

# IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

**Syarimo Grouping**

Kinabatangan, Sabah, Malaysia



Valued Quality. Delivered.

## Assessment Report

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**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

**Report No: R9283/12-5 IOI Corporation Berhad, Syarimo Grouping**  
**Verification cum Surveillance Assessment ASA-04**

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**VERIFICATION CUM SURVEILLANCE ASSESSMENT REPORT**  
**ON RSPO CERTIFICATION**

**PUBLIC SUMMARY REPORT**

**IOI CORPORATION BERHAD**

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

**PLANTATION MANAGEMENT UNIT**  
**Syarimo Grouping**  
Kinabatangan, Sabah, Malaysia

**Certificate No:**

Issued date:

Expiry date:

**RSPO 928388**

20 Mar 2013

19 Mar 2018

**Assessment Type**

Initial Certification (Main Assessment)

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-03)

Verification cum Annual Surveillance

Assessment (ASA-04)

Re-Certification

**Assessment Dates**

17–21 Sep 2012

18–21 Feb 2014

26–29 Jan 2015

25-28 Jan 2016

16-19 Jan 2017

-

**Intertek Certification International Sdn Bhd**

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## 1.0 SCOPE OF ASSESSMENT

### 1.1 Introduction

This Verification cum Annual Surveillance Assessment (ASA-04) was conducted on the Plantation Management Unit (PMU) Syarimo Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **16–19 Jan 2017**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for Palm Oil Mill.

The Verification Assessment was conducted together with the Annual Surveillance Assessment (ASA-04) due to the findings raised by ASI during the Compliance Audit on **17-21 Oct 2016**. This combined Assessment was conducted against the full set of RSPO Requirements and Standards. An additional Lead Auditor was included in the Assessment Team and additional estates were sampled. Details of the outcomes of the verification on ASI Compliance Audit are included in Section 3.3 of this report.

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

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

The Syarimo Grouping consists of one (1) palm oil mill, namely Syarimo Palm Oil Mill and nine (9) estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 9 estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

Name	Address	GPS Reference	
		Latitude	Longitude
Syarimo Palm Oil Mill (Capacity: 90 MT/hour)	KM23, Jalan Kinabatangan, Sg. Pin, Kinabatangan, Sabah	05°20.001'N	117°46.875'E
1. Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E
2. Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E
3. Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E
4. Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E
5. Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E
6. Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E
7. Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E
8. Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E
9. Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E

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### 1.3 Description of supply base (fruit sources)

The supply base i.e. FFB sources to the POM at Syarimo Grouping PMU are from the abovementioned 9 estates owned by IOI. Verification done on site during the assessment confirmed that there were no outgrowers / independent suppliers / smallholders involved in the supply of FFB to the said PMU.

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

**Table 2: Estate Area Summary**

Estate	Area Summary (ha) – Previous (FY Jul 2014 / Jun 2015)		Area Summary (ha) – Current (FY Jul 2015 / Jun 2016)	
	Certified Area	Planted Area	Certified Area	Planted Area
1. Syarimo 1	1,914	1,820	1,914	1,820
2. Syarimo 2	1,987	1,747	1,987	1,747
3. Syarimo 3	2,442	2,315	2,442	2,315
4. Syarimo 4	2,378	1,877	2,377	1,877
5. Syarimo 5	2,149	2,111	2,268	2,111
6. Syarimo 6	1,741	1,611	1,741	1,594
7. Syarimo 7	2,080	1,978	2,080	1,978
8. Syarimo 8	1,889	1,430	1,854	1,430
9. Syarimo 9	1,756	1,515	1,756	1,515
<b>Total:</b>	18,453	16,404	18,419	16,387

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
3. The certified area and planted area for FY Jul 2015 / Jun 2016 are slightly reduced compared to the corresponding figures for FY Jul 2014 / Jun 2015 due to more accurate survey measurement of the areas recently undertaken.

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### 1.4 Summary of plantings and cycle

The 9 estates had been developed since 1995 and are all currently in the 1st cycle of planting for the Oil Palms. The age profile is as shown in Table 3.

**Table 3: Age Profile of Planted Oil Palm (FY Jul 2015 / Jun 2016)**

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below
Syarimo 1 estate	1995	1 <sup>st</sup>	1,820	0
Syarimo 2 estate	1995	1 <sup>st</sup>	1,747	0
Syarimo 3 estate	1995, 2000	1 <sup>st</sup>	2,315	0
Syarimo 4 estate	1995, 2000	1 <sup>st</sup>	1,877	0
Syarimo 5 estate	1995	1 <sup>st</sup>	2,111	0
Syarimo 6 estate	1995, 2001	1 <sup>st</sup>	1,594	0
Syarimo 7 estate	1995, 2002	1 <sup>st</sup>	1,978	0
Syarimo 8 estate	2001	1 <sup>st</sup>	1,430	0
Syarimo 9 estate	2001 - 2003	1 <sup>st</sup>	1,515	0
		Total	16,387	0

Note: There has been no New Planting in any of the 9 estates at the certified areas since 1995.

### 1.5 Summary of Conservation and HCV Areas

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

**Table 4: Conservation and HCV Areas**

#	Statement of Land Use (Ha)	FY 2014/15 Hectarage - Ha	FY 2015/16 Hectarage - Ha
<b>1</b>	<b>Planted Area (ha) – Oil Palm</b>		
	- Mature	16,404	16,387
	- Immature	0	0
<b>2</b>	<b>Conservation Area (ha)</b>		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	280	280
<b>3</b>	<b>HCV Area (ha)</b>		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	8	8

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

Currently, the other certification held by IOI-Syarimo Grouping PMU is the ISCC certification which is valid. The RSPO's trademarks and logo are not used by the PMU audited. Instructions for use were provided and acknowledged by the PMU through a signed Memorandum of commitment agreeing to adhere to the latest "RSPO Rules on Communications & Claims" during the assessment.

### 1.7 Organizational information / Contact Person

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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 Syarimo Grouping based on the actual for FY Jul 2015 / Jun 2016 is as in Table 5 below:

**Table 5: Tonnages Verified for Certification**

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Syarimo 1 estate	39,266.73	Syarimo POM	Intertek
2.	Syarimo 2 estate	42,403.16	Syarimo POM	Intertek
3.	Syarimo 3 estate	56,863.00	Syarimo POM	Intertek
4.	Syarimo 4 estate	41,678.05	Syarimo POM	Intertek
5.	Syarimo 5 estate	48,473.59	Syarimo POM	Intertek
6.	Syarimo 6 estate	41,262.90	Syarimo POM	Intertek
7.	Syarimo 7 estate	46,349.57	Syarimo POM	Intertek
8.	Syarimo 8 estate	34,035.35	Syarimo POM	Intertek
9	Syarimo 9 estate	36,224.41	Syarimo POM	Intertek
	Total (under PMU):	386,556.76		
	Other Suppliers:	0		
	<b>Grand total</b>	386,556.76		

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

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

Estate / Supplier	FFB Processed in FY Jul 2014 – Jun 2015) - Actual		FFB Processed in FY (Jul 2015 – Jun 2016) - Actual		FFB Processed for FY (Jul 2016 – Jun 2017) – Actual + Projected	
	MT	%	MT	%	MT	%
Syarimo PMU Estates (certified)	460,127.54	100	386,556.76	100	432,385	100
Other Suppliers (non-certified)	0	0	0	0	0	0
Total	460,127.54	100	386,556.76	100	432,385	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 Grouping as assessed and verified during this current assessment and projected for next FY are detailed as follows:

**Table 7: Certified FFB Tonnages**

POM	FY (Jul 2014 – Jun 2015) - Actual		FY (Jul 2015 – Jun 2016) - Actual		FY (Jul 2016 – Jun 2017) – Actual + Projected	
Total certified FFB Processed (MT)	460,127.54		386,556.76		432,385	
Total certified CPO Production (MT)	94,985.03	OER: 20.64%	81,242.13	OER: 21.02%	92,963	OER: 21.50%
Total certified PK Production (MT)	22,367.20	KER: 4.86%	19,533.70	KER: 5.05%	22,700	KER: 5.25%
SCCS Model for POM	SG/IP		IP		IP	

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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### 1.10 Abbreviations Used

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

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## **2.0 ASSESSMENT PROCESS**

### **2.1 Assessment Methodology, Plan and Site Visits**

Since 14 Dec 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 the Syarimo Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 16 to 19 Jan 2017, the Assessment team of Intertek conducted the Verification cum Surveillance Assessment ASA-04. For the Surveillance Assessment, 3 out of the 9 estates of Syarimo Grouping, namely Syarimo 2 Estate, Syarimo 4 and Syarimo 5 Estate 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. For the Verification cum Surveillance Assessment, additional estates were sampled to ensure a good coverage and the potential risks due to the findings raised by ASI during the Compliance Audit on **17-21 Oct 2016**.

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

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

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

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

### **2.2 Date of next scheduled visit**

The next scheduled visit will be the Re-certification Assessment which will be carried out within four months before the certificate expiry date.

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

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

### **2.4 Certification Body**

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

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### 2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

#### Government Agencies (by emails)

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

#### Statutory Bodies (by emails)

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

#### NGOs and others (by emails)

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

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

Local community (On-site interviews)

68. Consultative Committee & Gender representatives
69. Workers & Workers representatives
70. Village Heads & representatives
71. 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.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<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 a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>IOI had provided a detailed response to the Greenpeace report "A Deadly Trade-Off" dated 27 Sep 2016 concerning policy violations in IOI's third-party supply chain – for more details, please refer to: <a href="http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819">http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819</a></p> <p>Date of public notification of this assessment of the PMU was made on 14 Dec 2016.</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 site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates conducted a joint external stakeholders' consultation on 13/12/2016. Issues raised by external stakeholders concerning the following:-</p> <p>(1) Kinabatangan District Wildlife Department – installation of electric fence to avoid trespassing of elephants.</p> <p>(2) Local communities – additional road safety signages at sharp corners, directional signages, reduction of road payment from RM7.20 to RM5 per tonne.</p> <p>(3) Contractors – request to increase FFB transport rate.</p> <p>The POM and estates had conducted their respective internal stakeholders' consultations on the following dates: POM – 07/01/2017 Syarimo 2 Estate – 15/12/2016 Syarimo 4 Estate – 14/12/2016 Syarimo 5 Estate – 16/12/2016</p> <p>Feedback given concerning dogs nuisance, mosquito, water supply, repairs needed for ceiling, drains, water tap &amp; light bulbs, repair needed for waste collection place, request for basketball court, electricity supply interruption, etc.</p> <p>Records of participants and feedback given were maintained and appropriate actions taken.</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.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>

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<p>1.2.1 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 were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) dated Jul 2016, alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society:</p> <p><a href="http://www.ioigroup.com/Content/S/PDF/Sustainability%20Palm%20Oil%20Policy.pdf">http://www.ioigroup.com/Content/S/PDF/Sustainability%20Palm%20Oil%20Policy.pdf</a></p> <p>The following types of mandatory documents are available to the public upon request:</p> <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> <li>• Human Rights Policy.</li> </ul> <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates.</p> <p>Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention.</p>	<p>Complied</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>	<p>Complied</p>
<ul style="list-style-type: none"> <li>• Occupational health and safety plans (Criterion 4.7);</li> </ul>	<p>Policy and HIRAC documented and reviewed for the POM and estates - Risk Assessment dated 02/01/2017.</p> <p>Occupational Safety and Health Plan has been established and annually reviewed by the Safety Officer for POM and estates on 05/01/2017.</p> <p>The OSH Programme 2017 include the following:</p> <ul style="list-style-type: none"> <li>• Safety &amp; Health Committee meetings 4x/year,</li> <li>• Annual medical surveillance,</li> <li>• Accident Reporting &amp; Investigation,</li> <li>• Workplace inspection,</li> <li>• CHRA assessment,</li> <li>• Air compressors annual inspection,</li> <li>• Warning signs,</li> <li>• Chemical Register,</li> <li>• SOP for safe work,</li> <li>• PPE usage,</li> <li>• MSDS/CSDS,</li> <li>• JKKP 8 reporting of accidents annually,</li> <li>• Emergency Response Plan (ERP),</li> <li>• Emergency drills,</li> <li>• Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection),</li> <li>• Monthly KPI Report on HSE performance,</li> <li>• Monthly Safety inspection &amp; audit by Safety Officer,</li> </ul>	<p>Complied</p>

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	<p>CHRA was conducted in 2015. Next CHRA assessment scheduled for year 2019.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	
<p>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</p>	<p>Environmental Impact Assessment for the POM and estates have been conducted and reviewed.</p> <p>Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment for the POM and estates were conducted and reviewed in Jan 2017.</p> <p>Positive and negative impacts identified. Action plans were documented and implemented.</p>	Complied
<p>• HCV documentation (Criteria 5.2 and 7.3);</p>	<p>The 'HCV and Conservation Areas' Assessment for all the estates have been conducted and reviewed. The Management Action Plans were implemented and monitored at the respective estates.</p>	Complied
<p>• Pollution prevention and reduction plans (Criterion 5.6);</p>	<p>Pollution Prevention Management Plans have been reviewed annually.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters) and domestic wastes disposal, reuse and recycling (scrap iron, paper, glass, plastic).</p>	Complied
<p>• Details of complaints and grievances (Criterion 6.3);</p>	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p> <p>(1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/80">http://www.rspo.org/members/complaints/status-of-complaints/view/80</a></p> <p>(2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/4">http://www.rspo.org/members/complaints/status-of-complaints/view/4</a></p>	Complied
<p>• Negotiation procedures (Criterion 6.4);</p>	<p>Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained.</p> <p>The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: <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
<p>• Continual improvement plans (Criterion 8.1);</p>	<p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. However, the POM did not have a documented action plan for continual improvement (Refer to the non-conformance raised against Indicator 8.1.1).</p>	Non-conformance raised against Indicator 8.1.1
<p>• Public summary of certification assessment report;</p>	<p>Public summary of certification assessment reports are available from the company upon request.</p>	Complied



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<p>• Human Rights Policy (Criterion 6.13).</p>	<p>The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised in Jul 2016 and signed by the Group CEO. Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.</p>	<p>Complied</p>
<p><b>Criterion 1.3</b> Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<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. <b>Minor Compliance</b></p>	<p>IOI Group has a documented policy “Code of Business Conduct and Ethics” signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The following are included:</p> <ul style="list-style-type: none"> <li>- Diversity and Respect in the workplace,</li> <li>- Equal Opportunity Employment,</li> <li>- Protecting the Environment,</li> <li>- Safety, Health and Security at Work,</li> <li>- Managing Documents,</li> <li>- Intellectual Property and Information,</li> <li>- Management and Security in our Computing Environment,</li> <li>- Data Privacy</li> <li>- Employee Privacy in the Communication and Computing Environment</li> <li>- Gifts, Benefits or Entertainment,</li> <li>- Bribes and Kickbacks,</li> <li>- Employment of Family Members and Relatives.</li> </ul> <p>Copies of the policy found to be displayed at prominent locations in the POM and estates.</p>	<p>Complied</p>

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**Principle 2: Compliance with applicable laws and regulations**

<b>Criterion 2.1</b>		
There is compliance with all applicable local, national and ratified international laws and regulations.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>2.1.1</b> Evidence of compliance with relevant legal requirements shall be available.</p> <p><b>Major Compliance</b></p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage &amp; storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol &amp; Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</p> <p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions</p>	<p>Complied</p>

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	imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.	
<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 documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Department of Irrigation and Drainage), Forestry Department and Wildlife Department were maintained.</p>	Complied
<p><b>2.1.3</b> A mechanism for ensuring compliance shall be implemented. <b>Minor Compliance</b></p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p>	Complied
<p><b>2.1.4</b> A system for tracking any changes in the law shall be implemented. <b>Minor Compliance</b></p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register.</p> <p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The change in Minimum Wage Order 2016 that increases the minimum wage had been implemented. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p><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.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><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></p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of agricultural crop of economic value.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p> <p>The land has been planted with oil palms since 1995. There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied
<p><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></p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of agricultural crop of economic value.</p> <p>Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estate land titled boundaries.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied
<p><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</p>	<p>There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	Not applicable

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<p>previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p><b>Minor Compliance</b></p>		
<p><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.</p> <p><b>Major Compliance</b></p>	<p>There were no land conflicts in this PMU.</p>	<p>Not applicable</p>
<p><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).</p> <p><b>Minor Compliance</b></p>	<p>No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	<p>Not applicable</p>
<p><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.</p> <p><b>Major Compliance</b></p>	<p>No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	<p>Not applicable</p>
<p><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.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<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 lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas.</p> <p>There is no dispute on the land rights in the PMU.</p> <p>The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.</p>	<p>Not applicable</p>
<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</p>	<p>The lands were acquired from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>

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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. <b>Minor Compliance</b>		
<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. <b>Minor Compliance</b>	No cases of land claims in this PMU. As such this process is not applicable for verification.	Not applicable
<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. <b>Major Compliance</b>	This process is not applicable during current assessment.	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.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>3.1.1</b> A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. <b>Major Compliance</b>	The 5-year Business Management Plan (FY 2015/2016 to FY 2019/2020) for the PMU was documented and reviewed. The Annual Budget for each year include the following: (1) Staff and Labour requirements; (2) Crop projection; FFB yield/ha trends; (3) Mill extraction rates; OER trends; (4) Cost of Production; Cost/mt FFB trends; (5) Cost of Production; Cost/MT CPO trends; (6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). (7) Budget for Environmental, Social, Safety & Health, Training and Promotions. The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.). Records of monitoring of costs against budget to achieve specified targets were verified to be available. 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. Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM.	Complied
<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.	Annual replanting program had been prepared up to 2026/2027 for the estates. A replanting cycle of 25 years has been adopted by the group. The replanting areas (ha) are as follows:	Complied

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<b>Minor Compliance</b>	<u>Estate</u>	<u>2017/18</u>	<u>2018/2019</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	
	Syarimo 2			242	251	247	241	265	
	Syarimo 4			243	264	254	241	248	
	Syarimo 5	194	165	271	239	252	318	274	
	<u>Estate</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>					
	Syarimo 2	-							
	Syarimo 4	234	-						
	Syarimo 5	231	143						

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

<b>Criteria 4.1</b> Operating procedures are appropriately documented, consistently implemented and monitored.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</b> <b>Major Compliance</b></p>	<p>IOI Plantations Group - Standard Operating Procedures for the POM and Estate operations were available and verified to be maintained. No update of SOPs since established in 2007.</p> <p>Copy of the SOPs are available on-site and based on interview with workers, it was confirmed that they understood the procedures and its implementation.</p> <p>Verified samples of SOP for the POM operations which include: FFB Receiving Station, Loading Ramp, Sterilizer, Threshing Station Pressing Station, Depericarperzation Station, Oil Room Station, Boiler Station, Engine Room Station, Laboratory, Water Treatment Plant, Threshing Station, Effluent Treatment Plant and Workshop.</p> <p>Verified samples of SOP for the Estate operations include: Oil Palm DxP Seed Production, Pre-Nursery Seedlings, Pre-Large Polybag Nursery, Land Clearing, Land Preparation for new planting and replanting, Oil Palm Planting Density, Tidal Gates, Planting Technique, Foliar sampling, Leguminous cover plant, Manuring, Weeding, Harvesting, Road maintenance, Pest and disease control.</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	Complied
<p><b>4.1.2 A mechanism to check consistent implementation of procedures shall be in place.</b> <b>Minor Compliance</b></p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records would be checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit.</p> <p>However, the process implemented was not able to adequately ensure that:</p> <ul style="list-style-type: none"> <li>(a) FFB contractor's drivers have the necessary driving licenses.</li> <li>(b) FFB contractor's lorries have the valid road taxes and are insured.</li> <li>(c) the FFB contractor pay their drivers promptly.</li> <li>(d) the FFB contractors provide proper PPEs to their drivers.</li> </ul> <p>A Minor NC was raised:</p>	Minor NC # CBK-01
<p><b>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate.</b> <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. Overall, these records verified to be satisfactory.</p>	Complied

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<p>4.1.4 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 Syarimo PMU estates.</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>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. <b>Minor Compliance</b></p>	<p>GAP for minimization of soil erosion and maintenance of soil fertility were maintained via the frond stacking and fertilizer application.  Soil sampling and leaf sampling records provided guide for the fertilizer application  Annual fertilizer inputs based on the recommendations made by the Agronomist of IOI Research Centre, Sabah had been properly followed by the estate. Application of fertilisers were monitored by the Estate Managers,  These had been verified through the records for fertilizer application.  Noted that proper herbicide spraying had also been done.</p>	<p>Complied</p>
<p>4.2.2 Records of fertiliser inputs shall be maintained. <b>Minor Compliance</b></p>	<p>Records of fertilizer application had been maintained and verified to be in order.</p>	<p>Complied</p>
<p>4.2.3 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 were carried out annually and soil sampling and analysis on a 5 year cycle to determine the nutrient levels.  The Agronomist had made recommendation for fertilizer applications 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>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. <b>Minor Compliance</b></p>	<p>Estates were utilizing EFB obtained from mill to various field blocks. The EFB had been incorporated in frond stacking rows. POME application in field at Syarimo 3 Estate, where the POM is located.</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>4.3.1 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 or marginal soil existence on the estates.</p>	<p>Complied</p>
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. <b>Minor Compliance</b></p>	<p>Planting terraces constructed on land with slope more than 6°. Records and maps on terraces constructed had been verified on the estates.  There was no soil erosion noted during the visit. Fields were generally covered with cover crop and soft grasses.</p>	<p>Complied</p>
<p>4.3.3 A road maintenance programme shall be in place. <b>Minor Compliance</b></p>	<p>Estate roads were maintained in good and satisfactory condition. Road maintenance programme verified to be established and implemented. Records showed estate roads were maintained by grading.</p>	<p>Complied</p>

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<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>
<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>Not Applicable</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>The documented Water Management Plan (WMP) was last reviewed on 6 Jan 2017 by the WMP Team for the POM and all estates in the Grouping.</p> <p>Plan included details for identification of sources and quality of water, usage at POM and estates and residences, protection of moisture (fronds, EFB, fiber, shell), stability, traps, conservation on land, hills, terraces, peat etc. Appendices such as maps to identify location of ponds, drains, oil trap, effluent treatment, streams. The plan also identified the locations of sampling points for water analysis.</p> <p>Other data included rainfall data for 2016, WHO standards for drinking water, historical water consumption, drinking water analysis results. Management review and follow up actions needed and taken.</p> <p>Water samples were taken at monthly interval at the final discharge point of the POM effluent pond and at upstream and downstream of waterways. 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>Treated water for domestic use supplied to staff and workers' housing areas. Tests were carried out on parameters to meet the Ministry of Health Specification for drinking water quality. The results were verified to comply with the requirements.</p> <p>Rainfall data found to be monitored as part of the water management plan.</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>Riparian buffer zone were identified through markings on the palms and were sighted on both sides of streams in the estates.</p> <p>Appropriate signages were placed and workers are aware of the non-usage of chemicals within the buffer zones.</p> <p>During interview with four weedicides application workers at Field Block 95H in Syarimo 5 Estate, it was verified that they fully understood that there shall be no spraying of weedicides at the riparian, buffer zones and near drains where there was water.</p>	<p>Complied</p>



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	There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.	
<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>	The water at the final discharge point of the POM effluent pond was analyzed at monthly intervals for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements. BOD level was within the specified limit of 20 ppm maximum.	Complied
<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>	Water usage in the mill from July 2015 to June 2016 ranged from 1.13 to 1.67 m <sup>3</sup> /tonne FFB with an average of 1.33 m <sup>3</sup> /tonne FFB which is within industrial norm of 1.2 m <sup>3</sup> to 1.5 m <sup>3</sup> /tonne FFB.	Complied
<b>Criteria 4.5</b> Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>4.5.1</b> Implementation of Integrated Pest Management (IPM) plans shall be monitored. <b>Major Compliance</b>	IPM Plan includes the planting of beneficial plants and control of damage by rodents.  All the estates had their respective management programmes for IPM that involved the establishment and maintenance of beneficial plants ( <i>Turnera subulata</i> , <i>Cassia cobanensis</i> , and <i>Antigonon leptopus</i> ).  Records of planting and maintenance with the respective maps showed programmes established had been implemented and their targets achieved.  Rat baiting activity (using Brodifacoum 0.003% and 0.005%) was conducted in the estates after determining the need to do so during census that indicated rat damage exceeding 5% on FFB.	Complied
<b>4.5.2</b> Training of those involved in IPM implementation shall be demonstrated. <b>Minor Compliance</b>	IPM training conducted for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.	Complied
<b>Criteria 4.6</b> Pesticides are used in ways that do not endanger health or the environment.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<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>	Documented justification of all agrochemicals use had been reviewed and found acceptable.  The types of agrochemicals included in the justifications for their use were Glyphosate Isopropyl Amine, Glufosinate Monoammonium, Metsulfuron Methyl, 2,4-D Dimethylamine, Brodifacoum.  Specific pesticides had been used to deal with the respective target pest, weed, or disease.	Complied
<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>	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.	Complied
<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	It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan.	Complied

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<p>be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. <b>Major Compliance</b></p>	<p>The pesticide reduction program is monitored on usage per hectare 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>Use of paraquat had been eliminated in accordance with IOI Group Policy. First Aid Kits were 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 had attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, aprons, raincoat-type long trousers) had been provided and used by the pesticides operators. All precautions attached to the pesticides (MSDS) had been observed, applied and understood by the workers. Programmes and training records verified to be satisfactory. The training include spraying technique, precautions and symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The 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. Chemicals were mixed in the pre-mixing areas of the store that was under lock and key. The changing and shower rooms had been expanded with soap provided. Emergency shower and eye wash were available at the pesticides store in case of accidents. Automatic water pumps and wherever practical, overhead tanks were installed to ensure immediate supply of water. Material Safety Data Sheets (MSDS) were available in the stores. The MSDS are in English and Bahasa Malaysia (understood by the workers). Chemical containers were reused as containers for spraying solutions. For disposal as scheduled waste, empty pesticide containers were triple rinsed and pierced at the bottom.</p>	Complied
<p><b>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts.</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</p>	Complied

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<p><b>Minor Compliance</b></p>	<p>drift, spray quality and run-off. Programme and training records verified to be satisfactory.</p> <p>It was noted that the PPEs used by the workers at the fields included:</p> <p>(a) raincoat type of long trousers that protected their legs from being exposed to the chemicals.</p> <p>(b) Long aprons that covered their boots</p>	
<p><b>4.6.8</b> Pesticides shall be applied aurally only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. <b>Major Compliance</b></p>	<p>It is the policy of the company not to carry out aerial application of pesticides. This policy has been followed by the PMU.</p>	<p>Complied</p>
<p><b>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</b></p>	<p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling.</p> <p>Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	<p>Complied</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 a licensed contractor approved by DOE. Records of scheduled waste verified to be in order.</p>	<p>Complied</p>
<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 for all pesticide operators had been implemented in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2. It was verified that the CHRA recommendations have been satisfactorily followed.</p> <p>Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical Doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition would be declared as unfit for work with pesticides. No such cases in the PMU as at the date of assessment.</p> <p>Pesticides operators were interviewed during field visits and feedback received that they did not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>In addition to the annual medical surveillance, monthly clinical checks (gastro intestinal, urinary system, pregnancy) also carried out by the Health Attendant on sprayers and records maintained.</p> <p>During field visit to Field Block No. 95J on 17 Jan 2017, it was sighted that one of the four pesticide sprayers (viz; Ati Rahbanaie) was spraying Glyphosate.</p> <p>Medical surveillance record showed that this sprayer, Ati Rahbaie was last sent for medical surveillance on 2 Nov 2015 and hence she had not undergone medical surveillance for more than 12 months.</p> <p>A Major NC was raised.</p>	<p>Major NC # CBK-01</p>

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<p><b>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women.</b> <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>	<p>Complied</p>
<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 Machinery Act was documented and implemented. OSH Policy found to be clearly displayed at POM and in the estate offices. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health. 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. At the estates, workers were transported to the fields separate from chemicals or fertilisers. The transports had been fixed with ladders for easy boarding and disembarkation. Records on training for the workers had been verified on the Palm Oil Mill and the Estates. Evaluation on the understanding by the workers and effectiveness of the training had been verified.</p>	<p>Complied</p>
<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>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. Risk assessment had included risks and mitigation for eye injury from falling debris/dust, operations involving buffalos, feet/leg injuries for manual loading, ergonomic/muscle traumatism for manual loading operations. Work areas previously identified with high noise levels are the boiler station, engine room and sterilization unit, where noise level exceeded 85 db. Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear mufflers. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 25 May 2016. The audiometric reports of some employees indicated as having hearing impairment and recommended to wear hearing protector. Next test will be in the 24 May 2017. Baseline audiogram and occupational and medical history records of workers were maintained. Employees exposed to high noise levels were interviewed and there was no complaint raised. 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.  "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>Complied</p>

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	<p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear muffers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</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 kits were available at POM, estates and at worksites. Samples of First Aid kits were checked and contents found to be complete and in usable condition during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety &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><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.</p> <p><b>Major Compliance</b></p>	<p>Training programme planned and carried out for year 2016 includes appropriate training on safe working practices for all categories of workers:</p> <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> <p>The training programme included the various types of training such as fire-fighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>The above trainings were conducted and records were available. Evaluation carried out on each of the trainings to determine its effectiveness.</p> <p>Use of PPEs by the harvesters and loose fruits collectors included safety helmets, gloves and safety shoes was observed.</p> <p>However, it was sighted that the harvesters had the eye goggles but did not wear it for eye protection:</p> <p style="padding-left: 20px;">At Field Block 98S, Syarimo 4 Estate on 17 Jan 2017 - 1 worker</p> <p style="padding-left: 20px;">At Field Block 95N and 95O, Syarimo 2 Estate on 18 Jan 2017 - 2 workers</p> <p>The monitoring of usage of personal protective equipment was only carried out once during the Muster and hence this is not adequate to ensure usage by the workers during field operation. A Major NC was raised.</p>	<p style="text-align: right;">Major NC # CBK-02</p>
<p><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</p>	<p>The Mill Managers and the Estate Managers had overall responsibilities of safety and health issues, with the assistance of the Safety Officer in charge of Syarimo Estate Grouping.</p>	<p style="text-align: right;">Complied</p>

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all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. <b>Major Compliance</b>	Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.	
<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. Records on all accidents had been verified to be maintained satisfactorily. Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH).	Complied
<b>4.7.6 All workers shall be provided with medical care, and covered by accident insurance.</b> <b>Minor Compliance</b>	Mill and the estate workers covered by valid accident insurance policy (SOCISO). Foreign workers coverage are through Foreign workers Compensation Insurance Policy.	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 satisfactory.	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 aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. <b>Major Compliance</b>	The formal training plan has been documented for implementation for year 2016/2017 at the mill and estates. The training programmes were based on the training needs identified for various categories of staff and workers and their work formation. Trainings were conducted, including a formal training programme on all aspects of RSPO principles and criteria.	Complied
<b>4.8.2</b> Records of training for each employee shall be maintained. <b>Minor Compliance</b>	Records of training for each employee, including new employees were maintained.	Complied

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

<b>Criterion 5.1</b> 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>
<b>5.1.1</b> An environmental impact assessment (EIA) shall be documented. <b>Major Compliance</b>	The Environmental Aspect and Impacts Assessment was conducted and documented according to requirements. The assessment had included the identification of aspects from activities covering fertilizing, spraying, transportation of FFB, replanting (if any), workshop, line site, garbage disposal, etc.	Major NC # OCL-01

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	<p>However, the documented Environmental Aspect and Impact Assessment of Syarimo 2, 4 and 5 Estates did not include the aspect and impact of road construction and maintenance. A Major NC was raised.</p> <p>The assessment had also included the action plans to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p> <p>The assessment includes issues raised through relevant stakeholders' consultations.</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 management plan. The management plan shall identify the responsible person/persons.</p> <p><b>Minor Compliance</b></p>	<p>Environmental Management plan include potential impacts, measures to mitigate negative impacts, timeframe for action and responsible persons identified.</p> <p>Changes have been made in current practices as a result of the impacts identified.</p> <p>The plan had been implemented by the Mill and Estate Managers.</p> <p>The water for the POM is sourced from the pond located at Syarimo 2 Estate.</p> <p>This treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>It is found that the extent of the buffer zone around the pond has been identified and demarcated.</p>	Complied
<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.</p> <p><b>Minor Compliance</b></p>	<p>The Environmental Aspect and Impacts Assessment documents for the POM and estates have been reviewed by the Environmental Liaison Officer and approved by the respective Mill/ Estate Manager on the following dates:</p> <p>POM – 06/01/2017            Syarimo 2 Estate – 27/12/2016            Syarimo 4 Estate – 01/12/2016            Syarimo 5 Estate – 04/01/2017</p> <p>The review had considered the mitigation of negative impacts and promotion of positive ones such as the maintenance of the fencing for the water ponds and signages.</p>	Complied
<p><b>Criterion 5.2</b></p> <p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.2.1</b> Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p><b>Major Compliance</b></p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated 06/12/2014 and reviewed on 27/12/2016, 21/12/2016 and 24/12/2016 for Syarimo 2, Syarimo 4 and Syarimo 5 Estates respectively.</p> <p>The HCV assessment had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Sabah, Department of Irrigation and Drainage, Sabah Wildlife Department and Environmental Protection Department.</p> <p>The overall landscape surrounding the PMU had been considered in the HCV assessment reports.</p> <p>The visited estates are surrounded by other palm oil plantations. There is no forest reserves at the boundaries of these estates.</p> <p>The HCV assessment has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, swampy areas and steep hills.</p>	Complied

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	<p>Conservation areas/environmentally sensitive areas, i.e. buffer zones along the stretches of streams which pass through the estate had been demarcated and monitored.</p> <p>This also include the stretches of riparian/ buffer zones along Sungai Lamag (a tributary of Sungai Kinabatangan), which passes through Syarimo 2 Estate.</p> <p>There is a swampy area (282 ha) in Syarimo 4 Estate which is unsuitable for oil palm. This area has been planted with Laran trees and expected to be harvested in year 2021. There is monitoring of this area for any signs of wildlife and also to detect any spraying.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site.</p> <p>Maps of the estates indicated the details of location of ponds.</p>	
<p><b>5.2.2</b> Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p><b>Major Compliance</b></p>	<p>Overall, the recommendations and feedback provided by the various parties during the internal HCV consultation has been considered in the 'HCV &amp; Conservation Areas' management plans at the respective estates.</p> <p>The HCV report had reviewed the conservation needed for the wildlife identified such as proboscis monkeys, estuarine crocodiles, pygmy elephants, orang utan, long and short tailed macaque, white beaked hornbills and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.</p> <p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Regular patrols on a weekly basis to monitor the HCV buffer zones have been carried out and recorded by the respective Estate Executives.</p> <p>The patrol logbooks include entries such as no erosion at the banks of the streams, no sign of spraying or manuring within the buffer zone, condition of sign boards, red marking at oil palm trees demarcating the buffer zone, river bank soft vegetation.</p> <p>The weekly patrol logbook of the Syarimo 2, 4 and 5 contained photos as evidence of the monitoring of the buffer zone and reporting of any sighting of wildlife. However, the photos in the patrol logbooks of Syarimo 2 and 4 Estates did not include a caption to describe the respective photo.</p> <p>An Observation was raised.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented.</p> <p>Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p> <p>At Syarimo 4 Estate (Block 98B),</p> <p>(a) It was found that a signage on the buffer zone (near to Syarimo 3 Estate) was incorrectly positioned very near to the stream.</p> <p>(b) Also, at the same location, the "belian" wooden bridge over the stream had a loose plank that is a potential risk to safety.</p> <p>(c) Observed that a number of wooden bridges over the drains to access the palm trees are in need of maintenance.</p> <p>A Major NC raised.</p>	<p>OBS # OCL-01</p> <p>Major NC # OCL-02</p>



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<p><b>5.2.3</b> There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p><b>Minor Compliance</b></p>	<p>There is evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signages erected which prohibit such activities.</p> <p>The PMU had conducted a program to educate the workforce and community about the status of RTE species and the consequences in accordance with company rules and national laws of any infringement.</p> <p>The Syarimo 4 Estate Map indicated a wildlife sanctuary right next to the northern border of this estate. However, the actual situation is that wildlife sanctuary is further up to the north and is separated from the Syarimo 4 Estate northern border.</p> <p>A Minor NC was raised.</p>	<p>Minor NC # OCL-01</p>
<p><b>5.2.4</b> Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>• Outcomes of monitoring shall be fed back into the action plan.</li> </ul> <p><b>Minor Compliance</b></p>	<p>Ongoing monitoring of the management plan on the status of HCV and RTE had been carried out and evidences of reporting verified to be available.</p> <p>Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p> <p>Verification were also made during on-site assessment and found to be satisfactory implemented at the estates.</p> <p>The overall management plan on the status of HCV/RTE of the plantation group is collated, reviewed and monitored by the HQ sustainability team and is ongoing.</p>	<p>Complied</p>
<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 estates visited.</p> <p>Thus negotiated agreement of such nature is not applicable.</p>	<p>Not applicable</p>
<p><b>Criterion 5.3</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<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>Following waste products and sources of pollution were identified and documented:</p> <p>Scheduled waste, domestic waste, clinical waste and recyclable waste (such as metal, plastic, paper, glass) and mill wastes (EFB, shell, POME).</p> <p>Stack emissions and boiler ashes were 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 recorded and documented.</p>	<p>Complied</p>
<p><b>5.3.2</b> All chemicals and their containers shall be disposed of responsibly.</p> <p><b>Major Compliance</b></p>	<p>Inventory of chemicals and their containers is available.</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>The mill and estates have proper Scheduled Waste Stores for storing scheduled waste until time of disposal by scheduled waste disposal company authorized by the Department of Environment.</p> <p>Disposal of scheduled wastes by licensed contractor within 180 days verified to be in compliance with EQ (Scheduled Waste) Regulation 2005. The latest disposal was done on 22/12/2016.</p>	

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	<p>It was verified on-site that the records, i.e. Consignment Notes and related documentation has been satisfactorily maintained at the mill and estates.</p> <p>The Schedule 2 form completed by the Mill Manager at quarterly interval listed the types and quantities of Scheduled Waste stored for disposal. However, two of these forms signed by the Mill Manager did not indicate the date. The last Schedule 2 form was dated 25/5/2015.</p> <p>An Observation was raised.</p>	<p>OBS# OCL-02</p>
<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 estates. It has been documented and implemented as required.</p> <p>Secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be appropriate.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the POM and estates. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>The solid waste management and disposal plan using landfills was also available at the estates. Verified that the 5 years landfill location planning and maps were available. The designated landfill areas at the estates were verified to be at least 50 m away from any streams/water sources and housing/dwelling areas. Thus the risk of contamination has been observed to be avoided.</p> <p>Recycling of crop residues / biomass, i.e. EFB and POME had been implemented. 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>It was found that there were some plastic bottles at the bank of the stream near the bridge at Block 98H of Syarimo 5 Estate. The plastic bottles were washed up onto banks during the recent heavy rainfall.</p> <p>A Minor NC was raised.</p>	<p>Minor NC # OCL-02</p>
<p><b>Criterion 5.4</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<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>The use of energy from both renewable and non-renewable sources were monitored monthly to optimise the use of renewable energy.</p> <p>Electricity generation was through steam turbine and boiler where palm fiber and PK shells were used as renewable energy/fuel.</p> <p>Monthly records of energy consumption of non-renewable fuel (diesel) and renewable fuel (palm fiber and PK shell) per metric tonne of palm product at the POM were available.</p> <p>For FY Jul 2015/Jun 2016, diesel usage was 11.38 liters per mt CPO (ranged from 7.31 to 20.85 liters per mt CPO).</p> <p>Diesel usage in the estates was recorded for a period of 5 years' data and was available for comparison.</p> <p>The construction of the bio-gas plant at the PMU has been completed and will be commissioned soon.</p>	<p>Complied</p>
<p><b>Criterion 5.5</b></p>		

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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.		
Indicators	Findings and Objective Evidence	Compliance
<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.</p> <p><b>Major Compliance</b></p>	<p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates.</p> <p>Field inspections made at estates showed no evidence of open burning.</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.</p> <p><b>Minor Compliance</b></p>	<p>The estates adhered to the 'zero burning' policy for replanting at the estates.</p> <p>During the audit, there were no replanting activities carried out in the estates. Replanting at the PMU will only commence in FY 2017/2018.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.</p>	Complied
<p><b>Criterion 5.6</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
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>Environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land were reviewed annually on the following dates:</p> <p>POM – 06/01/2017</p> <p>Syarimo 2 Estate – 27/12/2016</p> <p>Syarimo 4 Estate – 01/12/2016</p> <p>Syarimo 5 Estate – 04/01/2017</p> <p>Mill gas emissions as monitored online by Department of Environment, Sandakan using the Continuous Emissions Monitoring System (CEMS) verified to be within the permissible limits of Department of Environment.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to Department of Environment 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>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer usage have been documented at the PMU. This has been verified on-site.</p> <p>The PMU has achieved the ISCC EU certification for sustainable biofuels production.</p> <p>The GHG emissions calculation using PalmGHG version 2.1.1 is up to date and has been compiled for FY 2015/2016 and submitted to RSPO.</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 available.</p> <p>Tools and systems used include the Department of Environment online CEMS monitoring for air emissions and water quality at discharge points as per Department of Irrigation and Drainage regulations and SW disposal were adhering to Department of Environment regulations.</p>	Complied

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	<p>Dust emission monitoring indicated average dust emission concentration to be within the permissible limit of 0.400 g/Nm<sup>2</sup> EQ (Clean Air) Reg.1978 – Std C.</p> <p>It was verified that the POME is treated via ponding system, i.e. overall 16 ponds used. (7 ponds being aerobic and anaerobic ponds).</p> <p>Water samples were taken monthly and tested by mill environment officer in charge and analyzed to ensure compliance to Department of Environment requirements at final discharge point. The discharged water is 100% used for land application into Syarimo 3 estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits.</p>	
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**Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mills**

<p><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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. <b>Major Compliance</b></p>	<p>Social impacts due to IOI Syarimo group operations were assessed through a mixture of consultations, meetings, response forms and interviews.</p> <p>Social impact assessment [SIA] for the year 2017 for IOI Syarimo grouping has been conducted together with relevant external and internal stakeholders. External stakeholders' consultation was conducted for the whole grouping on 13 Dec 2017 and the consultation was properly documented. Thirty-three participants attended the external stakeholder consultation including suppliers, contractors, neighbouring estates and transporters. A written comment received from Suruhanjaya Tenaga Pantai Timur Sabah, who was not able to participate at the consultation, was sighted during the audit.</p> <p>Separate internal stakeholders' consultations were conducted by each operating unit as follows: POM 07 Jan 2017, Syarimo 4 Estate on 14 Dec 2016, Syarimo 5 Estate on 16 Dec 2016 and Syarimo 2 Estate on 15 Dec 2016. Internal stakeholders' consultations in each operating unit were attended by different categories of workers, e.g. different scope of work, gender, nationalities and levels. These consultations found to be very well documented.</p> <p>Verified that the SIA for each operating unit included all potential impacts, e.g. access and user rights to individual passports and travelling documents, sufficient and on time monthly pay, schools and health clinics, etc.</p>	<p>Complied</p>

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<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p><b>Major Compliance</b></p>	<p>Each consultation and meeting conducted was verified to have involved relevant stakeholders affected by the operations of the PMU. Participants in external and internal stakeholders' consultations were already mentioned above [6.1.1]. Participants in Employee Consultative Committee [ECC] meeting include workers representatives from different categories of workers such as general workers, sprayers, manurers, harvesters, drivers (both local and foreign). Participants in Gender Consultative Committee [GCC] meeting are mainly women workers and attended by the Social Liaison Officer, who is usually a male Assistant Manager, acting as a representative for male workers.</p> <p>During external and internal stakeholders' consultations response forms were distributed for written inputs. In addition, verbal inputs were recorded in the meeting minutes. Meeting minutes were also maintained for other meetings mentioned above, i.e. ECC and GCC meetings. Verified that attendance lists and photos for stakeholders' consultations and meetings were properly maintained.</p>	<p>Complied</p>
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p><b>Major Compliance</b></p>	<p>Based on the inputs received from the consultations, meetings, response forms, etc., the PMU developed a social action plan which also stated the time frame and responsible person for implementation.</p> <p>However, social related issues raised during Safety Meetings in Syarimo 2 and Syarimo 5 estates were not listed in the action plan with time frame and responsible person for taking action.</p> <p>A Major NC was raised.</p>	<p>Major NC # JMD-01</p>
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p><b>Minor Compliance</b></p>	<p>The plans are reviewed annually together with affected parties as mentioned above. The workers are regularly consulted through the ECC meetings, safety meeting, daily morning muster and individual reports made in the Grievance Books.</p> <p>Actions taken to address the concerns raised by the stakeholders were verified during the audit and these actions were updated in the social action plan.</p>	<p>Complied</p>
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p><b>Minor Compliance</b></p>	<p>There are no smallholders at the PMU. Thus this criterion is not applicable.</p>	<p>Not applicable</p>
<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>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>

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<p>6.2.1 Consultation and communication procedures shall be documented. <b>Major Compliance</b></p>	<p>All units audited within the PMU verified to have maintained lists of local communities as well as affected and interested parties. Procedures related to communication and consultation with the parties mentioned are available at IOI Group website via the link stated below: <a href="https://www.ioigroup.com/Content/S/PDF/30%20sept%202016%20Grievance%20Mechanism%20FINAL.pdf">https://www.ioigroup.com/Content/S/PDF/30 sept 2016 Grievance Mechanism FINAL.pdf</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 by personal invitation to attend the internal and external stakeholders' consultation.</p> <p>The procedures mentioned above are available in English and Bahasa Malaysia and made public to all workers. Furthermore, the procedures had been explained carefully to all level of workers and this was verified through individual interview with sampled workers during the audit. These procedures were also made clear to external stakeholders during the consultation session and personal interviews conducted by the PMU.</p>	<p>Complied</p>
<p>6.2.2 A management official responsible for these issues shall be nominated. <b>Minor Compliance</b></p>	<p>In most cases, nominated person responsible as Social Liaison Officers (SLO) are the Assistant Managers of the operating units. SLO are responsible in handling relevant social related issues raised by local communities, workers, government agencies and other interested parties.</p> <p>For examples, Darwis Labaronko, Assistant Mill Manager is identified in the SIA as SLO for the POM. In Syarimo 4 Estate, Mr. Adderleyy Apin, Assistant Manager assigned as SLO by Hj, Mohd Singah, Manager on 31 Mar 2016. In Syarimo 2 Estate, Mr. Larry Lee Yun, Assistant Manager assigned as SLO by Mr. Beddu Hamide, Manager in a letter dated 15 Jun 2015.</p> <p>Names of these nominated officers have been made public to the workers in the public notice boards as well as through announcements made during meetings and morning musters. Verified through interviews with workers during the audit indicated that the workers have easy access to these SLO.</p>	<p>Complied</p>
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. <b>Minor Compliance</b></p>	<p>All units within the PMU verified to have maintained lists of local communities as well as affected and interested parties. External stakeholders for interview were selected from these lists by the auditors.</p> <p>However, it was found that the smallholder estate (viz; Lamag Estate) neighbouring to the PMU estates, who attended the external stakeholders' consultation conducted in Dec 2016 was not added into the stakeholders list.</p> <p>An Observation was raised.</p>	<p>OBS # JMD-01</p>
<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>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>

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<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p><b>Major Compliance</b></p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties had been established and well implemented in PMU. The affected parties have several options within the system to register their complaints and grievances, e.g. Grievance Book, annual stakeholder consultation, morning muster, during ECC, GCC and Safety meetings.</p> <p>Procedures on how to register complaints are available in public notice boards and in languages understood by the workers. The main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officer, who in most cases is the Assistant Manager. Verified that training and explanation on how to use this system had been provided to the workers.</p> <p>Verified that the system in place is effective in ensuring that complaints and grievance are addressed or resolved in a timely and appropriate manner. Actions taken to address the complaints and grievances received have been appropriately recorded.</p> <p>However, time frame for social action plan developed based on reports made in the Grievance Book did not indicate the dates of the reports.</p> <p>An Observation was raised.</p> <p>The system also allow the workers to register their complaints against their immediate supervisor as the Social Liaison Officers are in higher position than the supervisors.</p> <p>The workers are also allowed to elect their own representatives in the ECC as opposed to the representatives being dictated by the management.</p> <p>Complaints and grievances were investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far. The procedure stated that such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>It was verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature. Since Feb 2014, IOI Group had adopted a <b>“Whistleblowing Policy”</b> <a href="https://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf">https://www.ioigroup.com/Content/CI/PDF/Corp_WhistleblowingPolicy.pdf</a>, which was approved by the Audit and Risk Management Committee in Feb 2013. It was also evident that if there is no mutual resolution between the complainants, especially external stakeholder, the issue will be brought to RSPO and the attention of local authorities as in the case of IOI Pelita, Sarawak.</p>	<p>OBS # JMD-02</p>
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p><b>Major Compliance</b></p>	<p>All complaints and grievances received were documented either in the form of log book as in the Grievance Book, meeting minutes for the ECC, GCC, Safety meetings and annual stakeholders’ consultations or response forms. Decisions and actions to the complaints and grievances received were well documented with sufficient supporting documents as evidence. Other than reports made to the</p>	<p>Complied</p>

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	gender representatives, all other complaints and grievances are accessible to public.	
<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>
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. <b>Major Compliance</b></p>	<p>There were no borders at the operating units audited in the PMU immediately adjacent to any villages or native land. There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied. No changes in status to date, hence no negotiation or compensation that fall under this criterion.</p>	Not applicable
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. <b>Minor Compliance</b></p>	<p>IOI Group has a generic procedure for calculating and distributing compensation which was available for verification during the audit. However, to date, there has been no dispute by any parties reported at the PMU.</p>	Complied
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. <b>Major Compliance</b></p>	<p>No land disputes in this PMU. As such this process is not applicable for verification of implementation.</p>	Not applicable
<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>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.5.1 Documentation of pay and conditions shall be available. <b>Major Compliance</b></p>	<p>In the PMU, most of the workers in the estates, as stated in the workers contract, are considered as "general workers" with piece rated pay. Workers in the POM are paid with daily rate. These pay conditions and other benefits are sufficiently specified in the workers contract. Decision on workers' wages were based on a memorandum dated 20 Jun 2016 to</p>	Complied



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	<p>all IOI groupings in Sabah, including Syarimo Grouping. According to this memorandum monthly minimum wages had to be RM920/month or RM35.38/day, provided that all qualifying conditions are satisfactory fulfilled.</p>	
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p><b>Major Compliance</b></p>	<p>Pay conditions are clearly detailed in the workers contracts which include pay system used, working hours, overtime, holiday entitlements, etc. List of deductions made were verified as signed by the workers and clearly dated. These deductions are allowed by the Labour Department [Jabatan Tenaga Kerja (JTK)] with a permit issued dated 30 Sep 2014.</p> <p>Workers contract is in Bahasa Malaysia which could be understood with no difficulty by the foreign workers, who are mostly Indonesian and Filipino. At least four Filipino general workers were interviewed during the audit to ascertain their level of understanding of Malay language. All these five workers show no difficulties in understanding the questions asked and they were able to give satisfactory response. The questions were asked in Bahasa Malaysia and related to their wages, nature of work, important safety rules as well as welfare and amenities provided by the PMU. There is a total of 137 Filipino workers in the PMU.</p> <p>Based on interviews with the workers and sampled pay slips in each operating unit audited, it was verified that the pay and conditions as stated in Sabah Labour Ordinance, Minimum Wages Order 2016 and other relevant regulations are satisfactorily complied with. The audit revealed that there are still a group of workers who received below minimum wages. This group of workers on average represented up to 23% of total number of workers in each operating unit audited each month. Furthermore, within this group of workers, it was also found that less than ten workers consistently getting below the minimum pay each month. Verification of available records indicated that these workers getting paid below minimum wages mainly due to absence from work without prior permission and/or failure to achieve daily target set by the PMU management. The IOI Sustainability team consulted JTK Sandakan and JTK Kunak, who confirmed that this group of workers is not covered under the Minimum Wages Order 2016 under such circumstances. The PMU management decided it is not required by law to top up the wages of these workers who received below minimum wages under such circumstances. The confirmation by the Labour Department was verified by the auditor.</p> <p>Currently wages in the PMU are paid by issuance of cheques. In order to cash the cheque, the workers will acquire the assistance from sundry shop owners in the PMU. It was found that the sundry shops are charging 2% per cheque for this service. In respond to this issue, the PMU issued an instruction that no such service fee should be charged to the workers for this service. This action on the issue was included during the latest stakeholders' consultation and recorded in the meeting minutes. Interviews with the workers confirmed that this service fee is no longer charged by the sundry shop owner for cashing of cheque.</p> <p>Working hours stated in the workers contract is eight hours daily with one hour rest in between. Records sighted during the audit showed that the management of each operating unit is able to trace the eight working hours for each individual worker. However, there is a lack of traceability when there are</p>	

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	<p>workers who are paid piece rated, worked more than eight hours a day and no evidence showing overtime has been paid. With regards to overtime (OT) pay in such circumstance, the response by the PMU is that for piece rated workers, the PMU does not issue any instruction for the workers to do OT beyond the normal eight working hours. According to the management, any work after completion of eight normal hours is on a voluntary basis requested by the workers and not by instruction from the management. Thus, the PMU is not required by law to record those extra hours and paying for it. The Labour Department of Sandakan (JTK Sandakan) was consulted on this issue. The reply is that according to Sabah Labour Ordinance, 104(10), it is the department's responsibility to calculate overtime rate for piece rated workers. However, this must be founded on clear instruction from the management to the workers that the workers are required to work more than what is stated in the regulation per day.</p> <p>Verification was also made regarding any complaint on unjust pay and conditions from local and foreign workers. To date, JTK have not received any such complaint. There was also no such complaint raised during any meetings (e.g, ECC meeting) and stakeholders' consultation or recorded in the Grievance Book.</p> <p>However, during the audit, two weaknesses are;</p> <ol style="list-style-type: none"> <li>1. An in depth analysis to understand the causes that lead to inability of the identified group of workers to achieve the minimum wages is not available.</li> <li>2. Permit for Women Working Night Shift ("Permit Wanita Berkerja Malam") issued by Sabah Labour Department (Jabatan Tenaga Kerja Sabah) expired on 1 Oct 2015 but permission was not obtained in lieu of the delay in renewal of the permit from Sabah Labour Department. A Major NC was raised.</li> </ol>	<p>Major NC # JMD-02</p>
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p><b>Minor Compliance</b></p>	<p>Minimum national standard for housing and other basic necessities are described in Workers' Minimum Standards of Housing and Amenities - Act 446 (Akta Standard-Standard Minima Perumahan Dan Kemudahan Pekerja - Akta 446). However, this Act, as informed by JTK, is not applicable in Sabah, thus the PMU only implement relevant parts of the Act.</p> <p><b>Housing, electricity and water supply</b></p> <p>Workers are provided with free adequate accommodation at workers line sites with free electricity and treated water 24 hours daily. There a few wooden housing blocks sighted but as witnessed in the past few years, the PMU has been actively replacing these with better brick houses. The line sites are clean and rubbish are collected at least twice in a week. All rubbish are properly tied in plastic bags before being transported to the landfill. Chicken coops are sighted at the line sites but they are located in a safe distance from the houses.</p> <p><b>Schools</b></p> <p>The migrant workers' children received free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are under the purview of the operating unit management.</p>	<p>Complied</p>

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	<p>Furthermore, a number of foreign teachers originally from Indonesia are paid by the operating unit as well.</p> <p>HUMANA are mainly for children between 6-13 year old and for children older than that Community Learning Centre [CLC] is available.</p> <p>School children, both local and foreign, are transported with no charge from the operating units in suitable vehicles. At least one bus and two vans were sighted were used to transport the school children. Only when these vehicles are down for maintenance the operating units will opt for alternatives. This fact was also confirmed from an interview with HUMANA school teacher</p> <p><b>Sundry shops</b></p> <p>Sundry shops are available outside at each operating unit audited. From interviews with the workers it was found that most household sundries, including frozen foodstuffs were available on sale. The workers also go out to town once a month after pay day to buy sundries.</p> <p><b>Crèche (Rumah Asuhan Kanak-kanak)</b></p> <p>Creche is available in each operating unit and they are well maintained. The crèche caretakers are well trained on procedures of using the first aid kits. Depending on the operating unit management, some crèche are provided biscuits or chocolate drink. During the audit, children were found in good health and conducive surrounding. No overcrowded crèche found and ratio between the number of caretakers and children is well balanced.</p> <p><b>Medical clinics</b></p> <p>Clinics are located in Syarimo 2 and in Syarimo 7 Estates and also attend to workers from other estates. The Health Attendant [HA], together with the staff, are also responsible for monitoring and maintaining an acceptable living standard in the line sites, e.g. buildings maintenance, rubbish collection, drainage system, children education, etc. Inspection by the staff conducted weekly, whilst inspection by HA conducted monthly.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p><b>Minor Compliance</b></p>	<p>The 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>Verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month, i.e. after pay day, upon specific request.</p>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 6.6</b></p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p><b>Major Compliance</b></p>	<p>A policy on “<b>Equal Opportunity Employment &amp; Freedom of Association Policy</b>” is adopted by IOI Group including the PMU. This policy is available in public notice boards in</p>	<p style="text-align: center;">Complied</p>

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	<p>languages understood by the workers, i.e. Bahasa Malaysia and English.</p> <p>As an alternative to workers union, the PMU formed the ECC in each operating unit. This committee serve as a medium for workers to collectively bargain with the management. Members of ECC are representatives elected by the workers including both local and foreign. ECC meetings are scheduled quarterly and minutes of each meeting kept. It was verified that issues raised during the meetings are resolved in an appropriate and timely manner. Sampled ECC meeting minutes indicated that there was no major issue raised by the workers.</p> <p>Sabah Labour Ordinance as the main regulation covering labour issues in Sabah is available in each operating units and accessible to all workers. Workers contract is in Bahasa Malaysia understood by all workers including the Indonesian and Filipino foreign workers. It was also verified that before signing the contract, the management of each operating unit in PMU still carefully explained the contract to the workers.</p>	
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. <b>Minor Compliance</b></p>	<p>ECC, as an alternative to workers union, scheduled their meeting quarterly. It was verified that each meeting was properly documented and minutes filed complete with photographic evidence. Participants in ECC meetings normally involved workers representatives from different categories of workers such as general workers, sprayers, manurers harvesters, drivers (locals and foreign).</p> <p>The meeting minutes are accessible to all members in the ECC and other workers as well. Each meeting started with approval of previous meeting minutes and evaluate the status of issues raised. Latest ECC meeting in the POM was on 30 Dec 2016 and in Syarimo 5 Estate was on 1 Dec 2016.</p>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 6.7</b> Children are not employed or exploited.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met. <b>Major Compliance</b></p>	<p>The Child Labour Policy adopted by IOI group on 5 Nov 2009 clearly stated that the minimum age of workers is 16 years old corresponds with Children and Young Persons (Employment) Act 1966 (Act 350). However, Sabah Labour Ordinance states minimum age for employment is 18 years old. As a solution, it was verified that IOI Group employment guidelines stated only those persons of 18 years old and above are qualified to be employed. This solution also comply with International Labour Organisation (ILO) Convention 138.</p> <p>Employees and workers profiles were sighted during the audit and no underage workers found. This fact was further verified through interviews with staff and workers in the PMU. Passport photos and birthdays of the foreign workers hired by the operating units were checked and none of them found to be underage.</p>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 6.8</b></p>		

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<p>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. <b>Major Compliance</b></p>	<p>The “<b>Equal Opportunity Employment &amp; Freedom of Association Policy</b>” was displayed in local language and English. This policy clearly state that IOI Group including the PMU prohibits and will actively prevent any discrimination based on race, nationality, religion, or gender. Similar statements also mentioned in “<b>IOI Sustainable Palm Oil Policy</b>” [<a href="https://www.ioigroup.com/Content/S/PDF/Sustainability Palm Oil Policy.pdf">https://www.ioigroup.com/Content/S/PDF/Sustainability Palm Oil Policy.pdf</a>]</p>	<p>Complied</p>
<p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. <b>Major Compliance</b></p>	<p>Through interviews with workers in the operating units audited as well as checking of relevant records it was found this criterion has been well complied with. Examples of non-discriminatory practices are as below;</p> <ol style="list-style-type: none"> <li>1. All piece rated workers will be paid based on the tasks completed with main target is to achieve the minimum wages per day.</li> <li>2. IOI Syarimo group provided schools and transportation for children of foreign workers, HUMANA, and provide transport for children of the local staff to schools located outside of the group, e.g. S.K. Paris and S.K. Sangau.</li> <li>3. No restriction for any Muslim or Christians to perform their religious obligation, mosques and churches are available within the group.</li> <li>4. Both gender are given equal opportunity to be a Mandore in the field, provided that the person shows sufficient skills on the tasks assigned and serve as good examples for his/her group members.</li> </ol> <p>To date, JTK have never received any complaints from local nor foreign workers against the PMU with regards to discrimination. There was also no complaint raised during any meeting and stakeholder consultation nor recorded in any Grievance Book.</p>	<p>Complied</p>
<p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. <b>Minor Compliance</b></p>	<p>All operating units audited in PMU kept and maintained records of their workers, including credentials and medical history. Credentials for foreign workers are mostly referring to the travel documents, whilst credentials for local staff have more details. Records of medical history for both local and foreign workers are considerably comprehensive kept in the medical clinics within the group.</p> <p>IOI Group “<b>Equal Opportunity Employment &amp; Freedom of Association Policy</b>” and “<b>IOI Sustainable Palm Oil Policy</b>” are available widely to the public for reference. The gist of these policies were also well explained to all workers through regular meetings, briefing at muster ground and notices at the public boards. These policies are reviewed as and when necessary by IOI Group.</p> <p>Recruitment and promotion are verified based on skills, capabilities, qualities, and medical fitness necessary for the job. Before hiring, each new foreign workers are required to</p>	<p>Complied</p>

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	pass FOMEMA medical check-up as required by law and probation period to evaluate level of skills and the workers attitude towards the new surroundings.	
<p><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>6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. <b>Major Compliance</b></p>	<p>IOI Group adopted “<b>Policy on Prevention &amp; Eradication of Sexual Harassment in the Workplace</b>” and it was displayed publicly in Bahasa Malaysia and English. Through formation of GCC and minutes of stakeholder consultation, it was evident that this policy is very well implemented and communicated to all level of workforce.</p> <p>GCC members interviewed, e.g. Ms. Amirani Aminuddin, GCC Chariperson in Syarimo 4 Estate, it was verified that there is a clear and understandable protocol on receiving complaints or grievances related to sexual harassment. Apart from briefing on the policy mentioned above in muster ground to all workers and during stakeholder consultations, GCC meetings were also conducted In each operating unit audited. For example in Syarimo 4 Estate, latest GCC meeting was on 16 Dec. 2016.</p> <p>Meeting minutes of GCC was reviewed during the audit and concerns related to women was clearly covered, especially on sexual harassment and domestic violence.</p>	Complied
<p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. <b>Major Compliance</b></p>	<p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche.</p> <p>However, in most cases based on the advice from the management, female workers found to be voluntarily resigned from work due to their pregnancies. Letter from the Visiting Medical Officer dated 12 Mar 2015 also recommended the same practice as high occurrences of habitual abortion occurred in the plantation sector.</p>	Complied
<p>6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. <b>Minor Compliance</b></p>	<p>It was verified during the audit that a system to deal with complaints and grievances for all affected parties have been established and well implemented in the PMU. In order to respect and protects the anonymity of the complainants, IOI group adopted “Whistleblowing Policy, which was approved by Audit and Risk Management Committee in Feb 2013. The system also allow the workers to register their complaints against their immediate supervisor as the Social Liaison Officers are in higher position than the supervisors.</p> <p>Procedures on how to register complaints are available in public notice boards and in languages understood by the workers. The main person responsible in handling the complaints and grievances received from stakeholders in each operating unit is the Social Liaison Officer, who in most cases is the Assistant Manager. Verified that training and explanation on how to use this system had been provided to the workers.</p>	Complied

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	To date, all operating units audited in PMU have never received any complaints from local nor foreign workers related to harassment or abuse.	
<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>
6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. <b>Minor Compliance</b>	The POM and the estates do not have any dealings with smallholders. There was also no evidence to suggest of any unfair business practices with the local businesses.	Complied
6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). <b>Major Compliance</b>	The PMU has no dealings with local smallholders.	Not applicable
6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. <b>Minor Compliance</b>	For all type of work contracted out to external parties, contractual agreement is available, e.g. FFB transport, EFB leveling, CPO transport, housing construction, etc. From interviews with these contractors, it is evident that they understood the agreement they have entered into. These contractors also give no negative comments on fairness, legality as well as transparency. Both parties were verified to have kept the contractual agreements.	Complied
6.10.4 Agreed payments shall be made in a timely manner. <b>Minor Compliance</b>	IOI Syarimo group has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments most of the time are made according to common practice of 60-day grace period. This was also verified by the supplier and contractors through stakeholders' consultation with the auditor.	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>
6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. <b>Minor Compliance</b>	Main contribution of the PMU to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The management also distribute annual aids to school going children including HUMANA with school bags, writing and reading materials. Through consultations with local communities in Kg. Sangau, the PMU already reduced the toll fee for listed vehicles from the village. The community from Kg. Sangau also requested that IOI Syarimo main gate only allow listed vehicles to pass	Complied

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	the gate and enter the village for security reasons. It was also verified with the village head that at least three individuals from his village were already working in the PMU.	
6.11.2 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>	It was verified that there was no smallholders' scheme at this PMU.	Not applicable
<b>Criterion 6.12</b> No forms of forced or trafficked labour are used.		
6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. <b>Major Compliance</b>	<p>IOI Group Policy on forced or trafficked labour are clearly stated in “<b>IOI Sustainable Palm Oil Policy</b>” where it stated “<b>Eliminate all forms of illegal, forced, bonded, compulsory or child labour in particular, follow responsible recruitment practices</b>”. In defining forced labour and trafficked labour, definition used in “<b>Anti-Trafficking In Person and Anti-Smuggling of Migrants 2007 [Act 670]</b>” will be the authoritative definition.</p> <p>For foreign workers, hiring is based on agents' recommendation or application if the workers are already in Sabah. Those foreign workers who are already in Sabah will be sent back to Tarakan, Indonesia within three months of employment to organise proper travel and working documents. These procedures are approved both by Sabah Immigration Office and Indonesian Consulate in order to legalise any Indonesian citizen currently already domiciled in Sabah. Recruitment procedures are handled by IOI Lahad Datu Regional Office [LDRO].</p> <p>No restrictions whatsoever on workers to move around within or even outside the PMU, provided their destination and duration of the journey are known to the responsible person. The workers voluntarily handed over their passports to the management for safekeeping as verified in the form signed by the workers themselves. From interviews with workers and review of passport movement logbooks, it was evident that the management have never restrict the workers from collecting their passport whenever necessary and keeping it in the office whenever they are ready. Safekeeping of workers passports is permitted in accordance to MYNI 2014 “<b>Passports should only be voluntarily surrendered</b>”.</p> <p>No termination case was found during the audit. In the workers contract Point 13, it was stated that the PMU will bear the transport, meal and accommodation costs for both journeys to and from the place of work disregard whether the workers are terminated or the contracts have expired.</p>	Complied
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. <b>Minor Compliance</b>	No evidence found related to contract substitution. Interviewed workers did not mentioned any negative comments related to this issue. It was made clear even before coming into the country that they will be working in plantation sector. Foreign workers signed workers contract upon arriving in the PMU, but the content of the contract verified as similar to the document they were explained by the	Complied



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	recruitment agents. Workers contract are kept at the office for safekeeping.	
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. <b>Major Compliance</b>	<p>IOI Group adopted “<b>Policy on Foreign Workers</b>” and it was displayed publicly in Bahasa Malaysia and English. Policy on foreign workers also mentioned in “<b>IOI Sustainable Palm Oil Policy</b>”. These policies clearly stated that IOI Group will “<b>Eliminate all forms of illegal, forced, bonded, compulsory or child labour in particular, follow responsible recruitment practices</b>”.</p> <p>Also, it was already mentioned above, no evidence suggesting contract substitution found in the PMU. Probation period for minimum of six months serves as post-arrival orientation programme where all related aspects to the tasks offered in the PMU, e.g. safety, good agricultural practices, wages, benefits, etc. Decent living conditions for all workers was also ensured in the PMU where workers are provided with free adequate accommodation at workers line sites with free electricity and treated water 24 hours daily.</p>	Complied
<b>Criterion 6.13</b> Growers and millers respect human rights.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). <b>Major Compliance</b>	<p>IOI Group adopted the “<b>IOI Sustainable Palm Oil Policy</b>” where it clearly says “<b>Respect and uphold the rights of all workers in accordance with the Universal Declaration of Human Rights and the International Labor Organisation’s core conventions, including contract, temporary and migrant workers</b>”.</p> <p>This policy had evidently been communicated to all level of workers and their rights are well respected in the PMU and person responsible for this task is the Social Liaison Officer of each operating unit. For examples, when foreign workers are not allowed to participate in any workers union by Immigration Department, the PMU formed ECC as an alternative for workers to collectively bargain with the management. The PMU also did not restrict the workers from collecting their travel documents/passports, whenever needed.</p> <p>During the audit it was also verified that there was no cases of human rights violations against the PMU.</p>	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>	<p>The PMU is in collaboration the Yayasan Peduli Pendidikan Anak Indonesia (YPPAI), which is an NGO, catering to the primary and secondary education needs of the children of Indonesian foreign workers.</p> <p>It was verified that free transport has been provided for children of the foreign workers and the PMU has maintained contribution to the monthly operation of the primary school.</p>	Complied

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**Principle 7: Responsible development of new plantings**

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

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

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The record of the submission made to the RSPO Secretariat for the current year was done in Sept 2016. Based on the details provided in the record of submission, verified that there is no potential liability under the RSPO Remediation and Compensation Procedure at this PMU.

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

<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>
<p><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 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><u>Continual improvements for the POM:</u></p> <p>The POM has implemented continual improvement activities (e.g. installation of Biogas Plant, a new 2 MW turbine, additional 6 units of housing for mill workers) with documentation and monitoring. However, the action plan for the continual improvement was not established and documented. A Major NC was raised.</p> <p>The estates have planned and progressively implemented continual improvement activities:</p> <ol style="list-style-type: none"> <li>1. Continuous planting of beneficial plants (<i>Cassia cobanensis</i>, <i>Turnera subulata</i>, <i>Antigonon leptopus</i> (ratio of 70%:30%:10%)) as part of biological control of pest management.</li> <li>2. Continuous rat census – rat baiting only applied once RN is <math>\geq</math> 5%.</li> <li>3. Waste reduction - segregation of recyclable waste before disposal of domestic waste to landfill.</li> <li>4. Pynfopalm System – A more efficient system to keep track of bunches for harvesters.</li> <li>5. Free school bus service for all locals and foreign school going children. Altogether, a total of one bus and two vans designated to transport children to and from their schools.</li> <li>6. Based upon request, the main security gate for the PMU will also monitor any vehicles entering the villages (e.g. Kg. Sangau) neighbouring to the estates.</li> <li>7. Syarimo 2 Estate –               <ol style="list-style-type: none"> <li>(a) new HUMANA school to increase space and for more students.</li> <li>(b) new multipurpose hall.</li> </ol> </li> <li>8. Syarimo 4 Estate –               <ol style="list-style-type: none"> <li>(a) new mosque.</li> <li>(b) new line site.</li> </ol> </li> <li>9. Syarimo 5 Estate –               <ol style="list-style-type: none"> <li>(a) new staff and labour quarters.</li> <li>(b) new workshop.</li> <li>(c) new fertilizer store.</li> </ol> </li> </ol>	<p>Major NC # OCL-03</p>

	<p>(d) new sundry shop. Evidence of results was available for the above continuous improvement action plans.</p>	
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**3.1.1 Supply Chain Certification Standard Findings - on CPO Mill**

The Supply Chain model applied at the 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 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 processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>The POM only processed FFB from its own supply base (see <b>Section 1.3</b>). It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.</p>	<p>Complied</p>
<b>D.2 Explanation</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>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&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced has been recorded in each annual surveillance report (see <b>Section 1.8.2 Table 6 and Section 1.8.3 Table 7</b>).</p>	<p>Complied</p>
<p>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).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform or book and claim).</p>	<p>Complied</p>

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<b>D.3 Documented procedures</b>		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for IP Module is: RSPO/SC/SOP/IP/3 issue 04, 02/01/2015.</p> <p>The procedure covered the implementation of all elements of IP Module.</p>	Complied
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	Complied
<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>Mill Manager, Mr. Hamuddin Bustamin has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Asst. Mill Managers, Mr. Nohd. Azrishah, Mr., Darvis Labaronko, Mr. Sabtu Manna) 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, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	Complied
<p>D.3.2</p> <p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>For the period FY 2015/2016, the POM only received and processed FFB mainly from the PMU estates and some FFB from other certified IOI PMUs estates. The PMU did not receive any non-certified FFB from other sources or suppliers. All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel. The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure. The POM has 6 CPO storage tanks that stored the IP quantities.</p>	Complied
<b>D.4 Purchasing and goods in</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>D.4.1</p> <p>The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional Office and weekly to the Head Office at Putrajaya.</p>	Complied
<p>D.4.2</p> <p>The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. So far, there is no projected overproduction.</p>	Complied
<b>D.5 Record keeping</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>D.5.1</p> <p>The site shall record and balance all receipts of RSPO certified FFB and</p>	<p>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible.</p>	Complied

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deliveries of RSPO certified CPO and PK on a three-monthly basis.	Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.	
<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 the POM only received and processed certified FFB from its own estates and estates in other certified IOI PMUs for FY2015/2016. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill, including transport and storage. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months. The POM does not produce PKO. The PK is sold to IOI Edible Oil and there is no outsourcing of the PK crush to an independent palm kernel crusher.	Complied
D.6.2 The objective is for 100 % segregated material to be reached.	Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents.	Complied

### 3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the POM has been able to comply with the requirements of the RSPO SCCS under the 'IP' module and is thus eligible for 'IP' trading for its palm products for year 2016/2017.

### 3.1.3 Monitoring of CSPO and CSPK traded:

Trading of the CSPO and CSPK was monitored by the POM via RSPO eTrace including RSPO GreenPalm and ISCC. The records maintained at the POM relied on internal communications of the trading done by the HQ, Kuala Lumpur on the CSPO delivered to IOI Edible Oils Sdn Bhd (Refinery). The volumes of CSPO 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 / Jun 2016 (MT)	CSPK - Actual Jul 2015 / Jun 2016 (MT)
<b>RSPO certified</b>	<b>77,404.66</b>	<b>22,367.20</b>	<b>60,270.82</b>	<b>14,943.29</b>
<b>Book &amp; Claim</b>	-	-	-	-
<b>ISCC</b>	<b>14,051.95</b>	-	<b>19,179.08</b>	-
<b>Total Traded</b>	<b>91,456.61</b>	<b>22,367.20</b>	<b>79,449.90</b>	<b>14,943.29</b>
<b>Actual Produced</b>	<b>94,985.03</b>	<b>22,367.20</b>	<b>81,242.13</b>	<b>19,533.70</b>

Notes:

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

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### 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	2012	3 – Minor	1	All NCRs and OBS closed during ASA-01.
Annual Surveillance - 01	2014	Nil	1	All OBS closed during ASA-02.
Annual Surveillance - 02	2015	1 – Minor	6	NCR and OBS closed during ASA-03
Annual Surveillance - 03	2016	1- Major, 1- Minor	0	NCR closed during ASA-04
Verification cum Annual Surveillance Assessment – 04	2017	7- Major, 3- Minor	4	Verification of corrective actions for NCRs on 09 & 10 Mar 2017:  <b>Refer to 3.2.2 (Year 2017 ASA-04: 10 NCRs) and Section 3.3 (Verification Outcomes of ASI Compliance Audit Findings).</b>

#### 3.2.1 Year 2016 ASA-04: 2 NCRs (1 Major and 1 Minor)

NCR	MYNI Indicator	Details of NCR
Major NR-01	4.5.1	Date issued: 28/01/2016
		<p>Nonconformance:</p> <p>All the estates audited (i.e. Syarimo 3, 7 and 7) have a management plan for IPM that involved the establishment and maintenance of beneficial plants (<i>tunera subulata</i>, <i>cassia cobanensis</i>, <i>antigonon leptopus</i>).</p> <p>However, Syarimp 3 estate did not fully implemented the management plan as follows:</p> <ol style="list-style-type: none"> <li>(1) The targeted additional planting of beneficial plants was not achieved.</li> <li>(2) The seedlings in the nursery were not sufficient for the targeted plantings.</li> </ol> <p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>The targeted planting of the beneficial plant was not achieved due to unavoidable complication such as lack of manpower specifically for the planting programme and the dry weather throughout the period of year 2015 which is not ideal for the planting to be carried out. Furthermore, the earlier planting programme were set quite high and a bit overambitious considering some of the field in the estate are prone to flash flood which may cause the plant in the area to die.</p> <p><u>Corrective Action:</u></p> <p>As for the corrective action, the estate had set up a bigger nursery for the seedlings of the plants so that it will be able to meet up with the expectation in the planting programme in the estate. As the planting of the beneficial plant is more crucial along the main road and also to avoid overambitious planting programme, the planting of the plants for the field road has been limited to the area which is suitable and has a higher risk of the attack of the bagworms. The areas/fields which are prone to flooding are excluded in the planting programme to ensure the mortality rates of the planted seedlings are kept minimal. The programme and the planted beneficial plant will be monitored closely and to ensure the plant will be able to grow properly to be able keep up with the documented programme.</p>

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		<p>Verification (Corrective Action): Off-site verification carried out. Verified that the larger nursery as evidenced by submitted photos and the revised programme for beneficial plant are acceptable. The corrective action satisfactorily addressed the non-conformance.</p>	
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 20/02/2016</b>
		<p>Verification (for effectiveness): In ASA-04: Verified that the implementation of the programme for beneficial plants is effective as observed during field inspection at the Syarimo 3 estate.</p>	
		Effectiveness verified by auditor: Accepted by OCL	Date verified: 19/01/2017

NCR	MYNI Indicator	Details of NCR	
<b>Minor JMD-01</b>	<b>6.5.2</b>	Date issued: 28/01/2016	
		<p>Nonconformance: List of gazetted public holidays were not displayed in easily accessible locations in Syarimo 7 and 9 estates as required in Sabah Labour Ordinance, Section 103(2), i.e. "The employer shall exhibit conspicuously at the place of employment before the commencement of each calendar year a notice specifying the remaining ten gazetted public holidays..."</p>	
		<p>Root Cause and Corrective Action: <u>Root Cause:</u> It was mostly an oversight from the estates management to ensure the list is properly displayed in strategic places/location due to the assumption that the workers already know the dates of the gazetted holiday which they are entitled to from the calendar as well as from the verbal briefing during the morning muster call. The list which is previously displayed only at the estates' office was thought to be sufficient in case the workers need to refer and confirm which dates of the gazetted public holidays that they entitled to.</p> <p><u>Corrective Action:</u> For corrective action, the management has displayed the list of gazetted public holiday at the rest of the strategic, easily accessible locations such as the Muster Ground, the Sundry/Grocery Shop, Mosque and all other available notice board available in the estate. The list will be monitored from time to time to ensure it will be in good condition for the reference of the workers.</p>	
		<p>Verification (Corrective Action): Off-site verification carried out. Verified that the list of gazette holidays were placed at numerous locations as evidenced from the submitted photos. The corrective action satisfactorily addressed the non-conformance.</p>	
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 20/02/2016</b>
		<p>Verification (for effectiveness): In ASA-04: Verified that the implementation of the corrective action for the display of the list of gazette at the specified locations is effective as observed during field inspection at the Syarimo 7 and Syarimo 9 estates.</p>	
		Effectiveness verified by auditor: Accepted by OCL	Date verified: 19/01/2017

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### 3.2.2 Year 2017 ASA-04: 10 NCRs (7 Major and 3 Minor)

NCR	MYNI Indicator	Details of NCR
<b>Major CBK-01</b>	<b>4.6.11</b>	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>During field visit to Field Block No. 95J on 17 Jan 2017, it was sighted that one of the four pesticide sprayers (viz; Ati Rahbanaie) was spraying Glyphosate.</p> <p>Medical surveillance record showed that this sprayer, Ati Rahbaie was last sent for medical surveillance on 2 Nov 2015 and hence she had not undergone medical surveillance for more than 12 months.</p>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u> Ati Rahbaie was on leave during the period where is be going for the medical surveillance (Nov'16). She only came back from holiday and start working in Dec'16. That is the reason of why was her name were left out during the medical surveillance in Nov'16.</p> <p><u>Corrective Action:</u> Ati Rahbaie has already been sent to medical surveillance on 18.01.2017 where she was joining medical surveillance programme in IOI Plantation Luangmanis Estate. The report has been received on 26.01.2017 where she is found to be fit to continuing working as sprayer. To ensure continuous monitoring on the issue, each unit shall prepare a list of workers on 'Monitoring of Medical Surveillance &amp; Medical Check Up for Sprayers/Manurer' which to be updated every month.</p>
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following: (1) Documented information provided evidence of medical surveillance carried out by Dr. Mohd. Azzizan Bin Abdul Aziz (DOSH reg. HQ/10/DOC/00/167) on 18/01/2017 and results (Certificate of Fitness no. 00135) dated 25/01/2017 certified fit for work as a sprayer. (2) Checklist "Monitoring of Medical Surveillance &amp; Medical Check Up for Sprayers/Manurer" implemented as a monitoring mechanism:</p> <ul style="list-style-type: none"> <li>• <i>Showing 15pax requiring medical surveillance on the list consisting of 9 fertiliser workers, 5 weedicide workers and 1 storekeeper who handles chemicals.</i></li> <li>• <i>Details included: Name of worker, type of work involved, ID, type of medical surveillance (annual medical by doctor &amp; monthly medical at the estate clinic)</i></li> <li>• <i>Next surveillance due Nov 2017 for 4 pax and Feb 2018 for 11 pax.</i></li> </ul> <p>The corrective action satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"><b>NC status verified by auditor: Closed by CBK &amp; OCL</b></td> <td style="width: 30%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>
<b>NC status verified by auditor: Closed by CBK &amp; OCL</b>	<b>Date closed: 10/03/2017</b>	
		Verification (for effectiveness): At next Assessment – Re-certification



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NCR	MYNI Indicator	Details of NCR
<b>Major CBK-02</b>	<b>4.7.3</b>	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>During field visits, it was sighted that harvesters have the eye goggles but did not wear it for eye protection -</p> <p style="padding-left: 40px;">At Field Block 98S, Syarimo 4 Estate on 17 Jan 2017 - 1 worker</p> <p style="padding-left: 40px;">At Field Block 95N and 95O, Syarimo 2 Estate on 18 Jan 2017 - 2 workers</p> <p>The monitoring of usage of personal protective equipment was only carried out once during the Muster and hence this is not adequate to ensure usage by the workers during field operation.</p>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>The following are the main root cause as to why the workers did not wear the safety spectacle in that particular day.</p> <ol style="list-style-type: none"> <li>1. The weather on that day was cloudy and darkish. This condition has caused a blurry vision to the workers if they use the safety spectacle. A blurry vision is a hazard for the harvesters.</li> <li>2. With the prevailing rainy season, the likelihood of debris falling is less. Harvesters are well aware of this situation.</li> <li>3. The intermittent onsite inspection by field staff could have caused a tendency among the harvesters not to wear safety spectacle.</li> </ol> <p><u>Corrective Action:</u></p> <p>Management will provide a more suitable safety spectacle to mitigate item (1) in order to optimize the vision of the workers working in the field.</p> <p>The monitoring of the enforcement of the wearing of PPE will be enhanced by implementing the 'In-Field Book Checklist of PPE Monitoring'. This checklist will be use for the inspection of workers PPE in the field where it report immediately any event of the workers fails to wear proper and complete PPE - this will be guided by the implementation of PPE Monitoring Procedure ("<i>Prosedur Penguatkuasaan Pemakaian PPE</i>").</p> <p>A few RSPO field staff will be appointed/ recruited which the job is specifically to monitor the field implementation of the RSPO requirement.</p>
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following:</p> <p>(1) Provision of a more suitable safety spectacle: Anti-fog safety spectacle (model: V20) now provided to the workers. Stock available at estate office.</p> <p>(2) Documented information provided evidence of PPE issued to workers: Records of PPEs issued to workers showing safety helmet, sickle cover, safety shoes, safety glasses, gloves issued to the harvesters. Also similar records for weedicide, fertilisers &amp; other workers.</p> <p>(3) Checklist "In-Field Book Checklist of PPE Monitoring" implemented as a monitoring mechanism: Monitored by SPO Supervisor and status report (with photos) reviewed by Estate Manager.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"><b>NC status verified by auditor: Closed by CBK &amp; OCL</b></td> <td style="width: 30%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>
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NCR	MYNI Indicator	Details of NCR		
<b>Major OCL-01</b>	<b>5.1.1</b>	Date issued: 19/01/2017		
		<p>Nonconformance:</p> <p>The documented Environmental Aspect and Impact Assessment of Syarimo 2, 4 and 5 Estates did not include the aspect and impact of road construction and maintenance.</p>		
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>The said aspect and impact has not yet being considered in the document. The operations of the road are currently mostly managed based on the existing SOP for the roads.</p> <p><u>Corrective Action:</u></p> <p>The item for the road construction and maintenance will be included in the Environmental Aspect and Impact Assessment.</p>		
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following:</p> <p>(1) Environmental Aspect and Impact Assessment now include the aspect and impact of road construction and maintenance.</p> <p>(2) Action Plans, Monitoring and Continuous Improvement Programme identified and documented.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"><b>NC status verified by auditor: Closed by OCL</b></td> <td style="width: 40%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 10/03/2017</b>
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NCR	MYNI Indicator	Details of NCR
<b>Major OCL-02</b>	<b>5.2.2</b>	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>At Syarimo 4 Estate (Block 98B),</p> <ul style="list-style-type: none"> <li>(a) It was found that a signage on the buffer zone (near to Syarimo 3 Estate) was incorrectly positioned very near to the stream.</li> <li>(b) Also, at the same location, the “belian” wooden bridge over the stream had a loose plank that is a potential risk to safety.</li> <li>(c) Observed that a number of wooden bridges over the drains to access the palm trees are in need of maintenance.</li> </ul>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <ul style="list-style-type: none"> <li>(a) The practicality of the placement of the signboard was not being emphasis prior to the issue raised.</li> <li>(b) &amp; (c) Insufficient amount of monitoring mechanism to highlight the issue.</li> </ul> <p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> <li>(a) The guideline/SOP for the buffer zone management will be revised and will include the placement signboard for the buffer zone area.</li> <li>Any of the signboard which is place at a non-suitable point will be remove and placed at a more strategic point.</li> <li>Buffer zone monitoring shall also include the condition of the signboard erected in the area.</li> <li>(b) &amp; (c) Any of the wooden bridge with poor condition will be replaced with a proper bridge to ensure safety of the user. Evidence of the replace/repair shall be provided.</li> </ul>
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following:</p> <ul style="list-style-type: none"> <li>(a) Revised SOP for buffer zone management stated in para 4(3) that the placement of the signboard shall be done at the edge of the buffer zone area, facing outside, to ensure it is clearly visible to anyone entering the field area. Verified by field visit that the signboard has been moved about 20m away from its original position on 23/01/2017.</li> <li>(b) &amp; (c) Evidence of repaired/replaced wooden bridges: Faulty bridge removed on 02/02/2017. Foot bridges across the drains were repaired. Records of such activities included photos.</li> </ul> <p>The corrective action satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"><b>NC status verified by auditor: Closed by CBK &amp; OCL</b></td> <td style="width: 30%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>
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<b>Major OCL-03</b>	<b>8.1.1</b>	Date issued: 19/01/2017		
		<p>Nonconformance:</p> <p>The POM has implemented continual improvement activities (e.g. installation of Biogas Plant, a new 2 MW turbine, additional 6 units of housing for mill workers) with documentation and monitoring. However, the action plan for the continual improvement was not established and documented.</p>		
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>An oversight to prepare a comprehensive summary of plan for continuous improvement at the mill.</p> <p><u>Corrective Action:</u></p> <p>The 'Continuous Improvement Plan' document shall be prepared by the Syarimo Mill in accordance to the existing readily available standardize format.</p>		
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed that action taken to document the 'Continuous Improvement Plan' for the POM. Records of the improvements included photos. The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"><b>NC status verified by auditor: Closed by OCL</b></td> <td style="width: 40%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 10/03/2017</b>
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<b>Major JMD-01</b>	<b>6.1.3</b>	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>Social related issues raised during Safety Meetings in Syarimo 2 and Syarimo 5 estates were not listed in the action plan with time frame and responsible person for taking action.</p>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>An oversight in the recording system of the meeting minutes.</p> <p><u>Corrective Action:</u></p> <p>The social related issue raised during any type of meeting will be immediately captured in the Social Impact Assessment document where the progress and status of the issue will be monitored.</p> <p>For internal control of the raised issue within each operating units, RSPO Clerk and Social Liaison Officer will review all future meeting minutes to ensure no recurrence of the issue.</p> <p>SPO and Safety &amp; Health Officer shall act internal audit from external department to identify any recurrence of the issue.</p>
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following:</p> <p>(1) Action Plan for social related issues raised during Safety Meetings included in the 'Social Impact Assessment' document. Nine issues from 2016 meetings now included in SIA Management Plan &amp; Continuous Improvement on 24/01/2017.</p> <p>(2) Time frame and responsible person identified for the Action Plan.</p> <p>(3) Razak Sekinsah (Safety &amp; Health Officer) &amp; SPO personnel identified for monitoring all future meeting minutes.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"><b>NC status verified by auditor: Closed by CBK &amp; OCL</b></td> <td style="width: 30%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>
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NCR	MYNI Indicator	Details of NCR
<b>Major JMD-02 Item (1)</b>	<b>6.5.2</b>	<p>Date issued: 19/01/2017</p> <hr/> <p>Nonconformance: An in depth analysis to understand the causes that lead to inability of the identified group of workers to achieve the minimum wages is not available.</p> <hr/> <p>Root Cause and Corrective Action: <u>Root Cause:</u> The operating units have yet to develop the in-depth analysis on the issue though all data and information are readily available. <u>Corrective Action:</u> Minimum wage monitoring forms have been implemented in all the operating units to monitor the workers earnings below RM920, offered days, working hours, work task, etc. These forms are filled up and monitored at various stage of operation, i.e. from Mandores to Managers level. Domestic Inquiry (Incomplete Task Form) is also filled up in the event of any worker failing to follow the work instructions given by the management. The data from the above said monitoring forms are translated to the analysis which is done by the Social Liaison Officer and Check Roll Clerk at operating unit level and by the Sustainability Team at the Regional level. The analysis includes identifying the root cause of the problem and the proactive action to be taken by the management. This is done on monthly basis, right after the salary payment of the preceding month. It was identified from the analysis that the root cause of workers unable to achieve RM920 is due to the workers did not turn up to work for complete offered days per month as stipulated in the Sabah Labour Ordinance (i.e. absence from work, going for unpaid leave) and/or not completing 8 working hours per day as stated in the Contract of Service. For this group of workers, counselling have been given at least on monthly basis to remind/encourage/ motivate them to improve their work etiquette so that they can earn more in the subsequent months. IOI practices piece-rate wage system as provided in Sabah Labour Ordinance (SLO), and in case this is not possible the workers are paid by normal daily wage system. By referring to the Minimum Wage Order (MWO) 2012/2016, piece rate is a wage system where the workers who are not paid by daily rate, are being paid based on production, be it by tonnage, assignment, trip, commission etc. The monthly salary paid to the workers must not be lower than the minimum wage. The MWO has the provision for the minimum wages to be paid hourly, daily or monthly. If the employer is not able to provide any piece-rate work, the workers will be paid on daily rate of RM35.38 (starts from July 2016 onwards). This system has been communicated to the workers via a Memo dated 20<sup>th</sup> June 2016 issued by the Lahad Datu Regional General Manager as part of the efforts towards complying with the Minimum Wage Order 2016. This system does not limit the worker's wages to only RM920 per month (also called as fixed salary). IOI Sabah has set RM1200 as the target salary. The company also provides opportunities for its worker to earn more than the decided minimum wage. At the same time, the employer also can benefit from the productivity of the workers. This shows that the system would be beneficial for both the workers and the employer. The workers are regularly encouraged and motivated to earn the minimum wages, which can be achieved with an average effort. The rate for the piece-rate work is proposed based on the 'time motion study' conducted by the estate managements. The time motion study is a method used to study the performance of the workers by looking into the details of how much work can be completed in one-day 8-hours working time. It also considers the minimum productivity that can be achieved by the worker within the period. Effectively, this also means that even though the capability of the workers differs, all workers would be able to achieve the minimum wages and the workers that put more effort will be able to achieve much higher than the minimum wages. To ensure continuity of the practice and overall conformance to the sustainability requirements, the company has also engaged a total of 9+1 (Mill) SPO Field Supervisors. In addition to that, the Sustainability Team has also been beefed up from 6 to 8 personnel.</p>

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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following: Analysis of workers not receiving minimum pay carried out for Oct to Dec 2016.</p> <p>The analysis identify the root cause of workers not achieving the minimum pay and a system has been implemented to ensure that the monthly salary paid to the workers must not be lower than the minimum wage. Noted that this system does not limit the worker's wages to only RM920 per month (also called as fixed salary). IOI Sabah has set RM1200 as the target salary. Even though the capability of the workers differs, effectively the system is to ensure that all workers achieve the minimum wages and the workers that put more effort will be able to achieve much higher than the minimum wages.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b>NC status verified by auditor: Closed by OCL</b></td> <td style="width: 40%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 10/03/2017</b>
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NCR	MYNI Indicator	Details of NCR
<b>Major JMD-02 Item (2)</b>	<b>6.5.2</b>	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>Permit for Women Working Night Shift (“Permit Wanita Berkerja Malam”) issued by Sabah Labour Department (Jabatan Tenaga Kerja Sabah) expired on 1 Oct 2015 but permission was not obtained in lieu of the delay in renewal of the permit from Sabah Labour Department.</p>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>Delay on the issuance of the new permit by JTK even though the applicant for renewal was sent on time. An oversight by the management to stop the women working in the night shift in lieu of the new permit issuance and since it is an annual affair to renew the permit.</p> <p><u>Corrective Action:</u></p> <p>The women who work at night shift are immediately transferred to the day shift. In the event of the company is permitted to give women to work at night, the company policy is to comply with the term and condition spelt out in the permit which covers the risk avoidance measure for women working at night shift.</p> <p>In view of the mill will still require to have women working at night shift, especially for the reception of FFB, the company will still have to continue applying for the <i>Permit Wanita Berkerja Malam</i>. Therefore, in the future during the period when the permit has expired or under application process, no female workers will be allowed to work in the night shift.</p> <ol style="list-style-type: none"> <li>1) Memo issued by Mill management to stop female workers to work at night.</li> <li>2) Flowchart for application of permit for female workers to work at night.</li> </ol>
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following: Correction done to transfer the women from night shift to day shift. In accordance with the Flowchart for Application of Permit, female worker will not be allowed to work at night unless a permit has been obtained.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b>NC status verified by auditor: Closed by OCL</b></td> <td style="width: 40%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>
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<p><b>Minor CBK-01</b></p>	<p><b>4.1.2</b></p>	<p>Date issued: 19/01/2017</p>
		<p>Nonconformance: The process implemented was not able to adequately ensure that:</p> <ul style="list-style-type: none"> <li>(a) FFB contractor's drivers have the necessary driving licenses.</li> <li>(b) FFB contractor's lorries have the valid road taxes and are insured.</li> <li>(c) the FFB contractor pay their drivers promptly.</li> <li>(d) the FFB contractors provide proper PPEs to their drivers.</li> </ul>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u> Inadequate monitoring process to observe the compliance status of the contractors working with the company.</p> <p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> <li>(a) Reference to be made from Road Transport Act: There is no explicit requirement under the Act that requires the driver to have driving license while operating on private off-road.</li> <li>(b) There is no explicit requirement that requires vehicle on private off-road to have road tax. On this matter, clarification has been made with the Road Transport Department, Lahad Datu Branch to confirm that lorries on private off-road do not require road tax.  As for the insurance, corrective action has been taken to ensure FFB lorries operating in the plantation are all provided with insurance. This shall be monitored closely by all the operating units using the lorries. A list shall be provided to list down all contractors lorries in the field with specific reference to the insurance information.</li> <li>(c) For monitoring mechanism, a list has been prepared listing the name of the contractors' workers with reference to the date of salary paid to them. A check on the pay slips made to confirm that the contractors paid their drivers salary on and before the 7<sup>th</sup> of the following month. Estate management shall issue a warning notice for any deviation.</li> <li>(d) The estate management shall provide the PPE to contractor's driver in the event of the contractor fails to provide. Record of issuance shall be kept by the estate/mill management. Daily PPE Checklist/Workplace Inspection Record shall be prepared to monitor the PPE usage among the drivers.</li> </ul>



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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out and the outcome is that the PMU contested items (a) &amp; (b) of the finding:</p> <p>(a) &amp; (b) The PMU submitted the argument with supporting documents that the Road Transport Act does not require driver to have a valid driving license while operating on private off-road and off-road vehicle does not require road tax. These issues shall be referred to ASI and RSPO for interpretation of the requirement.</p> <p>On-site verification carried out confirmed the following:</p> <p>(b) Monitoring implemented included</p> <ul style="list-style-type: none"> <li>- maintaining a List of Contractor Vehicles,</li> <li>- copies of contractor's vehicle registration cards</li> <li>- copies of vehicle insurance policy (Insurance coverage by Lonpac)</li> <li>- particulars of contractors and their drivers</li> <li>- driver's Sijil Pemanduan Berhemat from Pusat Memandu Selasih Ria dated 02/12/2016.</li> </ul> <p>(c) Monitoring mechanism implemented for prompt salary payment to drivers by FFB Contractors:</p> <ul style="list-style-type: none"> <li>- Salary Payment To Contractor Driver shows amount paid based on pay vouchers</li> <li>- Noted to be over RM920 per month since Dec 2016.</li> </ul> <p>(d) Implementation of "Daily PPE Checklist/Workplace Inspection Record" for monitoring PPE usage by contractor/drivers:</p> <ul style="list-style-type: none"> <li>- Daily Checklist for PPE implement since Jan 2017.</li> <li>- Records showed checks during muster by Supervisor and verified by Manager and also random checks at the field by SPO Supervisor.</li> </ul> <p>The corrective action satisfactorily addressed the non-conformance <b>except</b> for the issues of driver license and road tax for private off-road vehicles stated in (a) and (b).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b>NC status verified by auditor: Closed by CBK and OCL</b></td> <td style="width: 40%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>	<b>NC status verified by auditor: Closed by CBK and OCL</b>	<b>Date closed: 10/03/2017</b>
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NCR	MYNI Indicator	Details of NCR	
<b>Minor OCL-01</b>	<b>5.2.3</b>	Date issued: 19/01/2017	
		Nonconformance: The Syarimo 4 Estate Map indicated a wildlife sanctuary right next to the northern border of this estate. However, the actual situation is that wildlife sanctuary is further up to the north and is separated from the Syarimo 4 Estate northern border.	
		Root Cause and Corrective Action: <u>Root Cause:</u> Error made on the GIS Department side and the estate management has not request for amendment sooner. <u>Corrective Action:</u> Official amendment request on the map to the GIS Department has been made and now in progress to be corrected.	
		Verification (Corrective Action): On-site verification carried out confirmed the availability of the correct Syarimo 4 Estate Map. The corrective action satisfactorily addressed the non-conformance.	
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 10/03/2017</b>
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<b>Minor OCL-02</b>	<b>5.3.3</b>	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>It was found that there were some plastic bottles at the bank of the stream near the bridge at Block 98H of Syarimo 5 Estate. The plastic bottles were washed up onto banks during the recent heavy rainfall.</p>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u> Recent flash flood had wash out all the rubbish from the neighbouring higher ground estates. Lack of monitoring at the bridge area to address the issue.</p> <p><u>Corrective Action:</u> All patrolling record shall include the condition at the bridge - whether it is in good condition, is there rubbish underneath it, etc.). Estate management shall take a prompt action to start addressing the issue at least in weekly basis.</p>
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following: (1) The removal of the plastic bottles at the bank of the stream near the bridge. (2) Patrolling record included checking by SPO Supervisor on the condition of bridges and the cleanliness of the surrounding areas. The corrective action satisfactorily addressed the non-conformance.</p>
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"><b>NC status verified by auditor: Closed by OCL</b></td> <td style="width: 40%;"><b>Date closed: 10/03/2017</b></td> </tr> </table>
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### 3.2.3 Year 2016 ASA-03: 0 Observation

### 3.2.4 Year 2017 ASA-04: 4 Observations

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Follow up remarks (if any)
OBS # OCL-01	5.2.2	Syarimo 2 and 4 Estates	The weekly patrol logbook of the Syarimo 2, 4 and 5 contained photos as evidence of the monitoring of the buffer zone and reporting of any sighting of wildlife. However, the photos in the patrol logbooks of Syarimo 2 and 4 Estates did not include a caption to describe the respective photo.	19 Jan 2017	Next assessment	
OBS # OCL-02	5.3.2	POM	The Schedule 2 form completed by the Mill Manager at quarterly interval listed the types and quantities of Scheduled Waste stored for disposal. However, two of these forms signed by the Mill Manager did not indicate the date. The last Schedule 2 form was dated 25/5/2015.	19 Jan 2017	Next assessment	
OBS: JMD-01	6.2.3	Syarimo 4 and 5 Estates	However, it was found that the smallholder estate (viz; Lamag	19 Jan 2017	Next assessment	

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			Estate) neighbouring to the PMU estates, who attended the external stakeholders' consultation conducted in Dec 2016 was not added into the stakeholders list.			
OBS: JMD-02	6.3.1	Syarimo 2, 4 and 5 Estates	Time frame for social action plan developed based on reports made in the Grievance Book did not indicate the dates of the reports.	19 Jan 2017	Next assessment	

### 3.2.5 Identified Positive Elements

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

### 3.3 Verification Outcomes of ASI Compliance Audit Findings

The combined Verification of ASI Compliance Audit Findings and Surveillance Assessment ASA-04 was conducted to ensure that the assessment cover the full set of RSPO P&C requirements and also to verify the corrective actions taken by the PMU on the ASI Compliance Audit Findings. Details of the outcomes of the verification on ASI Compliance Audit Findings are as in the following attached document:



Verification  
Outcomes on ASI Con

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### 3.4 Feedback Raised by Stakeholders and Findings

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

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

Communication done via email on 07 Dec 2015 to various categories of stakeholders:

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<b>Government Agencies:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Non-Governmental Organizations:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Local Communities - Stakeholders' Consultation:</b> At IOI Syarimo PMU, a total of 7 stakeholders were present at the Stakeholders Consultation, (one government agency, 2 transporters, 2 groceries shop owners and one hardware supplier). They were interviewed by the auditors without the presence of any of the PMU staff.  Concerns and suggestions received during interviews and stakeholder consultations: 1. More corners and dangerous hill slopes on the road between Syarimo 3 and Syarimo 9 estates. 2. Shoplot owners need further clarification on the responsibilities of the estate management and the shop owners on the maintenance of the shoplots. 3. Reduction of road toll for trucks transporting palm oil. 4. Workers are riding motorcycle on the main road in the estates with their family without wearing proper helmet.	The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting.	To be followed up during the next Annual Surveillance Assessment.	The PMU have taken appropriate actions on the identified issues. However, the management is not able to further reduce the road toll as the current rate is reasonable.
<b>Local Communities - Interviews:</b> Interviews of sampled staff and workers were also conducted by the auditors during field visits from 26 to 29 Aug 2015 at the PMU:  Staff/Workers sampling:			

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POM = 15, Estates = 37 Field/sites visits = 29 No issues raised by the sampled staff and workers.	No response needed.	No response needed.	Nil
<b>Other Interested parties:</b> No feedback received.	No response needed.	No response needed.	Nil

### 3.4.2 Feedback Raised by Stakeholders (Verification cum Surveillance Assessment ASA-04 – Year 2017)

Communication done via email on 14 Dec 2016 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<b>Government Agencies:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Non-Governmental Organizations:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Local Communities - Stakeholders' Consultation:</b> Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 18 Jan 2017. A total of 10 stakeholders (2 government agencies, 2 transporters, 1 local communities, 1 Humana, 2 contractors and 2 suppliers) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations: 1. HUMANA students should be fetched to and from the school on time.  2. Organize introductory tour for relevant and interested stakeholders to some interesting locations within IOI Syarimo group, e.g. boundaries, streams, rivers, irrigation, line site, etc. This tour should include Municipal Council, JPAS/JAS, DID, Perhilitan, AASK, police, etc.  3. Prioritize local communities in any vacancy available in the PMU.	The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting.	To be followed up during the next Assessment.	-

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<p>4. Better rapport between local communities and the PMU.</p> <p>5. Reconsider not to increase toll fee for villagers transporting their fruits from their fields to the mill outside IOI Syarimo group.</p> <p>6. Keep the main gate open for villagers who are transporting their FFB to the mill outside IOI Syarimo group.</p> <p>7. Flash floods can be managed if the palm fronds can be prevented from entering the drain.</p>			
<p><b>Local Communities - Interviews:</b> Interviews of sampled staff and workers were also conducted by the auditors during field visits from 16 to 19 Jan 2017 at the PMU:</p> <p>Staff/Workers sampling: POM = 18 males, 11 females Estate Offices = 25 males, 22 females Field/sites visit = 34 males, 41 females</p> <p>No issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>
<p><b>Other Interested parties:</b> No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>

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### 4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

The PMU was recommended to be placed under suspension following the Verification cum Surveillance Assessment ASA-04. The PMU appealed against the suspension and was granted a "put-hold" by the Appeal Panel in accordance with Intertek's Appeal Procedure RSPO-OP-01 subject to an on-site verification and closure of all major and minor non-compliances within 60 days from the last day of the assessment.

The on-site verification was conducted on 09-10 Mar 2017 and all major and minor non-compliances were closed except for certain findings that require clarification decision from ASI and RSPO on the interpretation of the requirements.

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

Therefore, it is recommended that the certification of IOI Syarimo Grouping be approved.

Signed for and on behalf of  
Intertek Certification International Sdn Bhd



Dr. Ooi Cheng Lee  
Lead Assessor  
Date: 16 Mar 2017

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

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

Signed for and on behalf of  
IOI CORPORATION BERHAD



Mr. Peter Wong  
Plantation Controller, Syarimo PMU  
Date: 16 Mar 2017

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

Certificate No:	<b>RSPO 928388</b>
Original Issue date:	20 Mar 2013
New issue date	20 Mar 2017
Expiry date:	19 Mar 2018
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Syarimo Grouping
Address of POM:	KM23, Jalan Kinabatangan, Sg. Pin, Kinabatangan, Sabah
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Nov 2014) for Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model for CPO & PK:	Identity Preserved (IP)

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

Name	Address	GPS Reference		Certified (Titled) Area (ha)
		Latitude	Longitude	
Syarimo Palm Oil Mill (Capacity: 90 MT/hour)	KM23, Jalan Kinabatangan, Sg. Pin, Kinabatangan, Sabah	05°20.001'N	117°46.875'E	18,419
Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E	
Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E	
Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E	
Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E	
Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E	
Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E	
Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E	
Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E	
Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E	

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

Syarimo POM	Annual Tonnages (MT)
Certified FFB	432,385
Certified CPO	92,963
Certified PK	22,700
Supply chain module	Identity Preserved (IP)



**Appendix A:****Qualifications of Lead Assessor and Assessment Team****Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert**

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

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

(Palm Oil Mill, Environment, Social, HCV area, 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 9001:2008, ISO 14001:2004, OHSAS 18001:2007, ISO 22000, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification and International Sustainable Carbon Certification (ISCC) Lead Auditor course. He has also completed the RSPO training on RSPO P&C (2013), RSPO Palm GHG tool and RSPO RED requirements. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Brunei, Thailand and Cambodia. He is currently the RSPO Program Manager in Intertek, Malaysia and has performed over 700 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 in 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 Internal Review Panel for RSPO Assessment reports since 2010.

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

(Good Agriculture Practice, Integrated Pest Management and Social)

– Degree in Food Technology from University of Reading, United Kingdom

Mr. Chin Bit Kee has more than 5 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.

**Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare**

– BSc (Social Science)

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

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### Appendix B:

#### Assessment Plan (Actual)

Date	Time (Note 3)	Assessors and Assessment Activity			
		Assessment Team			
16 Jan 17 Monday  (Day 1)	8.00 am – 1.00 pm	Travel to Syarimo grouping Palm Oil Mill (POM) Office			
	1.00 pm - 2.00 pm	Lunch Break			
	2.00 pm – 2.30 pm	<b>Opening Meeting and Briefing at Syarimo grouping POM Office (to be attended by representatives from the Estates as well)</b>			
	2.30 pm – 5.00 pm	Document Review & Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM			
		<b>OCL</b>	<b>CBK</b>	<b>JMD</b>	<b>AL</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>• P5 Environmental, Conservation &amp; HCV</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>• P4 Best Practices at Mill</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 on ASI Compliance Audit Findings</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			
		OCL	CBK	JMD	AL
17Jan 17 Tuesday  (Day 2)	8.30 am – 12.30 pm	<b>Site assessment at Syarimo 4 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>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Syarimo 4 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Syarimo 4estate</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 on ASI Compliance Audit Findings</li> </ul>
		Lunch Break			
	1.30 pm - 5.00 pm	<b>Continue site assessment at Syarimo 4 estate</b>			
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			

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Date	Time	Assessors and Assessment Activity			
		OCL	CBK	JMD	AL
18 Jan 17 Wednesday  (Day 3)	8.30 am – 12.30 pm	<b>Site assessment at Syarimo 5 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>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Syarimo 5 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Syarimo 5 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>	<ul style="list-style-type: none"> <li>• Verification on ASI Compliance Audit Findings</li> </ul>
	12.30 pm - 1.30 pm	Lunch Break			
	1.30 pm - 5.00 pm	<b>Site assessment at Syarimo 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>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Syarimo 2 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Syarimo 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>	<ul style="list-style-type: none"> <li>• Verification on ASI Compliance Audit Findings</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			
		OCL	CBK	JMD	AL
19 Jan 17 Thursday  (Day 4)	8.30 am – 11.00 am	<b>Site assessment at Syarimo 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>• P5 Environmental, Conservation &amp; HCV</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> <li>• <b>Settlers, in the case of independent and organized smallholders.</b></li> </ul> <p>Notes</p> <p>1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment.</p>		<ul style="list-style-type: none"> <li>• Verification on ASI Compliance Audit Findings</li> </ul>

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		2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement	
10.00 am – 12.30 pm	Site assessment at POM or estates to follow up on any specific criteria/areas		
12.30 pm – 1.30 pm	Lunch Break		
1.30 pm – 3.30 pm	Preparation for Closing Meeting		
3.30 pm – 4.30 pm	Team Meeting and Discussions with Management Representative		
4.30 pm – 5.30 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>		
5.30 pm – 6.30 pm	Travel to Hotel		

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**Appendix C-1:**

**Location Map of IOI Syarimo Grouping, Kinabatangan, Sabah  
Scale 1: 200 km**

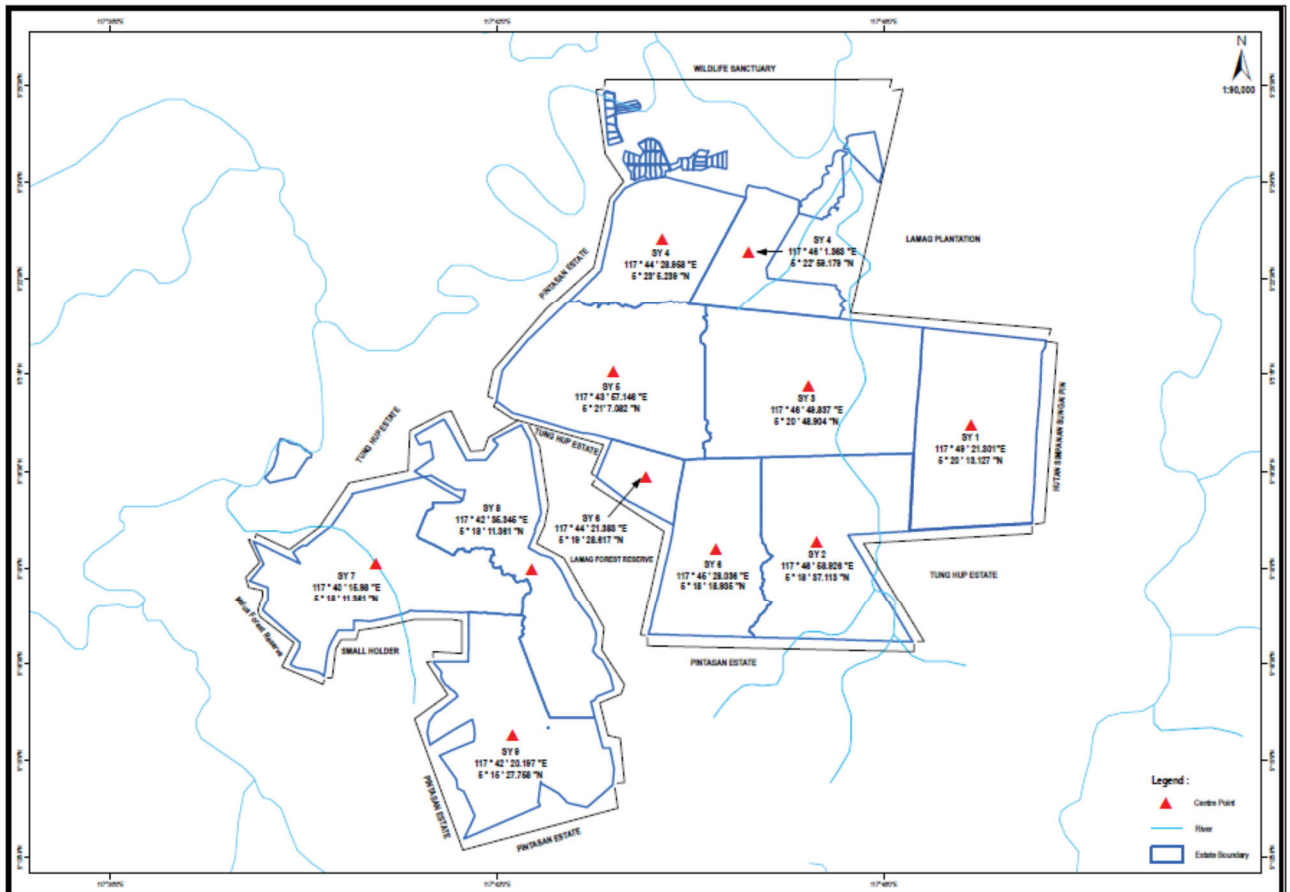


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**Appendix C-2:**

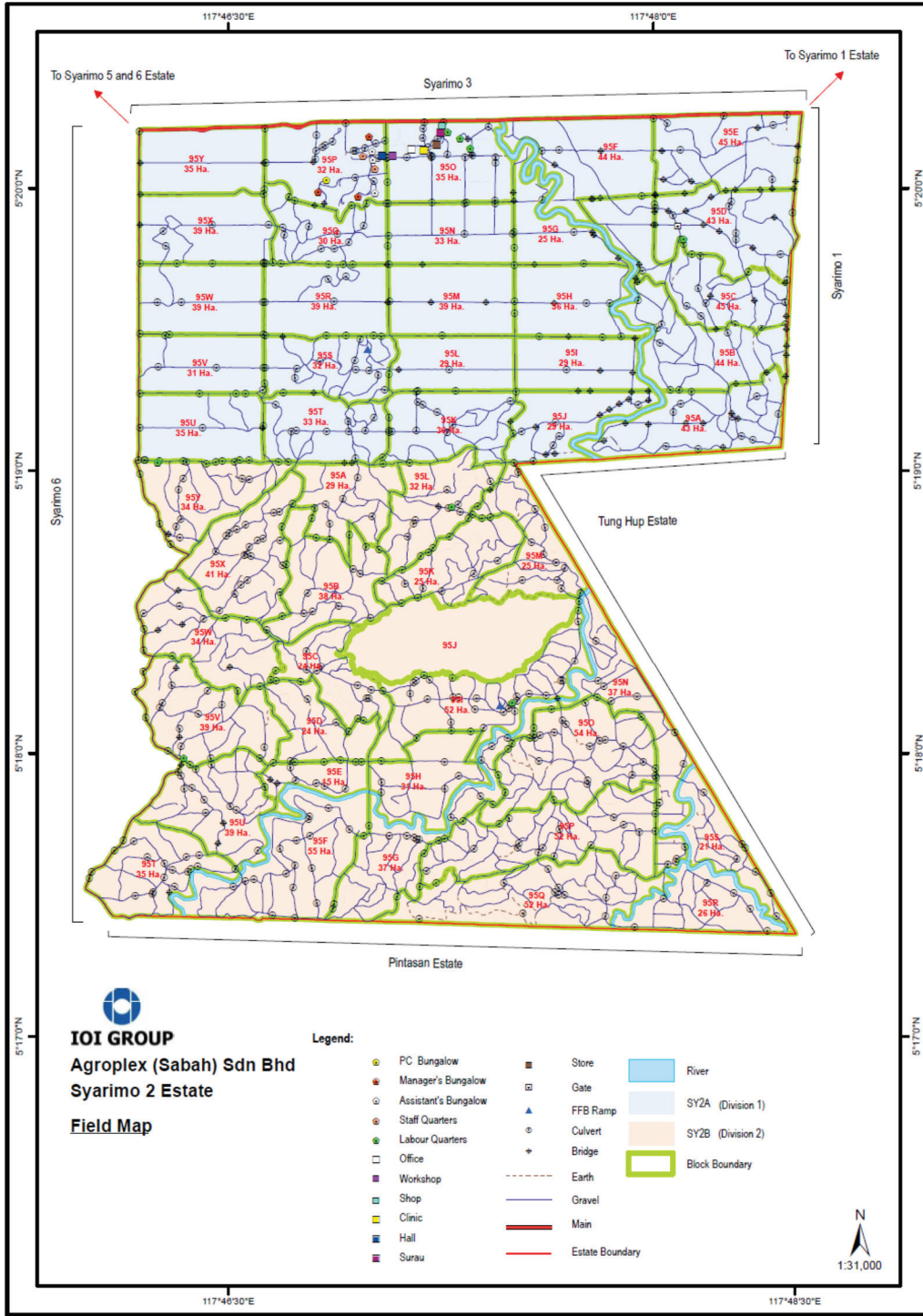
**Location Map of IOI Syarimo Grouping (Estates), Kinabatangan, Sabah**



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**Appendix C-2-1: Map of Syarimo 2 Estate**

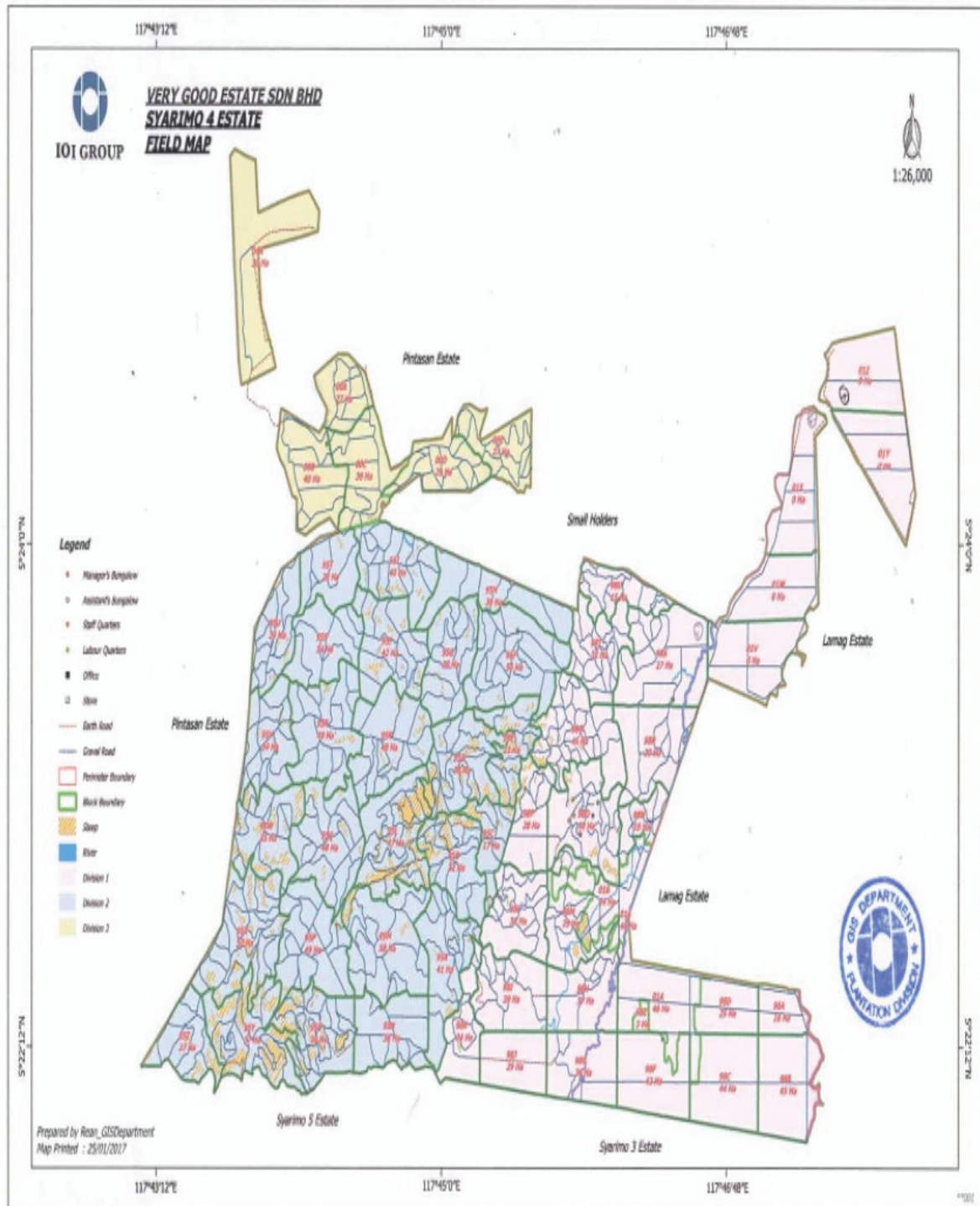


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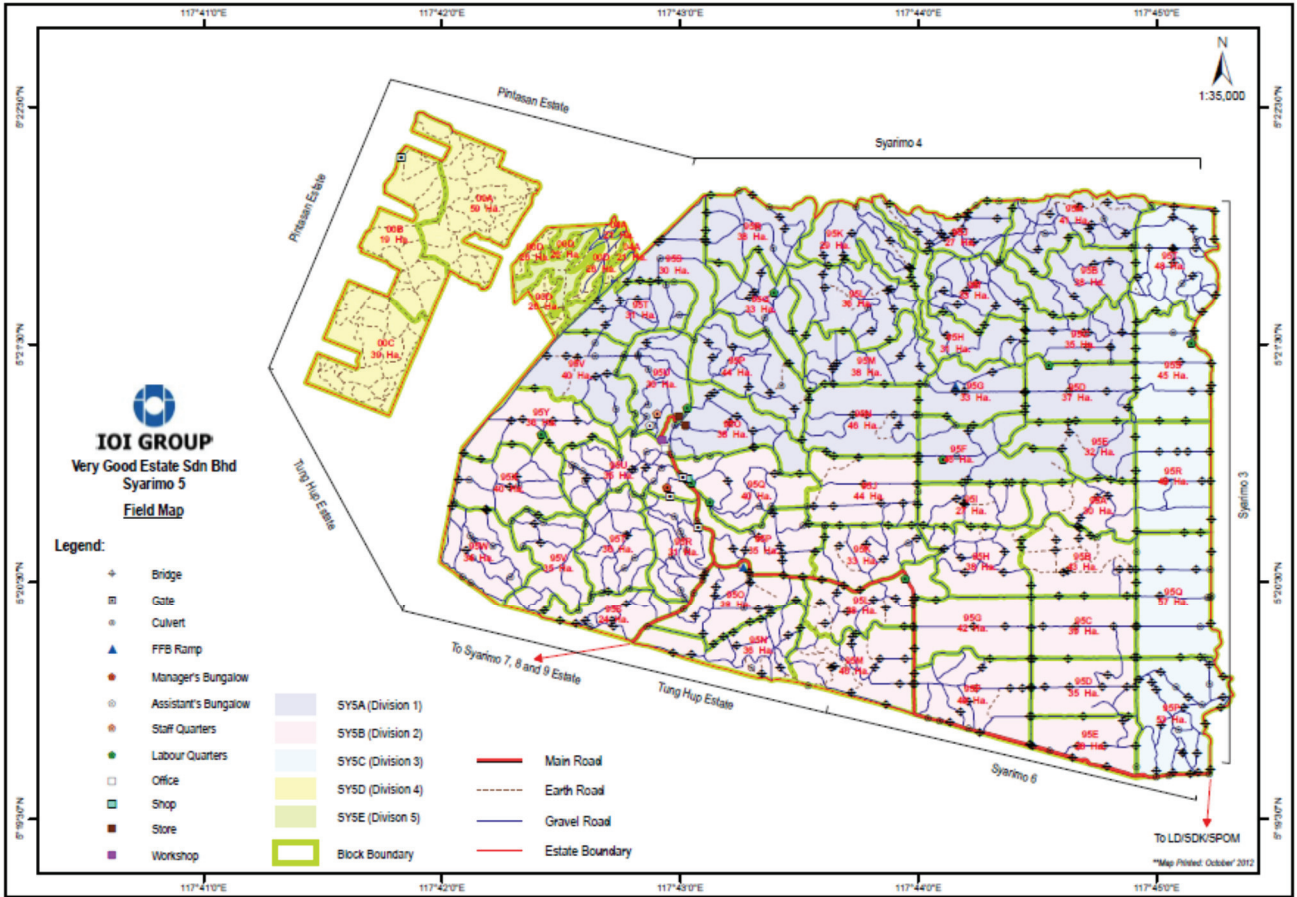
Appendix C-2-2: Map of Syarimo 4 Estate





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**Appendix C-2-3: Map of Syarimo 5 Estate**



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**Appendix D:**

**Photographs of Assessment findings at Syarimo PMU**



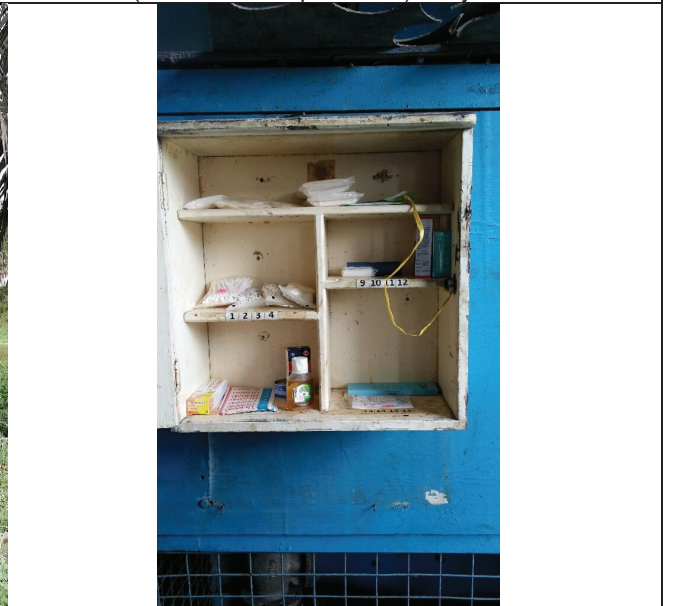
Waste recycling at landfill located in Syarimo 4 Estate.



Larang area (Internal timber plantation) at Syarimo 4 Estate.



Demarcation of buffer zone around the pond located at Syarimo 5 Estate.



First Aid Box at Syarimo POM.

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### Appendix E:

#### Time Bound Plan

**Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (31<sup>st</sup> Dec 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 (Sabah) POM, Sabah	May 2008	Re-Certified in December 2016	Initial Assessment completed on October 2016	No outstanding issues
2.	Sakilan POM	Nov 2008	Re-Certified in Mar 2015	ASA-02 completed in December 2016	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Re-Certified in 2015	ASA-01 completed in 2016	No outstanding issues
4.	Gomali POM	Aug 2009	Re-Certified in Aug 2015	ASA-01 completed in 2016	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-01 completed in 2016	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Re-Certified in Nov 2015	ASA-01 completed in 2016	No outstanding issues
7.	Mayvin POM	Aug 2010	Re-Certified in Dec 2015	ASA-01 completed in October 2016	No outstanding issues
8.	Pukin POM, Johor	Dec 2010	Certified in June 2012	Re-Certification completed for 2016	No outstanding issues
9.	Leepang (Sabah) POM	Aug 2012	Certified in Dec 2013	ASA-03 completed for 2016	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	ASA-03 completed for 2016	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	ASA-03 completed for 2016	No outstanding issues
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-03 completed for 2016	No outstanding issues
13.	IOI – Pelita, Sarawak	Planned - 2019	<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.  On 1 <sup>st</sup> Dec 2016, a draft agreement which gives the native community land use right was presented to the LTK A and LTK B communities. It was followed by a meeting for the terms of the settlement agreement on 20 <sup>th</sup> December 2016. Additional terms were included (by request of the committee) and agreement was formally sent to Miri Residence (mediator) office before 30 <sup>th</sup> December 2016
14.	Unico POM-1, Sabah	Planned - 2018	<b>Uncertified Unit</b>	Acquired in 2014. Established OP plantation (before 2005). Supply base	Certification preparations in progress.

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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
				do consists of external / independent smallholders.	
15.	Unico Desa POM-2, Sabah	Planned - Sept 2017	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base comprised of own estates.	Certification preparations in progress.
16.	PT SKS, Indonesia	Planned - 2017	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) 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 has lifted the Suspension effective 8 <sup>th</sup> August 2016.  Certification preparations in progress. Pending issuance of HGU.
17.	PT BNS, Indonesia	Planned - 2017	Uncertified Unit	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 has lifted the Suspension effective 8 <sup>th</sup> August 2016.  Certification preparations in progress. Pending issuance of HGU.
18.	PT BSS, Indonesia	Planned - 2019	Uncertified Unit	Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.	Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5 <sup>th</sup> August 2016 has lifted the Suspension effective 8 <sup>th</sup> August 2016.  Certification preparations in progress. Pending issuance of HGU.
19.	PT KPAM, Indonesia	Planned - 2020	Uncertified Unit	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	HCV Assessment completed and the SEIA in progress.  The 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 Complaints Panel 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>