assessment is **Module D – CPO Mills: Identity Preserved (IP)**.

Details of findings are as follows:

<b>D.1 Definition</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>D.1.1</p> <p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill</p>	<p>The POM only processed FFB from its own supply base (see <b>Section 1.3</b>).</p> <p>It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders.</p> <p>The CPO Mill is therefore deemed to be Identity Preserved (IP).</p>	<p>Complied</p>

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processes certified and uncertified FFB without physically separating the material then only Module E is applicable.		
<b>D.2 Explanation</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.	The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report.  This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year.  The actual tonnage produced has been recorded in each annual assessment report (see <b>Section 1.8.2 Table 6 and Section 1.8.3 Table 7</b> ).	Complied
D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).	The POM meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).	Complied
<b>D.3 Documented procedures</b>		
D.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	Documented procedure for IP Module is: RSPO SC/SOP/IP/3 issue 04 dated 2 Jan 2015. The procedure has covered the implementation of all elements of IP Module.	Complied
a) Complete and up to date procedures covering the implementation of all the elements in these requirements	The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.	Complied
b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	Mill manager, Mr. V. Ganapathi, has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard - Module D requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations. The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.	Complied
D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	For the period FY 2015/2016, the POM only received and processed FFB mainly from the PMU Pukin estates and some FFB from other certified PMUs under the IOI Group. Till today as at audit in 2016, the PMU did not receive any non-certified FFB from other sources or suppliers.	Complied

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	All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.	
<b>D.4 Purchasing and goods in</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.	The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Pukin POM office as well as the IOI Head Office at Putrajaya.  Noted that some FFB from other certified PMUs under the IOI Group (e.g. estates under Gomali POM, which is also RSPO certified) (see <b>Section 1.8.1 Table 5</b> ). This diversion of FFB is under special circumstances only (e.g. when the mill undergoes maintenance). There were no non-certified FFBs.	Complied
D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.	The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. So far, there is no projected overproduction.	Complied
<b>D.5 Record keeping</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years. The weighbridge ticket for delivery of CPO and PK indicates the product as certified and IP Module. For ISCC, the registration no. is indicated. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A tonnage balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months.	Complied
<b>D.6 Processing</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	Confirmed from records that Pukin POM only received and processed certified FFB from its own estates and estates in other certified PMUs under IOI Group for the last 12 months till audit time. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill including transport and storage.	Complied
D.6.2 The objective is for 100 % segregated material to be reached.	Documents and records provided documented evidence for the FFB receipt and processed, CPO and PK produced to be traceable to certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents was verified to be correctly stated.	Complied

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### 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 'IP' module and is thus eligible for 'IP' trading for its palm products for year 2016/2017.

### 3.1.3 Monitoring of Certified Products traded:

Trading of CSPO and CSPK are via RSPO eTrace, GreenPalm and ISCC e-platforms. The records maintained at the POM relied on internal communications from the trading arm of IOI based at the HQ, Putrajaya Jaya. Based on records maintained at the POM, the quantities (tonnages) traded as verified during assessment are as follows:

	CSPO - Actual Jul 2014-Jun 2015 (MT)	CSPK - Actual Jul 2014-Jun 2015 (MT)	CSPO - Actual Jul 2015 till current (MT)	CSPK - Actual Jul 2015 till current (MT)
RSPO IP	60,797.66	0	17,737.21	0
Book & Claim (GreenPalm)	0	14,103.00	0	7,984.00
ISCC	0	0	15,089.43	0
<b>Total Traded</b>	<b>60,797.66</b>	<b>14,103.00</b>	<b>32,826.64</b>	<b>7,984.00</b>
<b>Actual Produced</b>	<b>66,559.68</b>	<b>14,103.17</b>	<b>42,166</b>	<b>9,200</b>

Notes:

- Based on records maintained at the POM, it was verified that the total volume of CSPO traded has not exceeded the annual certified quantity.
- All PK is delivered out as CSPK to an external Kernel Crushing Plant outside the PMU.

Special Note:

- The trading of claimed certified products under RSPO eTrace was verified to have ceased since 1 April 2016 when the suspension of all IOI Group certification came into effect.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2010	5 (1 Major, 4 Minor)	7	Actions taken on the NCRs and OBS verified to be effective during ASA-01.
Annual Surveillance-01	2012	4 (0 Major, 4 Minor)	0	Actions taken on the NCRs verified to be effective during ASA-02.
Annual Surveillance-02	2013	2 (0 Major, 2 Minor)	0	Actions taken on the NCRs verified to be effective during ASA-03.
Annual Surveillance-03 cum Extension of Scope	2014	2 (0 Major, 2 Minor)	2	Actions taken on the NCRs verified to be effective during ASA-04.
Annual Surveillance-04	2015	5 (1 Major, 4 Minor)	5	Actions taken on the NCRs verified to be effective during Re-Certification Assessment.

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Re-Certification Assessment	2016	1 (Major)	4	Next assessment ASA-01 (2 <sup>nd</sup> Certification cycle)
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### 3.2.1 Year 2015: ASA-04 (5 NCRs)

NCR	MYNI Indicator	Details of NCR	
Major NC# OCL-01	4.7.2	Date issued: 17 Apr 2015	
		Nonconformance: During the line site visit to Shahzan 1 Estate, it was found that a total of more than 20 unsheathed sickles were kept by the workers in their quarters. This is against the SOP on Health and Safety and there is an element of high risk of potential incident.	
		Root Cause and Corrective Action: Root Cause: Though all harvesting workers have been trained to ensure that all sharp equipment like harvesting sickle is sheathed when not in use, some workers failed to adhere to this procedure. Corrective Action: Management have carried out the following corrective actions <ol style="list-style-type: none"> <li>1. An empty house has been converting into a harvesting sickle storage area.</li> <li>2. Safe Operating Procedures re-training was carried out for all harvesters.</li> <li>3. Workers who prefer to keep their harvesting sickles at their own quarters are ensuring that they are sheathed.</li> </ol>	
		Verification (Corrective Action): Off-site verification carried out. Verified that the appropriate corrective actions have been taken. Photos and records were available to provide evidence of implementation. The corrective actions satisfactorily addressed the non-conformance.	
		NC status verified by auditor: Closed by OCL	Date closed: 18 May 2015
		<b>Verification of effectiveness:</b> <b>Verified during Recertification that the corrective action taken was implemented effectively.</b>	
		NC status verified by auditor: AL	Date verified: 1 Apr 2016

NCR	MYNI Indicator	Details of NCR	
Minor NC# SH-01	5.1.2	Date issued: 17 Apr 2015	
		Nonconformance: <ol style="list-style-type: none"> <li>1. The Management Plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate Managers.</li> <li>2. At the Segamat estate, no signage was placed along the stream to show the prohibited activities. Also, there was no buffer zone identified and no signage on prohibited activities around the pond located near the office.</li> <li>3. At Shahzan 1estate, no demarcation of buffer zone for pond conservation areas identified. Also there was no container supplied for the disposal of domestic waste at the workers' quarters.</li> </ol>	

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		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <ol style="list-style-type: none"> <li>1. Though most of the actions have been taken to mitigate environmental impacts, some Estate Managers may have unintentionally overlooked the updating of the Management Plan.</li> <li>2. As the areas were well maintained with minimum activities carried out in the buffer zones, Segamat estate management felt that it was not required to demarcate the area to display or display a signage.</li> <li>3. As no activities were carried out in or around the pond in Shahzan 1, the estate management felt that it was unnecessary to identify or demarcate the buffer zone.</li> </ol> <p>As the previously supplied waste disposal containers at Shahzan 1 workers' quarters were dilapidated, the rubbish collection workers had disposed them altogether with the rubbish.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> <li>1. The Estate Managers have followed up on actions taken to mitigate environmental impacts and updated the Management Plan accordingly.</li> <li>2. Sign boards on prohibited activities along streams and around the pond located near the office had been put up. The buffer zone beside the pond has been identified and palms have been marked with red paint.</li> <li>3. The buffer zone around the pond has been fenced up and a signage has been displayed. Workers' quarters with old rubbish disposal containers were provided with new containers.</li> </ol>	
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Verified that the appropriate corrective actions have been taken. Records and photos were available to provide evidence of implementation. The corrective actions satisfactorily addressed the non-conformance.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 18 May 2015
		<p><b>Verification of effectiveness:</b></p> <p><b>Verified during Recertification that the corrective action taken was implemented effectively.</b></p>	
		NC status verified by auditor: SH	Date verified: 1 Apr 2016

NCR	MYNI Indicator	Details of NCR	
<b>Minor NC# SH-02</b>	<b>5.1.3</b>	Date issued: 17 Apr 2015	
		<p>Nonconformance:</p> <p>At all estates visited (Segamat Estate and Pukin Estate), it was found that the disposal of plantation waste materials was not properly monitored and recorded. The waste materials (mostly fertilizer bags and plastics) were strewn everywhere. Monitoring and implementation of the environmental improvement plan were not adhered to.</p>	
		<p>Root Cause and Corrective Action:</p> <p>Root Cause:</p> <p>After loading loose fruits (placed in the fertilizers bags) onto tractors, the loaders are supposed to hang the fertilizer bags on the palm trees. However, due to lackadaisical attitude and sometimes due to urgency, some workers failed to hang the fertilizer bags on the palm trees.</p> <p>Corrective Action:</p> <p>The workers involved (mandores, bunch checkers, loaders, tractors drivers) have been given re-training on field cleanliness and the proper way to hang up the fertilizer bags.</p>	
		<p>Verification (Corrective Action):</p> <p>Off-site verification carried out. Verified that the appropriate corrective actions have been taken. Records and photos were available to provide evidence of implementation. The corrective actions satisfactorily addressed the non-conformance.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 18 May 2015



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		<b>Verification of effectiveness:</b> <b>Verified during Recertification that the corrective action taken was implemented effectively.</b>	
		<b>NC status verified by auditor: SH</b>	<b>Date verified: 1 Apr 2016</b>

NCR	MYNI Indicator	Details of NCR	
<b>Minor NC# SH-03</b>	<b>5.2.3</b>	Date issued: 17 Apr 2015	
		Nonconformance: Information on rare, threatened and endangered species were inadequately disseminated to the workers. This is of importance as the Shahzan 1 and Pukin estates are bordered by Forest Reserves and there is possibility of encounters with wildlife.	
		Root Cause and Corrective Action: Root Cause: As there was a "No Hunting" sign at the entrance of the estates. The Estate Management felt that it was sufficient to prevent workers from endangering wildlife. Corrective Action: New sign boards have been displayed at Shahzan 1 and Pukin estates entrances and Forest Reserve borders. Training/briefing have been given to workers to disseminate information, especially on the consequence of endangering rare, threatened and endangered species.	
		Verification (Corrective Action): Off-site verification carried out. Verified that the appropriate corrective actions have been taken. Photos and records were available to provide evidence of implementation. The corrective actions satisfactorily addressed the non-conformance.	
		NC status verified by auditor: Closed by OCL	Date closed: 18 May 2015
		<b>Verification of effectiveness:</b> <b>Verified during Recertification that the corrective action taken was implemented effectively.</b>	
		<b>NC status verified by auditor: SH</b>	<b>Date verified: 1 Apr 2016</b>

NCR	MYNI Indicator	Details of NCR	
<b>Minor NC# SH-04</b>	<b>5.6.2</b>	Date issued: 17 Apr 2015	
		Nonconformance: The PMU has not complied with the requirement for submission of their GHG emission report (using PalmGHG or an equivalent) to RSPO Secretariat for review by the ERWG during the implementation period. If using tools other than PalmGHG, the PMU is required to submit these tools and their calculations for endorsement by RSPO well before their assessment.	
		Root Cause and Corrective Action: Root Cause: As the submission of the GHG emission report is a relatively new requirement, the Management personnel were not aware of this. Corrective Action: Management personnel have been briefed and told to take steps to ensure that the GHG emission report is sent to RSPO well before future assessments. The GHG report has been generated and is attached for RSPO endorsement.	

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		<p>Verification (Corrective Action): Off-site verification carried out. The PMU has submitted the GHG emission data to the CB and will take action to submit the same to the RSPO Secretariat. The Corrective Action Plan (CAP) is acceptable.</p>
	<p>NC status verified by auditor: Closure of Minor NC at next assessment.</p>	<p>Date closed: Pending</p>
	<p><b>Verification of effectiveness:</b> <b>Verified during Recertification that the corrective action taken was implemented effectively.</b></p>	
	<p>NC status verified by auditor: SH</p>	<p>Date verified: 1 Apr 2016</p>

### 3.2.2 Year 2015: ASA-04 (5 Observations)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS # OCL-01	8.1.1	Estates and POM	There are areas of continual improvement carried out by the POM and estates but there is a need to organize and document these continual improvements with clear indication of the outcomes.	17 Apr 2015	1 Apr 2016	Adequate actions taken
OBS # SH-01	5.3.3.	Estates and POM	The placement and condition of all the signages for use in the estates and mill can be further improved.	17 Apr 2015	1 Apr 2016	Adequate actions taken
OBS # SH-02	5.6.3	POM	The flow meter for the effluent discharge was not functioning for a few months. However, action has been taken to replace with a new flow meter expected to be done in May 2015.	17 Apr 2015	1 Apr 2016	Adequate actions taken
OBS # JMD-01	6.5.2	Shahzan 1 Estate	Wrongful deduction was made for one day sick leave in Mar 2015 for a worker interviewed in Shahzan 1 Estate due to the failure of the Health Assistant to issue medical certificate and pass it over to Field Supervisor for time sheet recording.	17 Apr 2015	-	<b>Actions taken not adequate.</b>  <b>Refer to 2016 NC: JMD-01 (Major) Closed on-site: 30 May 2016</b>
OBS # JMD-02	6.13.1	POM and Estates	Clauses pertaining to Human Rights Policy were stated in the Equal Opportunity and Non-Discrimination Policy. However, there is a lack of clarity in meeting the requirements for the Human Rights Policy.	17 Apr 2015	1 Apr 2016	Adequate actions taken

### 3.2.3 Year 2016: Re-Certification (1 Major NCR)

NCR	MYNI Indicator	Details of NCR
JMD-	6.5.2	Date issued: 1 Apr 2016

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<p><b>01</b> <b>Major</b></p>		<p><b>Nonconformance:</b></p> <p><b>Calculations for annual (vacation) leave payment:</b>  <b>It was found out that in Leepang A estate and Bukit Serampang estate, the calculation of total work days offered for the workers in year 2015 was inconsistent.</b>  <b>This caused the calculation prepared by the Estate management for annual leave payment eligibility to be inaccurate in Dec 2015.</b></p>
		<p><b>Root Cause</b></p> <p>Investigation of the inconsistencies in the days offered revealed the following findings:</p> <ol style="list-style-type: none"> <li>1) The days offered in the Vacation Leave Pay (VLP) report does not tally with the information in the report as data like medical leave, approved leave, work on rest day is not indicated in the report</li> <li>2) In Bukit Serampang estate, when workers return to their home country for long vacations (e.g. 60 days), the estate does not deduct the leave taken from the total days offered. However, in Leepang estate, the number of days taken for long vacation is deducted from the total days offered.</li> <li>3) Three (3) days public holidays during the two (2) month vacation leave taken by workers in August and September 2015 was mistakenly keyed in as LC (Approved casual leave) by the data entry clerk. Therefore, offered days automatically increased by three (3) days to 302 days</li> <li>4) The weekly rest days of some workers e.g. auxiliary police, weighbridge clerks are sometimes changed during the year e.g. from Sunday to Monday. This results in the increase of days offered</li> <li>5) When a harvester does not attend muster and no bunches are recorded in the bunch checker's pdr, instead of marking the worker as absent, the staff in charge sometimes leaves the attendance column blank in the Pinfosys Checkroll Daily Record. Upon seeing the blank column, the data entry clerk does not key in any data for the worker data for the day. When no data is keyed in, the days offered for these workers are automatically reduced by one day. Examples are Leepang estate's Hurdin - absent for 2 days on 19 and 21/12/15, Md Lutfor Rahman 2 days on 7 and 21/5/15, Faruk Ahmed 3 days on 23/3, 24/4, 17/6/15. Mohammad Harichor 1 day on 17/6/15. Mohammad Dilwar 1 day on 8/1/15. Stanislas Taram 2 days on 1/1/15 dan 27/3/15.</li> <li>6) Leepang estate's Piah bt Liddi, Ara a/p Sangah, Norazizah a/p Kachik (general worker) attendance on 25/10/15 was mistakenly not keyed in into system by clerk resulting in wages not paid and offered days being reduced by one day (Underpaid wages will be paid)</li> </ol> <p>Therefore it is concluded that the root cause is a combination of human errors by staffs and the flexible Pinfosys system which allows its users to use various codes and lacks certain information.</p>

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<b>Corrective Action</b>		
The following corrective actions will be taken as per the schedule below:		
No	Corrective Action	Target Date
1.	IT department shall arrange to improve the Vacation Leave Pay (VLP) annual report by adding more columns eg for medical leave, vacation leave, rain days, casual leave, work on public holiday or rest day etc.	29 <sup>th</sup> May 2016
2.	IT department shall arrange to update / revise the payroll system to ensure that users are not allowed to unnecessarily change the fixed codes. Among others, the system shall be set to ensure that all operating centres deduct approved long leave from the total offered days for workers who return to their home countries. This is to ensure uniformity and to ensure that workers are entitled to vacation leave pay if they do not absent themselves for more than 10% of the remaining offered days.	25 <sup>th</sup> May 2016
3.	IT department shall arrange refresher training based on changes to payroll system for relevant management personnel and staffs.	29 <sup>th</sup> May 2016
4.	After the payroll system training, HR department shall send a memo to remind operating centres to ensure that wages are calculated correctly. Staffs will be required to provide updated Pinfosys Checkroll Daily Record every Monday to respective offices for clerks to enter the data into the Pinfosys system. This is to reduce the number of mistakes at month end. They will also be reminded that appropriate action will be taken for pay slip errors due to negligence.	29 <sup>th</sup> May 2016
5.	Leepang estate shall pay the one day unpaid wages for work done on 23/10/15 for Piah bt Liddi, Ara a/p Sangah, Norazizah a/p Kachik (general workers).	30 <sup>th</sup> April 2016
<b>Verification (Corrective Action):</b>		
On-site verification was carried out on 30 May 2016. Verified that the corrective actions taken were implemented and satisfactorily addressed. Corrected and updated records were sighted including the latest printouts in the Pinforsys system to provide evidence of implementation up till the time of on-site verification. Receipts of payments in arrears (for earlier errors) were available and verified. Further verification through interview of Estates & Mill Manager and personnel performing the related tasks confirmed understanding and commitment to ensuring the accuracy of the data entries.		
<b>NC status verified by auditors: JMD &amp; AL</b>		<b>Date closed: 30 May 2016</b>
Verification of effectiveness: Next Surveillance Assessment		
NC status verified by auditor: -		Date verified: -

### 3.2.4 Year 2016: Re-Certification (4 Observations)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS: AL-01	4.5.1	Estates: Leepang A, Bkt. Serampang and Shahzan 2	Monitoring of Beneficial Plants. The locations, type and quantities of beneficial plants i.e. <i>Cassia cobanensis</i> (60%), <i>Antigonon leptopus</i> (20%) and <i>Turnera subulata</i> (20%) need to be more consistently adhered as <i>Tunera subulata</i> is noted to be	1 Apr 2016	-	Follow up in next assessment.

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			mainly planted.			
OBS: SH-01	5.2.1	Estate: Leepang A	The unplanted areas identified in the estate consisting of areas prone to flooding, should be classified and included as a conservation area. These areas need to be marked in the map and proper signboards need to be placed at strategic location on the ground.	1 Apr 2016	-	Follow up in next assessment.
JMD-01	6.5.1	Mill and estates	It was found out the Letter of Appointment issued by IOI's appointed employment agency in the foreign workers original country stated in 15(g) that " <i>[foreign workers] shall not engage in any romantic relationship and/or marry or intent to marry <u>any Malaysian</u> during the period of employment</i> ". This is inconsistent with the restriction set by Immigration Department which stated the in Recruitment Terms And Conditions of Foreign Workers that " <i>marriage is prohibited with <u>local or foreign citizens</u></i> "	1 Apr 2016	-	Follow up in next assessment.
JMD-02	6.5.3	Estate: Bukit Serampang	Based on VMO recommendation, a worker suspected with stable angina was sent for a test in Hospital Tangkak. However, the Estate HA and VMO had not provided adequate evidence of review of the test results that the worker was fit for the current work.	1 Apr 2016	-	Follow up in next assessment.

### 3.2.5 Identified Positive Elements

- 1) The PMU has continued to maintain and carried out CSR activities such as financial funding for education, social and religious activities.
- 2) The PMU has continued to maintain and implement the safety measures and pollution prevention programs and activities.

### 3.3 Summary of Feedback Raised by Stakeholders and Findings

Prior to and during the Assessment, written and verbal feedback communicated from the stakeholders on the environmental and social performance at the PMU operations were sourced (**see section 2.1**).

All pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings. See tables below:

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### 2015: ASA-04

Stakeholders' Feedback	PMU Response	Intertek verification / comments	Follow up comments (if any)
<b>Government Agencies</b>			
Communication done via email on 11 Mar 2015. See list under para 2.5 No feedback received.	Annual stakeholder consultations have been maintained and no issues received.	Verified that no issues raised from Stakeholder consultations.	Nil
<b>Non-Governmental Organizations</b>			
Communication done via email on 09 Jan 2015. See list under para 2.5. No feedback received.	Annual stakeholder consultations have been maintained and no issues received.	Verified that no issues raised from Stakeholder consultations.	Nil
<b>Local Communities</b>			
Stakeholder interviews were made during assessment from 13 to 17 Apr 015 at the PMU. A total of 11 stakeholders comprising contractors, suppliers, local community (schools and sundry shops), neighbouring estates, Government agencies and employees/workers were interviewed during the on-site assessment. Only one suggestion from a stakeholder: <ul style="list-style-type: none"> <li>• Suggestion to place importance on good attendance of students in the school.</li> </ul>	The PMU has taken note of this matter and will communicate to the parents of the students.	To be followed up during the next Assessment.	Adequate Improvement actions taken
<b>Other Interested parties</b>			
Nil	Nil	Nil	Nil

### 2016: Re-Certification

Communications done via email on 18 Feb 2016 as per the listed parties stated **under para 2.5**. Feedback was also obtained during the period of current assessment via interviews and group sessions conducted on-site.

Stakeholders' Feedback	PMU Response	Intertek verification / comments	Follow up comments (if any)
Concerns and suggestions received during interviews and stakeholder consultations include representatives from government agencies, suppliers, transporters, contractors at the PMU. Total: 17 nos - Local community 24 nos - Workers at POM, Estates (local and foreign, male and female) No significant issues were raised as generally the PMU	Stakeholder consultations has been maintained to address stakeholders' feedback.	Verified that no significant outstanding issues from Stakeholder consultations.	Nil



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has periodically met up with the related parties and satisfactory actions were taken to address concerns and suggestions made.			
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### 4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

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

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

Signed for and on behalf of  
Intertek Certification International Sdn Bhd



Augustine Loh  
Lead Assessor

Date: 24 August 2016

### 4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of  
IOI Corporation Berhad



Yeo Lee Nya  
Sustainability Head ( Malaysia / Indonesia)



Date: 24 August 2016



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### 4.2 INTERTEK- RSPO P&C Certificate details for IOI Pukin Grouping

Certificate No:	RSPO 927888
New issue date (Re-Cert)	To be determined after approval (upon suspension of IOI Corp. lifted by RSPO)
New expiry date	To be determined after approval (upon suspension of IOI Corp. lifted by RSPO)
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 (Apr 2013); Malaysian National Interpretation (2014); RSPO Supply Chain Certification Standard (Nov 2014) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernels
Supply Chain module for POM	Identity Preserved (IP)

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

Name	Address	GPS Reference		Certified Area (ha)
		Latitude	Longitude	
Pukin Palm Oil Mill Capacity (60 MT/hr)	30km, Lebuhraya Tun Abdul Razak, Keratong, Rompin, Pahang	02° 43'07.9" N	102° 54'28.7" E	14,145.31
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	
Leepang A Estate	KM 68, Kuantan-Segamat Highway, 26700 Muadzam Shah, Pahang.	03° 00'36.1" N	103° 01'48.0" E	
Laukin A Estate	KM 72, Kuantan-Segamat Highway, 26700 Muadzam Shah, Pahang.	03° 01'26.1" N	103° 02'33.0" E	
Bukit Serampang Estate	KM 12, Jalan Sagil-Tangkak, Segamat, 84900, Tangkak, Johor.	02° 19'53.7" N	102° 41'17.4" E	

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

Pukin POM	Annual Tonnages (MT)
Certified FFB	310,000
Certified CPO	70,525
Certified PK	15,345
Supply chain module	Identity Preserved (IP)

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### Appendix A:

#### Qualifications of Lead Assessor and Assessment Team

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

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

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

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

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

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

##### **Mr. Jumat Majid (JMD) – Assessor / Technical Expert**

– BSc (Social Science)

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

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### Appendix B:

#### Certification Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
28 Mar 16 Monday  (Day 1)	8.00 am – 11.00 am	Travel to hotel		
	11.00 am - 12.00 pm	Travel from hotel to Pukin grouping Palm Oil Mill		
	12.00 pm - 1.00 pm	Lunch Break		
	1.00 pm – 1.30 pm	<b>Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)</b>		
	1.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		<b>AL</b>	<b>SH</b>	<b>JMD</b>
		<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P4 Best Practices at Mill</li> <li>• P8 Continual Improvement</li> <li>• SCC for POM</li> </ul>	<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	<ul style="list-style-type: none"> <li>• Verification of effectiveness of corrective actions for non-conformances</li> <li>• Review of Time Bound Plan</li> <li>• Verification for compliance with rules on partial certification</li> </ul>			
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
	6.00 pm – 7.00 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		AL	SH	JMD
29 Mar 16 Tuesday  (Day 2)	8.30 am – 12.30pm	<b>Site assessment at Leepang A estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Leepang A estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Leepang A estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
		Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Leepang A estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

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Date	Time	Assessors and Assessment Activity		
		AL	SH	JMD
30 Mar 16 Wednesday  (Day 3)	8.30 am – 12.30pm	<b>Site assessment at Bukit Serampang estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Bukit Serampang estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Bukit Serampang estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	<b>Continue site assessment at Bukit Serampang estate</b>		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		AL	SH	JMD
31 Mar 16 Thursday  (Day 4)	8.30 am – 1.00 pm	<b>Site assessment at Shahzan 2 estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Shahzan 2 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Shahzan 2 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 4.30 pm	<b>Site assessment at Pukin Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P4 Best Practices at Mill</li> <li>• P8 Continual Improvement</li> <li>• SCC for POM</li> </ul>	<b>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below):</b> <ul style="list-style-type: none"> <li>• <b>Contractors</b></li> <li>• <b>Suppliers</b></li> <li>• <b>Transporters</b></li> <li>• <b>NGOs</b></li> <li>• <b>Government Department / Agencies</b></li> <li>• <b>Local Community</b></li> </ul> <b>Notes</b> 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement	
	4.30 pm – 5.30 pm	Site assessment at POM or estates to follow up on any specific criteria/areas		
	5.30 pm –	Travel to Hotel & Break		

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	6.30 pm	Team Meeting and Discussion
	6.30 pm –	
	7.30 pm	

Date	Time	Assessors and Assessment Activity		
1 Apr 16 Friday  (Day 5)	8.30 am – 1.00 pm	<b>AL</b>	<b>SH</b>	<b>JMD</b>
		Site assessment at POM or estates to follow up on any specific criteria/areas		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 3.30 pm	Preparation for Closing Meeting		
	3.30 pm – 4.00 pm	Team Meeting and Discussions with POM Management Representative		
	4.00 pm – 5.30 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>		
	5.30 pm onwards	Travel back to Kuala Lumpur		

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**Appendix C-1:**

**Location Map of IOI Pukin Grouping, Johor, Malaysia**

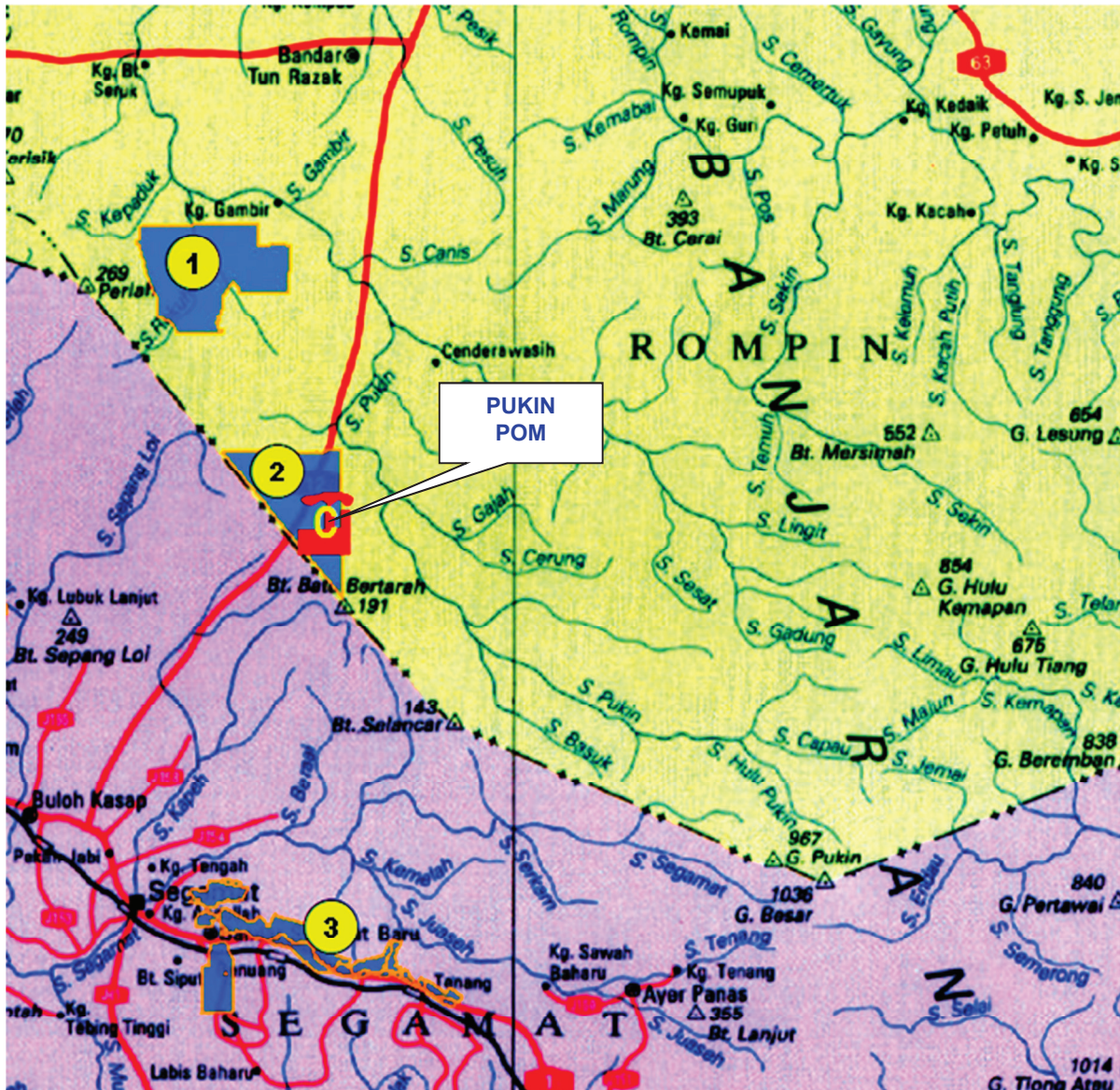


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Appendix C-2:

Location Map of IOI Pukin PMU



Legend:

- C - Pukin Oil Mill
- 1 - Shahzan 1 & Shahzan 2 Estates
- 2 - Pukin Estate
- 3 - Segamat Estate





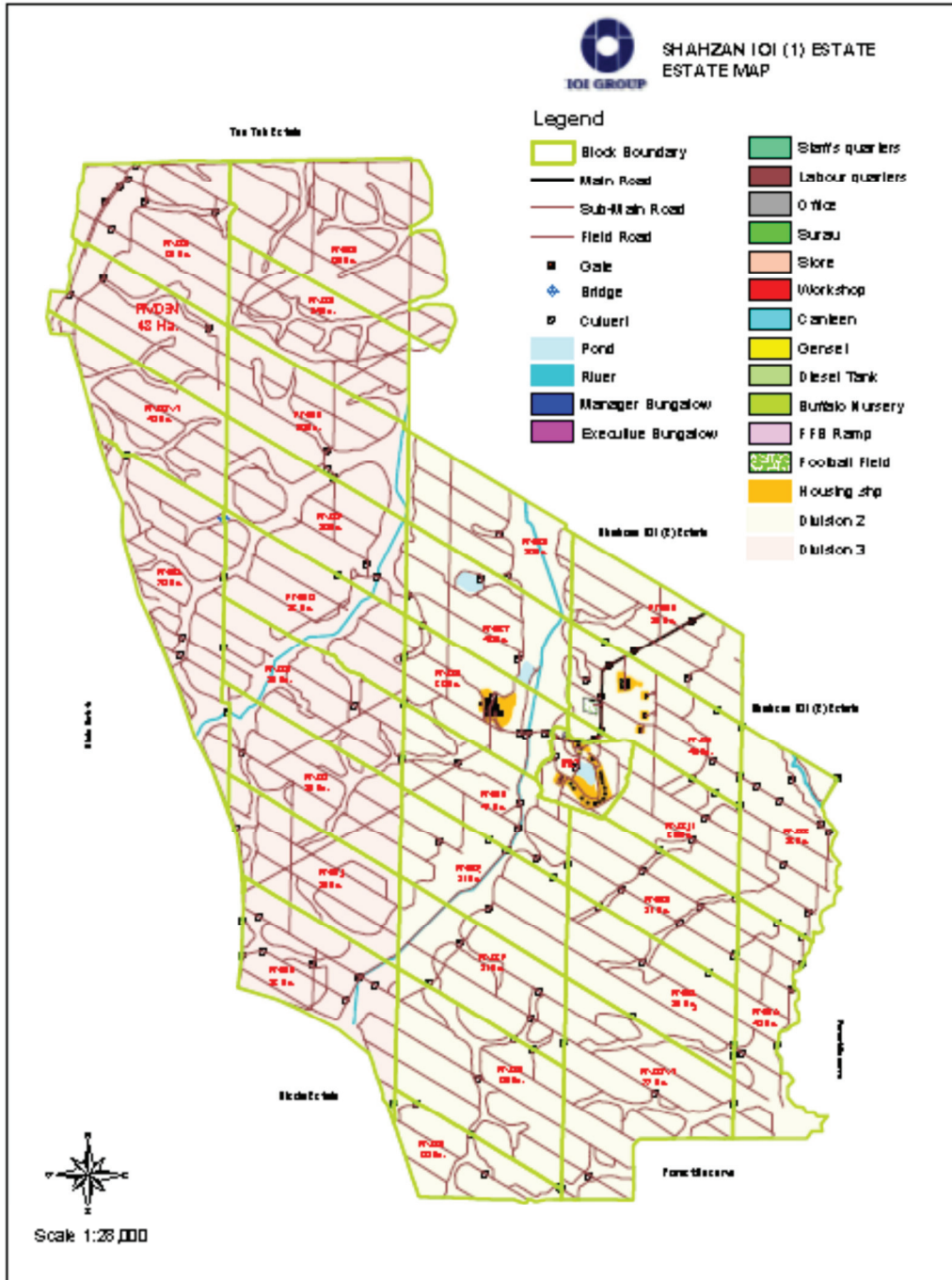
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## Appendix C-3-2:

### Field Map Shahzan 1 Estate



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**Appendix C-3-3:**

**Field Map Shahzan 2 Estate**





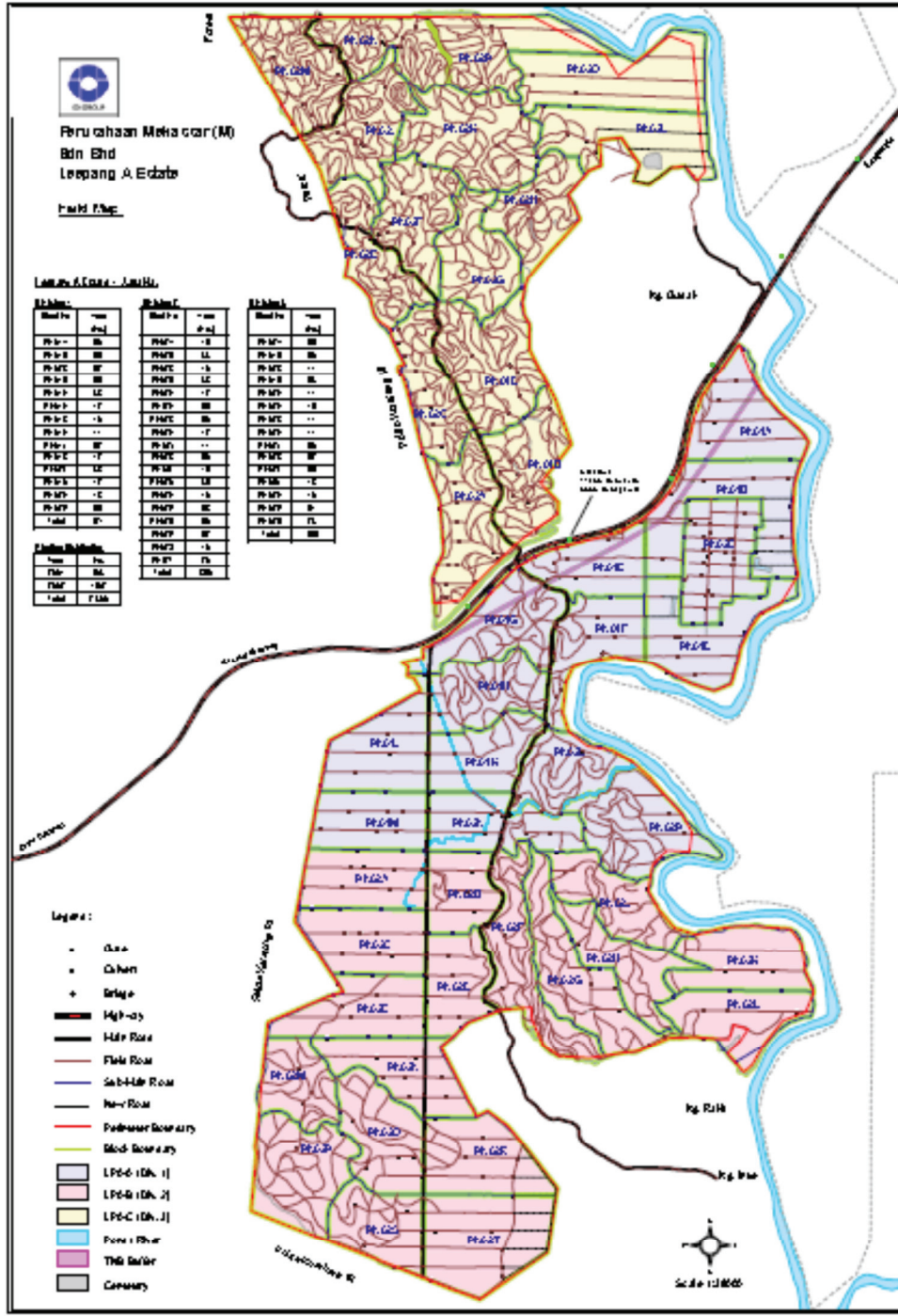
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## Appendix C-3-5:

### Location Map of Leepang A Estate

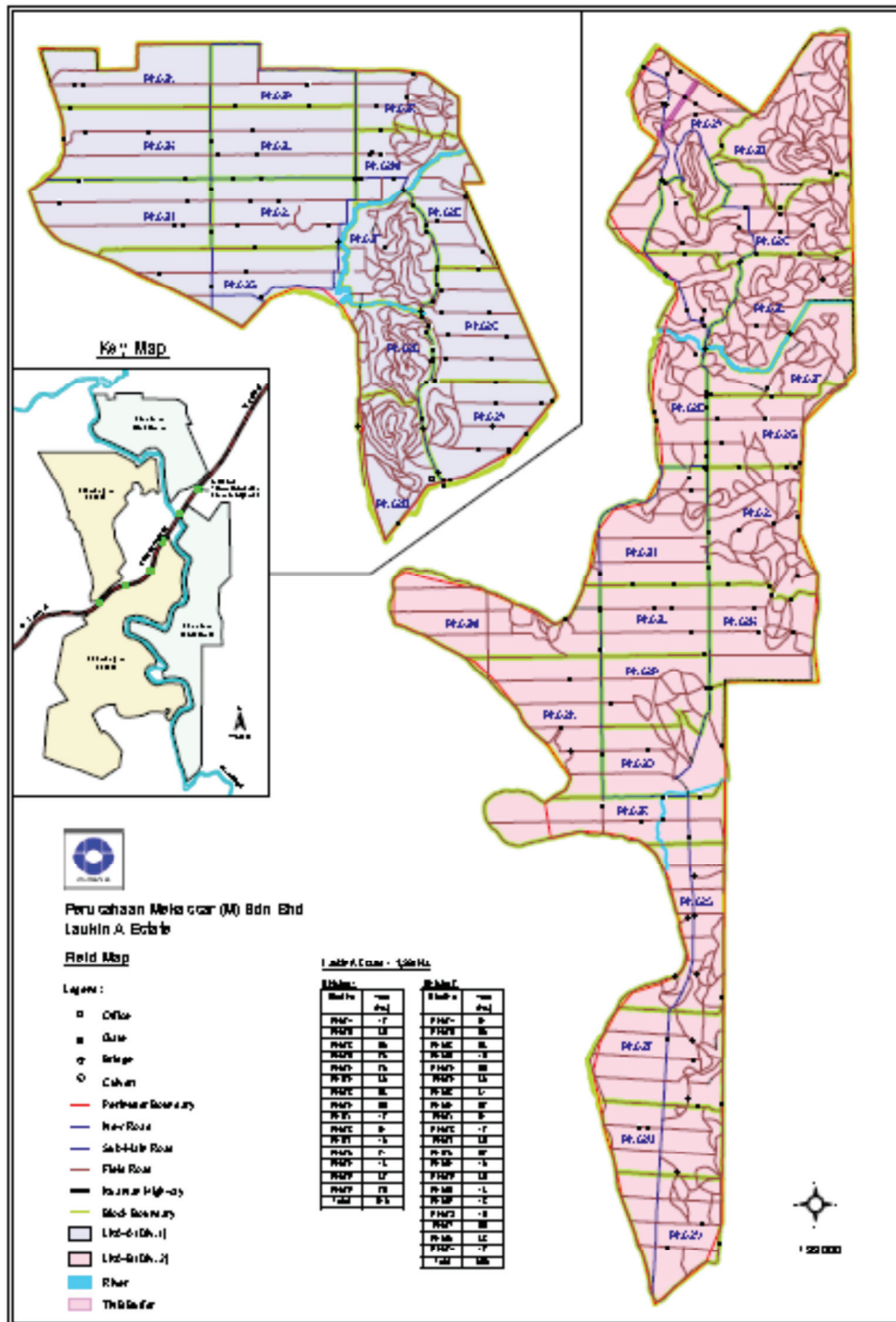


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**Appendix C-3-6:**

**Location Map of Laukin A Estate**



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## Appendix C-3-7:

### Location Map of Bukit Serampang Estate



**Appendix D:**

**Photographs of findings at Pukin Grouping (Re-Certification)**

	
<p>Pukin POM: Methane capture system</p>	<p>Bukit Serampang estate: Sprayers wearing proper PPE</p>
	
<p>Bukit Serampang estate: Buffalo used for transport of FFB</p>	<p>Leepang A estate: Buffer zone signages.</p>
	
<p>Shahzan 2 estate: Beneficial plants (Tunera Subulata) planted along field roads.</p>	<p>Stakeholder consultations held at Pukin POM.</p>

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### Appendix E:

#### Time Bound Plan

**Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (17 August 2016)**

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



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

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### Appendix F:

#### Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group

- 1) Updated RSPO Announcement on IOI – Suspension of IOI’s RSPO certificates is lifted by the RSPO Board of Governors effective 8 August 2016

Weblink: <http://www.rspo.org/news-and-events/announcements/update-on-the-status-of-ioi-groups-certification>

- 2) Monitoring by RSPO Complaints Panel (CP)

Weblink: <http://www.rspo.org/members/status-of-complaints?keywords=IOI&country=&category=>

RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group

Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>

- 3) Updated IOI Group Newsletters

Weblink: [http://www.ioigroup.com/Content/News/N\\_Archive](http://www.ioigroup.com/Content/News/N_Archive)

IOI Launches Revised Palm Oil Sustainability Policy and Sustainability Implementation Plan (8 August 2016)

Weblink: <http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=813>

-- End of Report--