

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

Morisem Grouping

Lahad Datu, Sabah, Malaysia



Valued Quality. Delivered.

Assessment Report

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INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9285/13-3 IOI Corporation Berhad**
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ANNUAL SURVEILLANCE ASSESSMENT REPORT ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Morisem Grouping
Lahad Datu, Sabah, Malaysia

Certificate No:

Issued date:

Expiry date:

RSPO 928588

18 Dec 2013

17 Dec 2018

Assessment Type

Initial Certification (Main Assessment)

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-02)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Re-Certification

Assessment Dates

23–26 Sep 2013

13–16 Oct 2014

14–17 Sep 2015

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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Surveillance Assessment was conducted on the Plantation Management Unit (PMU), Morisem Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from 14-17 Sep 2015, to assess the organization's operations of the mill and its supply bases for compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Interpretation (MYNI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for Palm Oil Mill.

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

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

The Morisem Grouping consists of one palm oil mill, namely Morisem Palm Oil Mill and 8 estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 8 estates are all IOI owned estates. The location maps are provided in **Appendix C**.

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

Name	Address	GPS Reference	
		Latitude	Longitude
Morisem POM (Capacity: 105 MT/hour)	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'38.65"N	118°22'8.54"E
1. Morisem 1	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°29'24.00"N	118°19'12.00"E
2. Morisem 2	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°27'36.00"N	118°21'36.00"E
3. Morisem 3	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'0.00"N	118°19'48.00"E
4. Morisem 4	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°20'24.00"N	118°20'24.00"E
5. Leepang 2	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°30'36.00"N	118°22'48.00"E
6. Leepang 3	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E
7. Leepang 4	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E
8. Ladang Asas	MDLD 5123, KM2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"E

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1.3 Description of supply base (fruit sources)

The main supply base, i.e. FFB sources to the POM at Morisem Grouping PMU are from the abovementioned estates. There are also other estates from another PMU which are owned by IOI, which supplied FFB to the POM. The other supply base has also been considered in the overall assessment on Morisem PMU and has been verified to be part of the Time Bound Plan committed by IOI for certification. (Refer to para.1.8). There are no FFB from Outside Crop Producers.

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

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Previous (FY Jul 2013 / Jun 2014)		Area Summary (ha) – Current (FY Jul 2014 / Jun 2015)	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 1 estate	2,032.00	1,896.00	2032.00	1896.00
Morisem 2 estate	2,042.14	1,889.00	2042.14	1886.00
Morisem 3 estate	2,013.70	1,830.00	2013.70	1830.00
Morisem 4 estate	2,023.00	1,900.00	2023.00	1896.00
Leepang 2 estate	2,159.19	1,962.00	2159.19	1962.00
Leepang 3 estate	1,914.43	1,838.00	1914.43	1838.00
Leepang 4 estate	1,425.21	1,354.00	1425.21	1354.00
Ladang Asas estate (Tas & Halusah)	2,021.85	1,909.00	2021.85	1909.00
Total:	15,631.52	14,578.00	15,631.52	14,571.00
Percentage:	100 %	93.26%	100 %	93.22%

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 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.

1.4 Summary of plantings and cycle

The 8 estates had been developed beginning from 1990 and the replanting in 2007 onwards at Morisem 1 and 2 estates, which are currently in the 2nd cycle of planting for the oil palms. The other estates are still in the 1st cycle of planting. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (FY Jul 2014 / Jun 2015)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below
Morisem 1 estate	2007-2010	2 nd cycle	1,896.00	-
Morisem 2 estate	2008-2013	2 nd cycle	1,110.00	776.00
Morisem 3 estate	1990-1991 2013-2014	2 nd cycle	1,166.00	664.00
Morisem 4 estate	1991-1992 2013-2014	1 st cycle 2 nd cycle	1,219.00 -	- 677.00

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Leepang 2 estate	1995-1999	1 st cycle	1,962.00	-
Leepang 3 estate	1996-1997	1 st cycle	1,838.00	-
Leepang 4 estate	1996-2003	1 st cycle	1,354.00	-
Ladang Asas estate (Tas & Halusah)	1992-1998	1 st cycle	1,654.00	-
	2014-2015	2 nd cycle	-	255.00
Total			12,199.00	2,372.00

1.5 Summary of Land Use - Conservation and HCV Areas

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

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	(FY Jul 2013 / Jun 2014) Hectarage – Ha	(FY Jul 2014 / Jun 2015) Hectarage – Ha
1	Planted Area (ha) – Oil Palm		
	- Mature	13,398.00	12,199.00
	- Immature	1,180.00	2,372.00
2	Conservation Area (ha)		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	61.91	61.91
3	HCV Area (ha)		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	13.33	13.33

1.6 Other certifications held and Use of RSPO Trademarks

There are no other certifications presently held under the IOI Morisem Grouping. 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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Sustainability Manager
IOI Corporation Berhad
Level 8, Two IOI Square,
IOI Resort, 62502, Putrajaya
Tel: 603-89478888
Fax: 603-89478988
Email: yeo.leenya@ioigroup.com

Mr. S.S. Ragupathy
General Manager,
IOI Corporation Berhad,

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Lahad Datu Regional Office,
 MDLD 5123, KM 2, Jalan Segama,
 Locked bag No. 15,
 91109 Lahad Datu, Sabah, Malaysia
 Tel: 089 861 861
 Fax: 089 861 863
 Email: gmoffice.mpom@gmail.com

1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Morisem Grouping based on the actual for FY Jul 2014 / Jun 2015 is as in Table 5 below:

Table 5: Tonnages Verified for Certification

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Morisem 1 estate	49,906.10	Morisem POM	Intertek
2.	Morisem 2 estate	12,984.12	Morisem POM	Intertek
3.	Morisem 3 estate	33,242.26	Morisem POM	Intertek
4.	Morisem 4 estate	30,804.02	Morisem POM	Intertek
5.	Leepang 2 estate	48,621.11	Morisem POM	Intertek
6.	Leepang 3 estate	41,826.89	Morisem POM	Intertek
7.	Leepang 4 estate	39,833.35	Morisem POM	Intertek
8.	Ladang Asas estate	32,456.87	Morisem POM	Intertek
Sub-total for PMU estates		289,674.72		
9.	Other IOI PMUs Estates:	0	-	-
10.	Outside Crop Producers (OCP):	0	-	-
Grand total		289,674.72		

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

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

Estate / Supplier	FFB Processed in FY July 2013 / June 2014 - Actual		FFB Processed in FY July 2014 / June 2015- Actual		FFB Processed for FY July 2015 / June 2016 - Projected	
	MT	%	MT	%	MT	%
Morisem PMU Estates	317,990.28	100	289,674.72	100	300,600	100
Other certified IOI PMUs	0	0.0	0	0.0	0	0.0
Certified FFB	317,990.28	100	289,674.72	100	300,600	100
Others non-certified FFB	0	0	nil	0	nil	0
Total	317,990.28	100	289,674.72	100	300,600	100
SCCS Model for POM	SG		SG/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 year are detailed as follows:

Table 7: Certified FFB tonnages

POM	(FY July 2013 / June 2014) - Actual		(FY July 2014 / June 2015)- Actual		(FY July 2015 / June 2016)- Projected	
Total certified FFB Processed (MT)	317,990.28		289,674.72		300,600	
Total certified CPO Production (MT)	65,405.37	OER: 20.57%	60,680.54	OER: 20.95%	63,126	OER: 21.00%
Total certified PK Production (MT)	17,109.62	KER: 5.38%	15,234.91	KER: 5.26%	16,533	KER: 5.50%
SCCS Model for POM	SG		SG		IP	

Note: 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.

Today IOI Group manages a total of 19 Plantation Management Units (PMU) which comprise 15 palm oil mills and 90 oil palm estates throughout Malaysia and Indonesia.

Currently, 12 of its PMU in Malaysia 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 has declared its commitment to complete RSPO certifications on all its 'non-certified' units, targeted by 2019.

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

Intertek had also referred to the RSPO's Complaints website for the tracking of issues and the latest updates available on cases of legitimate complaints which may be filed against the IOI Group and also IOI's statements of response under the web links below:

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

Note: The last update recorded under the above web link was in the month of Oct 2015.

2. Update on IOI's statement in response to report and complaint to RSPO by Aidenvironment on PT. SKS, PT. BNS and PT. BSS, Indonesia dated 30 March 2015.
<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=734>

Note: The last update as announced under the above web link was in the month of Oct 2015.

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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.

Based on Intertek's review on the progress made to date, the IOI Group is considered to have positively maintained its commitment under the RSPO requirements for Rules on Partial Certification (Clause 4.2.4) to ensure that there were no significant land conflicts, no replacement of primary forest or any area containing HCVs since Nov 2005, no labour disputes that are not being resolved through an agreed process in any of the certified and non-certified units/holdings.

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

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

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 31 Jul 2015, 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 Morisem Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 14-17 Sep 2015, the Assessment team of Intertek conducted the Main Assessment in which three estates (viz., Morisem 1, Morisem 4 and Ladang Asas estates) of Morisem Grouping as well as the palm oil mill were assessed for compliance against the RSPO requirements. The number of estates sampled was based on a minimum sample of $0.8\sqrt{y}$ where y is the number of management sub-units and the selection was made based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.

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

Morisem Grouping POM was also assessed against the requirements of 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 the 'Mass Balance' - MB 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 next Annual Surveillance Assessment which will be carried out within a 12-month period of the certificate anniversary date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

Intertek Certification International Sdn Bhd [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, NGOs, suppliers and contractors.

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands And Mines (Kuala Lumpur)
2. Department of Environment (Kuala Lumpur)
3. Department of Forestry Peninsular Malaysia (Kuala Lumpur)
4. Department of Immigration (Kuala Lumpur)
5. Department of Irrigation & Drainage (Kuala Lumpur)
6. Department of Labour (Kuala Lumpur)
7. Department of Occupational Safety & Health (Kuala Lumpur)
8. Department of Orang Asli Affairs (Kuala Lumpur)
9. Department of Wildlife & National Parks (Kuala Lumpur)
10. 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

Statutory Bodies (by emails)

18. Malaysian Palm Oil Board (MPOB)
19. Malaysian Palm Oil Board (MPOB) - Northern Region
20. Malaysian Palm Oil Board (MPOB) - Central Region
21. Malaysian Palm Oil Board (MPOB) - Southern Region
22. Malaysian Palm Oil Board (MPOB) - Eastern Region
23. Malaysian Palm Oil Board (MPOB) - Sarawak Region
24. Malaysian Palm Oil Board (MPOB) - Sabah Region
25. Malaysia Palm Oil Association (MPOA)
26. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
27. Malaysia Palm Oil Association Sabah (MPOA)

NGOs (by emails)

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

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43. HUTAN - Kinabatangan Orang-utan Conservation Programme
44. Institute of Foresters, Malaysia (IRIM)
45. JUST - International Movement for a Just World
46. Malaysian CropLife & Public Health Association (MCPA)
47. Malaysian Environmental NGOs – MENGO
48. Malaysian National Animal Welfare Foundation – MNAWF
49. Malaysian Plant Protection Society (MPPS)
50. Mountaineering and Outdoor Pursuits Association of Negeri Sembilan
51. National Council of Welfare & Social Development Malaysia – NCWSDM
52. National Union of Plantation Workers (NUPW)
53. Partners of Community Organisations (PACOS)
54. Penang Institute previously known as Socio-Economic & Environmental Research Institute (SERI)
55. Pesticide Action Network Asia and the Pacific (PAN AP)
56. Proforest - South East Asia Regional Office
57. Sabah Wetlands Conservation Society (SWCS)
58. SUARAM - Suara Rakyat Malaysia
59. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
60. Sustainable Development Network Malaysia (SUSDEN)
61. Tenaganita Sdn Bhd
62. The Malaysian Forum of Environmental Journalist (MFEJ)
63. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
64. Treat Every Environment Special Sdn Bhd. (TrEES)
65. United Nations Development Programme - UNDP Malaysia
66. Wetlands International (Malaysia)
67. Wild Asia Sdn Bhd
68. World Wide Fund for Nature (WWF) Malaysia
69. World Wide Fund of Nature (WWF) Sabah
70. UNION - AMESU

Local community (On-site interviews)

71. Consultative Committee & Gender representatives
72. Workers & Workers representatives
73. Village Heads & representatives
74. Suppliers & Contractors representatives



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3.0 ASSESSMENT FINDINGS

3.1 Summary of findings

Principle 1: Commitment to transparency

Criterion 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Minor Compliance	The PMU has established and implemented documented procedures (Stakeholder Request – Corporate Level, Stakeholder Request – POM Level, Stakeholder Request – Estate Level) for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. The procedure includes handling responses and requests from stakeholders. Annual Stakeholder Consultation conducted on 02 Sep 2015. Records of participants and feedback given had been compiled and minuted for decision making and appropriate actions. In addition, feedback also obtained from targeted stakeholders such as the HUTAN (an NGO) and Nestle Agriculture Officer (Project RiLeaf) on 17 Jun 2015. Project RiLeaf is the rehabilitation of riparian reserve zone along Kinabatangan River. Date of public notification of this assessment of the PMU was made on 31 Jul 2015.	Complied
1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	The PMU had established and maintained an updated list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc. The mill and audited estates have maintained their respective 'Social and Grievance Communication / Meeting file'. Correspondences done with the various local officials, local community associations and leaders were updated. Feedbacks and requests were attended to in a timely manner. It was verified that there were no significant negative issues or grievances at the PMU. Records of quarterly and annual visits, inspections and correspondence with stakeholders such as DOSH (JKKP), DOE (JAS), MPOB and Energy Commission ("Suruhanjaya Tenaga"). Records maintained were easily retrievable and made available upon request during the assessment.	Complied
Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to:	The organization's policies declared that upon request, the following types of mandatory documents are available to the public:	Complied



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<p>Major Compliance</p>	<ul style="list-style-type: none"> • land titles/user rights, • occupational health and safety plan, • plans and impact assessments relating to environment and social impacts, • pollution prevention plans, • details of complaints & grievances, • negotiation procedures • continuous improvement plan • Public summary of certification assessment report. • Human Rights Policy . <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention.</p>	
<ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); 	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Occupational Safety and Health Plan (Jan 2014 – Dec 2018) has been established. Annual review of the plan was carried out on 03 Aug 2015 by the Safety Manager for Mill & Estates. OSH Policy and HIRAC documented for both mill and estates. The HIRAC was also reviewed for the POM and estates. The OSH Plan include the establishment and implementation of CHRA, medical surveillance, Fire Drill training, First Aid training, Audiometric test, PPE training. CHRA conducted by an external consultant, OSHE Global Solutions with report dated 20/11/2013. Content of the report includes the following:</p> <ul style="list-style-type: none"> • Fertilizers application, pesticides application and maintenance works. • CHRA Methodology • Collection of information • Evaluation of risks, hazard levels, exposure levels and control measures • Summary of recommendations <p>POM has conducted the Emergency Preparedness (ERP). Safety Committee meetings held quarterly in year 2014 and 2015. Programme for protecting workers' health and safety were satisfactorily implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); 	<p>External stakeholder consultation with local communities was conducted for the whole PMU on 2 Sep 2015 at the IOI Lahad Datu Regional Office. Internal stakeholder was also conducted including the employee representation on 22 Aug. 2015 at Morisem POM. Positive and negative impacts and action plan documented. (Refer to 6.1.1)</p> <p>The Environmental Aspect and Impacts Assessment were conducted and have been reviewed by the Environmental Liaison Officer (one of the Assistant Estate Managers) and approved by the respective Mill/ Estate Manager.</p> <p>The report had also included the action plans and recommendations to mitigate the negative effects and to promote</p>	<p>Complied</p>

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	the positive ones such as relevant conservation activities applicable to the PMU (Refer to 5.1.1)	
• HCV documentation (Criteria 5.2 and 7.3);	HCV assessment was conducted by the IOI Group HQ and documented in a report dated Oct 2010 and reviewed on the 20 Feb 2015 and 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. The overall landscape surrounding the PMU, that includes wildlife corridors, had been considered in the HCV assessment reports. (Refer to 5.2.1).	Complied
• Pollution prevention and reduction plans (Criterion 5.6);	Annual review of environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land was done in Jul – Aug 2015. Date of next review is planned for Jul- Aug 2016. Among action items recorded were the 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 (paper, glass, plastic) and management of water ponds due to the delayed rainfall experienced for the year. (Refer to 5.6.1).	Complied
• Details of complaints and grievances (Criterion 6.3);	The mill and respective estates have established complaints and grievances procedures and it was well implemented. Complaints and Grievances logbooks were sighted in all estates in the grouping and the logbooks are actively used by workers. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues. (Refer to 5.3.1)	Complied
• Negotiation procedures (Criterion 6.4);	Negotiation procedure and flowchart was available and maintained. The status on complaints and issues against IOI Group plantations at Sarawak and Kalimantan, Indonesia are accessible via web links below: http://www.rspo.org/members/complaints/status-of-complaints/view/80 Note: The last update recorded under the above web link was in the month of Oct 2015.	Complied
• Continual improvement plans (Criterion 8.1);	Continuous Improvements Plans in key operations for the mill and estates have been developed which were regularly monitored and reviewed. This includes the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, and environmental and social programs.	Complied
• Public summary of certification assessment report;	Public summary of certification assessment reports are available from the company upon request.	Complied
• Human Rights Policy (Criterion 6.13).	The Human Rights Policy has been documented and incorporated as part of the Sustainability Policy Statement issued in March 2014, signed by the 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.	Complied
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		

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Indicators	Findings and Objective Evidence	Compliance
<p>1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>Minor Compliance</p>	<p>The IOI Group's Booklet dated Oct 2012 Code of Business Conduct and Ethics was available with documented policy signed by the CEO. The following are included:</p> <ul style="list-style-type: none"> - Diversity and Respect in the workplace, - Equal Opportunity Employment, - Protecting the Environment, - Safety, Health and Security at Work, - Appropriate use of Company Assets and Equipment, - Managing Documents, - Intellectual Property and Information, - Management and Security in our Computing Environment, - Data Privacy - Employee Privacy in the Communication and Computing Environment - Gifts, Benefits or Entertainment, - Bribes and Kickbacks, - Employment of Family Members and Relatives. <p>Whistle blowing policy documented in Feb 2013, approved by the Audit and Risk Management Committee of BOD.(Dasar Pemberi Maklumat – BM version available)</p> <p>Weblink stated: http://whistleblowing.ioigroup.com/</p>	<p>Complied</p>

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1		
There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Major Compliance</p>	<p>A Legal Register covering the applicable local and international laws and regulations is available at the mill and estates which is maintained.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management.</p> <p>Lewy 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>The PMU had participated in the Federal Government's 5P registration process for migrant workers.</p> <p>Based on the site observations, interviews and records checking at the field and mill, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities.</p> <p>Licenses and permits such as License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol</p>	<p>Complied</p>



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	& Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, Department of Environment (DOE) Permit, etc. were renewed and evidenced to be valid.	
<p>2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p>	<p>The documented system for identifying, determining, reviewing and updating applicable legal and other requirements that the PMU has subscribed found to be maintained.</p> <p>List of laws and circulars received from regulatory bodies such as from DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health) were maintained and complied with. The listing of laws and regulations that were being monitored for changes had also made reference to the Sabah Labour Ordinance (Chapter 67).</p>	Complied
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking).</p>	Complied
<p>2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register. Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure and last performed in August 2014. This was evidenced in the review meetings minuted which was noted to be chaired by the GM (Lahad Datu region), Sustainability Team with Mill and Estate Managers in attendance.</p> <p>Operating licenses and permits were displayed, renewed and evidenced to be valid e.g. MPOB (Malaysian Palm Oil Board) license for Mill – valid till 31 July 2015. Statutory returns were settled and receipts filed were sighted.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance</p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p> <p>The land has been planted with oil palms since 1991. There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied
<p>2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance</p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of oil palms and agricultural use.</p> <p>Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1- meter differential Global Positioning System (GPS).</p>	Complied

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	Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.	
<p>2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p>Minor Compliance</p>	<p>There has been no dispute on the land rights in Morisem PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	Complied
<p>2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</p> <p>Major Compliance</p>	<p>There were no land conflicts in Morisem PMU. The process for conflict resolution verified to be publicly available on company website: http://www.ioigroup.com/business/busi_plantoverview.cfm</p> <p>There has been no new land acquisition at the PMU since 2007</p> <p>No conflict or dispute over the lands in Morisem PMU. Thus the process of participatory mapping is not applicable here</p>	Complied
<p>2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable).</p> <p>Minor Compliance</p>	<p>No conflict or dispute over the lands in Morisem PMU. Thus the process of participatory mapping is not applicable here</p>	Complied
<p>2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p> <p>Major Compliance</p>	<p>No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	Complied
<p>Criterion 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p> <p>Major Compliance</p>	<p>The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas.</p> <p>There is no dispute on the land rights in the PMU.</p> <p>The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.</p>	Complied

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<p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p>	<p>The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>
<p>2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	<p>No conflict or dispute over the lands in Morisem PMU. As such this process is not available for verification.</p>	<p>Not applicable</p>
<p>2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	<p>No conflict or dispute over the lands in Morisem PMU. As such this process is not available for verification.</p>	<p>Not applicable</p>

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

<p>Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>Major Compliance</p>	<p>A 5-years Business Management Plan (FY 2013/2014 to FY 2017/2018) for the PMU has been documented and updated. The Annual Budget for each of the 5 years Business Management Plan include the following:</p> <p>(i) Planting materials (DXP seedling and cloned seedling);</p> <p>(ii) Crop projection = FFB yield/ha trends;</p> <p>(iii) Mill extraction rates = OER trends;</p>	<p>Complied</p>



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<p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>Minor Compliance</p>	<p>(iv) Cost of Production = Cost/MT FFB trends; (v) Cost of Production = Cost/MT CPO trends; (vi) Forecast prices; (vii) Financial indicators=Cost of labour, cost of supervision, cost of manufacture, depreciation, etc.).</p> <p>Annual replanting program had been prepared up to 2021/2022 for the estates. A replanting cycle of 25 years has been adopted by the group.</p> <p>The replanting areas (ha) are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>2014/15</u></th> <th style="text-align: center;"><u>2015/2016</u></th> <th style="text-align: center;"><u>2016/17</u></th> <th style="text-align: center;"><u>2017/18</u></th> <th style="text-align: center;"><u>2018/19</u></th> <th style="text-align: center;"><u>2019/20</u></th> <th style="text-align: center;"><u>2020/21</u></th> <th style="text-align: center;"><u>2021/22</u></th> </tr> </thead> <tbody> <tr> <td>TAS</td> <td style="text-align: center;">255</td> <td style="text-align: center;">220</td> <td style="text-align: center;">252</td> <td style="text-align: center;">308</td> <td style="text-align: center;">0</td> <td style="text-align: center;">106</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Halusah</td> <td style="text-align: center;">0</td> <td style="text-align: center;">229</td> <td style="text-align: center;">218</td> <td style="text-align: center;">199</td> <td style="text-align: center;">0</td> <td style="text-align: center;">102</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Morisem 4</td> <td style="text-align: center;">86</td> <td style="text-align: center;">381</td> <td style="text-align: center;">427</td> <td style="text-align: center;">411</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">494</td> <td style="text-align: center;">292</td> </tr> <tr> <td>Morisem 1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		<u>2014/15</u>	<u>2015/2016</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	TAS	255	220	252	308	0	106	-	-	Halusah	0	229	218	199	0	102	-	-	Morisem 4	86	381	427	411	0	0	494	292	Morisem 1	-	-	-	-	-	-	-	-	<p>Complied</p>
	<u>2014/15</u>	<u>2015/2016</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>																																							
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Principle 4: Use of appropriate best practices by growers and millers

<p>Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p>Major Compliance</p>	<p>The POM has the following documented Standard Operating Procedures and these were verified to be in order:</p> <ul style="list-style-type: none"> - SOP for FFB Receiving Station - SOP for Loading Ramp - SOP for Steriliser - SOP for Threshing Station - SOP for Pressing Station - SOP for Depericarperzation Station - SOP for Oil Room Station - SOP for Boiler Station - SOP for Engine Room Station - SOP for Laboratory - SOP for Water Treatment Plant - SOP for Shovel - SOP for Threshing Station - SOP for Effluent Treatment Plant - SOP for Workshop <p>The Estates has the following documented Standard Operating Procedures and these were verified to be in order:</p> <ul style="list-style-type: none"> - SOP for Oil Palm DxP Seed Production - SOP for Oil Palm Planting Density - SOP for Pre Nursery Seedlings - SOP for Pre Large Polybag Nursery - SOP for Land Clearing - SOP for Land Preparation for new planting and replanting - SOP for Tidal Gates - SOP for Planting Technique - SOP for Leguminous cover plant 	<p>Complied</p>



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	<ul style="list-style-type: none"> - SOP for Manuring - SOP for Weeding - SOP for Pest and disease - SOP for harvesting - SOP for road maintenance - SOP for workshop - SOP for buffalo healthcare - SOP for foliar sampling <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	
4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	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.	Complied
4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	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. Daily Muster chits were available at estates. Daily spraying records indicated the chemicals used.	Complied
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	The mill did not source any FFB from third-party. The entire crop was supplied by the estates from certified PMUs of IOI Group.	Complied
Criteria 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.		
Indicators	Findings and Objective Evidence	Compliance
4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	<p>"Fertilizer Recommendations & Requirements for year 2015" made by the Agronomist of IOI Research Centre, Sabah verified to be available.</p> <p>Soil sampling and leaf sampling records provided guide for fertilizer application for soil fertility and continuity.</p> <p>Annual fertilizer inputs by the estates have been implemented and monitored following the fertilizer recommendations.</p> <p>During field assessments at the estates the mandore and field workers were interviewed and able to demonstrate their work related knowledge and competency levels.</p> <p>GAP for minimization of soil erosion and maintenance of soil fertility is maintained via the frond stacking and fertilizer application as per the recommendation.</p> <p>These had been verified through the records for fertilizer application and observation during field visit. Evidences provided were verified as following good agricultural practices.</p>	Complied
4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance	Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.	Complied
4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Leaf and soil sampling and analysis had been carried out annually to determine the nutrient levels. Records of the sampling and analysis had been verified to be satisfactory.	Complied

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	<p>Annual leaf sampling and analysis are carried out and evidenced by records (“Leaf Nutrient Status”).</p> <p>Soil sampling carried out on a 5 year cycle to determine soil fertility and nutrient efficiency and evidenced by records (“Soil Analysis Results – 30 Jan 2014”). The next soil sampling and analysis will be in year 2018.</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. Minor Compliance</p>	<p>All the EFB from the POM are delivered to the estates as evidenced by the “Daily/Monthly Summary Report of EFB” maintained by the POM.</p> <p>Programme for EFB Mulching and field maps indicate the amounts and locations of EFB application in the estates.</p> <p>EFB mulching had been carried out in mature area along the inter-row and around the circle in the immature palms. Records verified to be satisfactory.</p> <p>There is no application of effluent solids in the estates.</p>	Complied
<p>Criteria 4.3 Practices minimise and control erosion and degradation of soils.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance</p>	<p>Estate soils show no fragile or marginal soil existence. Soil types are typically bangawah, buran, juak, litong, lumpngan, stom and kretam as indicated in soil maps.</p>	Complied
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance</p>	<p>Planting terraces constructed on land with slope more than 6° as indicated in the Terrace Map for Replanting Area in ASAS estate,</p> <p>Best Management Practices followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance.</p> <p>Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. There was no soil erosion noted during the field visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	Complied
<p>4.3.3 A road maintenance programme shall be in place. Minor Compliance</p>	<p>Estate roads were maintained in good and satisfactory condition. Road maintenance programme (5 years) verified to be established and implemented as identified in the map.</p>	Complied
<p>4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance</p>	<p>A water and ground cover management plan has been documented. Monitoring of the subsistence of the peat soil was implemented and recorded. Water table levels were maintained at the minimum of 50 cm level.</p> <p>It was confirmed during assessment on site that there are peat soils in Leepang 3 estate only and no peat soil in the other estates.</p>	Complied
<p>4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance</p>	<p>There is no replanting yet at Leepang 3 estate which has peat soil. Replanting is only due in year 2020. Drainability assessment is therefore not yet applicable.</p> <p>There was no peat soil on the other estates as confirmed by auditor's on-site assessment.</p>	Not Applicable
<p>4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance</p>	<p>Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on these estates.</p>	Complied
<p>Criteria 4.4 Practices maintain the quality and availability of surface and ground water.</p>		
Indicators	Findings and Objective Evidence	Compliance

<p>4.4.1 An implemented water management plan shall be in place. Minor Compliance</p>	<p>Documented Water Management Plan verified to be in place for the palm oil mill and estates. Rainfall data found to be monitored as part of the water management plan.</p> <p>The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There are water ponds in the POM and estates. Water samples collected and analysis carried out at least twice a year. Tests carried out against the parameters (including that of bacterium count) required in the WHO Specification for Drinking Water Quality. Rain water is also harvested but not for drinking.</p> <p>Water for domestic use is treated water from the treatment plants at the POM and the estates. Water samples and tests carried out twice a year by an independent laboratory. However, there is no review of the results of the water analysis. Also, it was found that the results for Jan 2015 samples taken at Morisem 4 have exceeded slightly the specified limits for turbidity, Fe and Al. This will require some decision from management relating to the acceptability of the water for domestic consumption or any further action.</p>	<p align="center">Minor NC# OCL-01</p>
<p>4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance</p>	<p>Buffer zones had been maintained on both sides of streams in the estates as verified during on-site field inspection. No evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone.</p> <p>There are no major rivers passing through the estates audited.</p>	<p align="center">Complied</p>
<p>4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance</p>	<p>Water samples were taken at monthly interval at the final discharge point of the palm oil mill effluent pond and at upstream and downstream of streams leading to the minor tributary of Sungai Kinabatangan. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the following DOE limits:</p> <ul style="list-style-type: none"> • BOD < 20 mg/l, • Total Suspended Solids < 200 mg/l, • Oil & Grease < 20 mg/l, • Ammonical Nitrogen < 150 mg/l, • Total Nitrogen < 200 mg/l, • pH = 5 to 9, • Temperature < 45°C <p>BOD levels are in the range of 3.6 to 16 ppm for the period Jan to Jun 2015 with an average of 10.7 ppm. The current allowable upper limit specified by D.O.E. Sabah is 20 ppm (max.).</p>	<p align="center">Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the mill from Jul 2014 to Jun 2015 ranged from 0.91 to 1.48 m³/tonne FFB with an average usage of 1.24 m³/tonne FFB. The level of water usage is within the industry norm.</p>	<p align="center">Complied</p>
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance</p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents.</p> <p>Records on planting of beneficial plants had been verified on the estates. Pest infestation was noted to be minimal at the estates.</p> <p>Programme for planting of beneficial plants such as <i>Cassia cobanensis</i> (60%), <i>Turnera subulata</i> (20%), and <i>Antigonon leptopus</i></p>	<p align="center">Complied</p>



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	<p>(20%) and records on areas planted had been verified together with the respective maps to be satisfactory.</p> <p>The ratio of 60/20/20 basis has been consistently adhered and improvement made to ensure the survival success rate of the beneficial plants particularly for <i>Cassia cobanensis</i> and <i>Turnera subulata</i>. Thus the corrective action taken on previous assessment observation AL-01 verified to be effective.</p> <p>Trapping of Rhinoceros beetle with pheromone in addition to spraying of Cypermethrin, when necessary, have been carried out in the immature areas of the estates.</p> <p>Rat baiting carried out only when rat damage exceeds 5% on FFB. The summary of grading of FFB showed rat damage at around 1.2%. Rat baiting is therefore not required.</p> <p>No reported infestation by other pests (bagworms and rhinoceros beetle). Pest infestation was minimal on the estates.</p>	
<p>4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>	<p>Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.</p>	<p>Complied</p>
Indicators	Findings and Objective Evidence	Compliance
<p>4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance</p>	<p>Guidance Procedure for written justification in the use of agrochemicals had been reviewed and found acceptable.</p> <p>The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows:</p> <ol style="list-style-type: none"> (1) Glyphosate isopropyl amine (41% a.i.) (2) Metsulfuron methyl (20% a.i.) (3) Triclopyr butoxy ethyl ester (32.1% a.i.) (4) Glufosinate monoammonium (33.6% a.i.) (5) 2,4-D Dimethylamine (60% a.i.) <p>Specific pesticides had been used to deal with the respective target pest, weed, or disease.</p>	<p>Complied</p>
<p>4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance</p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that records of monitoring were satisfactorily.</p>	<p>Complied</p>
<p>4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance</p>	<p>It had been the policy of the estates to minimize the use of pesticides in accordance with IPM plan.</p> <p>The pesticide reduction program is monitored on usage per hectare basis. Overall, there has been a decline in pesticide usage per hectare on a year to year basis.</p> <p>No prophylactic use of pesticides had been carried out at the estates for the period concerned.</p>	<p>Complied</p>
<p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use</p>	<p>Use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates.</p> <p>Alternatives such as Round up (Glyphosate Isopropylamine) and Ally (Metsulfuron Methyl) have been used to replace paraquat.</p>	<p>Complied</p>

<p>of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>		
<p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	<p>All pesticide operators (directly employed foreign workers) have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls) have been provided and used by the pesticides operators. All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers. Programme and training records verified to be satisfactory. The training include spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area. Thus the corrective action taken on previous assessment observation OCL-01 verified to be effective. The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE.</p>	<p>Complied</p>
<p>4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974. Emergency shower and eye wash are available near the pesticides store in case of accidents. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers). Used chemical containers were either reused as containers for spraying solution. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</p>	<p>Complied</p>
<p>4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Warning notice displayed in the area being sprayed with pesticides Programme and training records verified to be satisfactory.</p>	<p>Complied</p>
<p>4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p>	<p>It 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>4.6.9 Evidence of continual training to enhance knowledge</p>	<p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to</p>	<p>Complied</p>

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<p>and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p>	<p>work with pesticides. In addition, based upon training needs, the existing pesticide operators attended continual training to enhance their knowledge and skills on pesticides handling. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.</p>	
<p>4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance</p>	<p>Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor. The scheduled wastes from the estates are sent to the POM for disposal. Empty pesticide containers are triple rinsed and pierced for disposal as scheduled waste. Records of scheduled waste collection at the mill verified to be satisfactory.</p>	Complied
<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance</p>	<p>Annual medical surveillance for all pesticide operators had been implemented. Latest medical surveillance on 18 May 2015. 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 will be declared as unfit for work with pesticides. No such cases in the PMU as at the date of assessment. Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. Besides the annual medical surveillance, clinical records were also monitored.</p>	Complied
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>Verified from records, field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator.</p>	Complied
<p>Criteria 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>The occupational health and safety plan shall cover the following: 4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health. The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.</p>	Complied
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance</p>	<p>Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards. There was an assessment of noise levels in the POM by a Consultant and work areas identified with high noise levels are the boiler station, engine room and sterilization unit where noise level exceeded 85 db.</p>	Complied



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	<p>Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery , reducing the exposure time to high noise and mandatory use of ear plugs and ear mufflers. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 02 May 2015. The audiometric reports of some employees indicated as having hearing impairment. Training on hearing protection carried out and hearing protector must be worn.</p> <p>Baseline audiogram and occupational and medical history records of workers maintained.</p> <p>The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues. Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety & Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p>	
<p>4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance</p>	<p>Training programme planned for year 2015 includes training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>Training records are available and evaluation carried out on each of the trainings to determine its effectiveness.</p>	<p>Complied</p>

	Appropriate PPE (safety helmets) had been provided to FFB harvesters and loaders at the place of work to cover all potentially hazardous operations.	
4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	The responsible person (usually the Mandore or Headman) had been identified. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.	Complied
4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	Accident and emergency procedures had been written 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
4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance.	Complied
4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory.	Complied
Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.		
Indicators	Findings and Objective Evidence	Compliance
4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	A formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.	Complied
4.8.2 Records of training for each employee shall be maintained. Minor Compliance	Records of training for each employee, including new employees were maintained.	Complied

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

Criterion 5.1

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

Indicators	Findings and Objective Evidence	Compliance
<p>5.1.1 An environmental impact assessment (EIA) shall be documented.</p> <p>Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment were conducted and well documented. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p> <p>Documented aspects and impacts risk assessments including those raised through stake-holders' consultations were implemented in accordance with RSPO and legal requirements.</p> <p>The above documents for the POM have been reviewed on August 2015 by the Environmental Liaison Officer (one of the Assistant Estate Managers) and approved by the respective Mill/ Estate Manager.</p> <p>Reviews for the PMU were done for Ladang Asas, Morisem 4 and Morisem 1 on 20 Aug 2015, 7 Sep 2015 and 3 Aug 2015 respectively.</p>	<p align="center">Complied</p>
<p>5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons.</p> <p>Minor Compliance</p>	<p>Changes have been made in current practices as a result of the impacts identified. The POM and estates continued with the implementation and monitoring of management action plans and continuous programme.</p> <p>However, the Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate managers.</p> <p>At the Palm Oil Mill, the water is sourced from the pond located at Leepang 2. This water is also used for domestic purposes. It is found that the extent of the buffer zone around the pond has not been demarcated.</p> <p>Also, the ponds at Ladang Asas (one each at Ladang Halusah and one at Ladang Tas) Estate have been identified for conservation. These ponds were also used as catchment area and the water being used for domestic purposes. These areas are not suitable for planting and were left in its natural condition/state. There were no buffer zones identified and demarcated on the ground.</p>	<p align="center">Minor NC# SH-01</p>
<p>5.1.3 This plans shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>Minor Compliance</p>	<p>The monitoring of the documented environmental improvement plans is implemented and ongoing.</p> <p>Implementation and monitoring of the documented environmental improvement plans was reviewed on an annual basis. The review has taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams</p> <p>The review had also considered the mitigation of negative impacts and promotion of positive ones such as:</p>	<p align="center">Complied</p>



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	<ol style="list-style-type: none"> 1. Training for sprayers and manures on buffer zones, marking of palms with red paint, water quality analysis. 2. Manual clearing of overgrown natural vegetation and debris along the streams and demarcated buffer zones. 3. Disposal of scheduled waste in compliance with legal requirements. 4. Recycling of wastes (metal, plastic, paper, glass) and mill wastes (EFB, shell, boiler ash, POME) etc. 	
<p>Criterion 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance</p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated Oct 2010 and reviewed on the 20 Feb 2015 and 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. The overall landscape surrounding the PMU, that includes wildlife corridors, had been considered in the HCV assessment reports.</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.</p> <p>HCV assessment for Ladang Asas, Morisem 4 and Morisem 1 were conducted on 5 Jun 2015, 7 Sep 2015 and 7 Sep 2015 respectively.</p> <p>Visits to site confirmed that the Ladang Asas, Morisem 4 and Morisem 1 are surrounded by palm oil estates.</p> <p>Both the estate is also neighbouring forest reserves near the PMU. Stretches of riparian/ buffer zones along river tributaries which passes by the estates were identified such as Sungai Sukau (a tributary of Sungai Kinabatangan) at Morisem 1</p> <p>Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of streams which pass through the estate had been identified and being monitored.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Boundaries bordering the forest reserves were well demarcated with trenches to deter wildlife from going into the estate.</p> <p>Maps of the estates need to be updated to include details of location of ponds. An observation was raised.</p>	<p>Complied</p> <p>OBS # SH-01</p>
<p>5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance</p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the respective estates.</p> <p>The HCV reports 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>Complied</p>



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	<p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Trenches have been dug and electric wire fencing built along the buffer zones to prevent wildlife incursions. These measures were taken as proposed by the Sabah Wildlife Department to mitigate the incidences of incursions by wild elephants which had been reported in the patrols conducted by the estate personnel.</p> <p>Regular patrols on a weekly basis to monitor the HCV buffer zones have been carried out and recorded by the respective Estate Executives. The occasional sightings of various types of wildlife encountered found to have been recorded.</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 PMUs visited i.e. Ladang Asas, Morisem 4 and Morisem 1 and found to have been satisfactorily maintained.</p>	
<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>There is evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities.</p> <p>However, information on rare, threatened and endangered species was inadequately disseminated to the workers. This is of importance as the Morisem 1 especially is bordered by Forest Reserves and there is possibility of encounters with wildlife</p> <p>The Morisem 1 estate borders the Pangli Wildlife Forest Reserve. There were cases of crocodile sightings and elephants being reported at this estate. However, it was also found that the program to educate the workforce and community about the status of RTE species has not been implemented accordingly.</p> <p>There was no evidence of it being implemented and no appropriate measures taken in line with company procedures and national regulation. A reporting mechanism should also be in place to make it easier for the workers and community to report such occurrences.</p> <p>This program should also be extended to other estates although most of them are surrounded by other plantations.</p>	<p>Minor NC# SH-02</p>
<p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>	<p>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 Ladang Asas, Morisem 4 and Morisem 1.</p> <p>The overall management plan on the status of HCV/RTE of the Pukin plantation group is collated, reviewed and monitored by the HQ sustainability team and is ongoing.</p>	<p>Complied</p>
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally</p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the PMUs visited i.e. Ladang Asas, Morisem 4 Estate and Morisem 1 Estate. Thus negotiated agreement of such nature is not applicable.</p>	<p>Complied</p>

<p>safeguards both the HCVs and these rights. Minor Compliance</p>		
<p>Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.3.1 All waste products and sources of pollution shall be identified and documented. Major Compliance</p>	<p>Visits made to POM and PMU (Ladang Asas, Morisem 4 and Morisem 1 Estate) showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and Boiler ashes were maintained and monitored at the POM.</p> <p>Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Morisem mill and Plantations. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p>	<p align="center">Complied</p>
<p>5.3.2 All chemicals and their containers shall be disposed of responsibly. Major Compliance</p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected and audited at site i.e. POM and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Lagenda Bumimas Sdn Bhd). The latest disposal was done on 7 Sep 2015.</p> <p>Thus the corrective action taken on previous assessment Minor NC# OCL-01 verified to be effective.</p>	<p align="center">Complied</p>
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance</p>	<p>The waste management and disposal plan were in place at both the Morisem POM and PMU. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in all the Plantations visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment i.e. Lagenda Bumimas Sdn Bhd.</p> <p>The solid waste management and disposal plan using landfills was also available at all the estates (Ladang Asas, Morisem 4 and Morisem 1). It was found that the disposal of household and plantation waste materials were properly monitored and recorded.</p>	<p align="center">Complied</p>

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	<p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management 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>Criterion 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance</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. For FY Jul 2014/Jun 2015, diesel usage was 10.5 liters per mt CPO or 5.74 KWh per metric ton FFB or 27.42 KWh per metric ton of CPO.</p> <p>Diesel usage in the estates was recorded for a period of 5 years' data and was available for comparison.</p> <p>Monthly record on energy consumption for both renewable and non renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement.</p> <p>Visit to Morisem mill showed evident that they are compiling the data; document it for further action to improve on their efficiency of using the renewable and non renewable energy.</p> <p>Apart from use of diesel for generating electricity, palm fiber was also used to generate electricity through steam turbine and boiler. The processing of the CPO was done using the turbine generation.</p> <p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where Palm fiber and PK shells were used as renewable energy/fuel on a 70:30 ratio basis.</p> <p>It was verified that energy usage are being monitored especially at the POM for better control and comparison of trends.</p>	Complied
<p>Criterion 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance</p>	<p>IOI Group had observed the policy of 'Zero open burning' for any replanting, if any, at the estates.</p> <p>Field inspections made at Ladang Asas, Morisem 4 and Morisem 1 Estate showed no evidence of open burning.</p>	Complied
<p>5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance</p>	<p>The PMUs shall adhere to the 'zero burning' policy for replanting at the estates.</p> <p>During the audit, there were no replanting activities carried out in the Morisem plantation group.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment. Sanitary landfill was located at Ladang Asas, Morisem 4 and Morisem 1 Estate. The area is located far away from the village and water sources.</p>	Complied

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Criterion 5.6		
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions; particulate/soot emissions and effluent (see Criterion 4.4). Major Compliance</p>	<p>Annual review of environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land was done in Jul – Aug 2015. Date of next review is planned for Jul- Aug 2016.</p> <p>Mill gas emissions as monitored online by DOE, Sandakan using the Continuous Emissions Monitoring System (CEMS) verified to be within the permissible limits of DOE.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations.</p>	Complied
<p>5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance</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. Thus the GHG emissions calculation is up to date and has been compiled for FY 2014/2015.</p>	Complied
<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance</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 DOE online CEMS monitoring for air emissions, palmGHG, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements.</p> <p>The daily CEMS reporting summary chart indicated a maximum of 39.4% and an average of 6.9% opacity (DOE permissible limit is 40% max. opacity).</p> <p>It was verified that the POME is treated using aerobic and anaerobic ponds (total of 8 ponds, consisting of 7 effluent ponds and 1 bio polishing pond)</p> <p>Water samples were regularly taken every six months and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at the final discharge point. The discharged water is 100% used for land application into Morisem 3 estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits.</p>	Complied

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

Criterion 6.1		
Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p>	<p>At Morisem PMU, the respective Social Impact Assessment reports and Management plans at all the estates and mill was specific and individually documented by the Sustainability Team of IOI.</p>	Complied

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<p>Major Compliance</p>	<p>External stakeholder consultation with local communities was conducted for the whole PMU on 2 Sep. 2015 at the IOI Lahad Datu Regional Office. Internal stakeholder was also conducted including the employee representation on 22 Aug. 2015 at Morisem POM.</p> <p>Each estate and the POM visited updated their SIAs accordingly, e.g. for Morisem POM last revision of their SIA was in Aug. 2015 by Social Liaison Officer, Mr. Jamuih Kalipang. In Ladang Asas SIA last revision was in Aug. 2015, by Social Liaison Officer, Mr. Abdullah Bakri, Asst. Manager.</p>	
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>Major Compliance</p>	<p>The PMU has considered issues of social impact to employees and communities affected by their activities. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p> <p>In all meeting minutes of ECC and Gender Committee, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties. Through verification of entries made in the Complaints & Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</p>	Complied
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>A time table of activities identified was sighted with time frame on implementation plans. Site inspection carried out confirmed that the implementations were in progress. Latest Social Plans for 2015/2016 were sighted at the estates and Morisem POM.</p> <p>The Social Impact Assessment reports and Management plans were reviewed and timetables established were also updated appropriately to reflect current changes. Reviewed process has been done with the participation of stakeholders (including migrant workers) appropriately. Records of meetings were available and indicated that concerns were generally working conditions, cultural/festival activities, health facilities and other community concerns.</p>	Complied
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p>Minor Compliance</p>	<p>The latest Social Plans were available for the 2014/2015 period. Affected parties especially the workers were consulted during the ECC meetings, Daily morning muster and individual responses made to reports in the Grievance Books maintained.</p>	Complied
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>Minor Compliance</p>	<p>There are no smallholders at the PMU. Thus this is not applicable</p>	Not applicable
<p>Criterion 6.2</p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>

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<p>6.2.1 Consultation and communication procedures shall be documented. Major Compliance</p>	<p>IOI's Group consultation and communication procedures are available via website link: http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm</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 meetings.</p> <p>Main SIA reports for Tangkulap and Morisem 2 Estates as well as the Morisem POM, 14 Sep. 2015 are still within valid period, i.e. within 5-year main revision period, thus no external stakeholders' consultation meetings have been organised.</p>	<p>Complied</p>
<p>6.2.2 A management official responsible for these issues shall be nominated. Minor Compliance</p>	<p>Nominated respective officers at the operating unit are responsible to represent the PMU Morisem grouping when any relevant issues raised by local communities and other affected or interested parties.</p> <p>For example in Morisem POM the nominated Social Liaison Officer being Mr. Jamuih Kuipang, for Ladang Asa, Mr. Abdullah Bakrisand in Morisem 1, was Mr. Felix Junior.</p>	<p>Complied</p>
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance</p>	<p>The maintenance of the list of stakeholders at the IOI Morisem grouping is adequate and has ensured that the list is kept current. Noted that there are open and transparent methods for communication and consultation which has taken into consideration the local mechanisms including migrant workers and languages.</p> <p>The lists of stakeholders are and was used to send invitation to external stakeholders during the external consultation conducted on 2 Sep. 2015 in IOI Lahad Datu Regional Office [LDRO]</p>	<p>Complied</p>
<p>Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance</p>	<p>All estates in Morisem grouping have established complaints and grievances procedures and it was well implemented. Complaints and Grievances logbooks were sighted in all estates in the grouping and the logbooks are actively used by workers.</p> <p>Timelines for response to complaints and grievances are either through the logbook or ECC representatives are appropriately established and implemented. Generally respond time for minor requests will be within 2-3 days and up to one month for major requests.</p> <p>The estates had maintained the established complaints and grievances procedures. Noted that any Complaints and Grievances Logbook were used in the estates appropriately and records of corrective actions implemented were stated in the logbook. ECC representatives interviewed understood that roles, responsibility and treated them as an important matter.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For example last entry in Ladang Asas was on 21 Aug. 2015 from Zakaria Ahmad requesting for extension of electricity supply on 29-30 Aug. 2015 for some festivities. Request were approved on the same day by Johannes Olas, Sr. Asst. Mgr. Reports which are related to private matters such as sexual harassment a separate logbooks are prepared and</p>	<p>Complied</p>

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<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Minor Compliance</p>	<p>always kept under lock and key locations. Complainants are given the option whether to make the report personally or through nominated workers' representatives.</p> <p>It is verified during on-site interviews that there were no incidences of dispute or grievance of a serious nature.</p> <p>The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.</p>	<p>Complied</p>
<p>Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>Major Compliance</p>	<p>There were no borders at estates in Morisem grouping which were adjacent to any villages or native land. Therefore no has been no records of any negotiation or compensation pertaining to this criteria. No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion</p>	<p>Complied</p>
<p>6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>	<p>The IOI Group has a procedure for calculating and distributing compensation which is available. To the date, there has been no dispute by any parties reported at the Morisem PMU.</p>	<p>Complied</p>
<p>6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p>	<p>To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.</p>	<p>Complied</p>
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>Documentation and conditions of pay for foreign workers hired in the POM and all estates visited are available for verification. Employment agreement with foreign workers, who are mostly from Indonesia, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. IOI</p>	<p>Complied</p>

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	<p>procedures require the employment contract to be explained by management to potential migrant workers before the contracts are signed.</p> <p>The payment slips for foreign workers at the POM and estates visited are easy to understand and this fact was further verified with migrant workers. Payments are made latest by 7th of each month. Payment slips for foreign and local workers hired by the contractors and settlers' cooperatives also verified as compliance to the Minimum Wages Order 2012. Representatives from contractors were interviewed personally to confirm these facts, e.g. Mr. Yong Hon Hiung from Aristo Engineering Sdn. Bhd. and Mr. Agus Abdullah from Subur Jaya Sdn. Bhd.</p> <p>Holidays entitlements as required by the laws are satisfactorily fulfilled, e.g. annual leaves, public holidays and maternity leave. Vacation leave pay for 2014 were sighted at the POM and estate offices.</p>					
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Minor Compliance</p>	<p>In Morisem grouping since January 2013 offer letter has been revised to reflect the new Minimum Wage Order 2012. The employment contracts used are approved by the Sabah Human Resources Department, i.e. Jabatan Tenaga Kerja Sabah.</p> <p>The document covers all issue such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, and reasons for dismissal, period of notice made available in Bahasa Malaysia which is understood by the workers.</p> <p>In Jul. 2015 there three worker with salary less than RM800 as required by the regulation at the Morisem POM. Further verification shows these workers resigned before the month ended.</p> <p>At the estates audited a number of field workers a number workers also received less than RM800 as required in minimum wages regulation in Aug. 2015. Main reasons provided by the management was either due to absent from work or low productivity, e.g. in Morisem 4;</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Salma Basri</td> <td style="width: 40%;">absent 2 days</td> </tr> <tr> <td>Siti Nurhaya Leleng</td> <td>absent 2 days</td> </tr> </table> <p>These workers are required to sign on a separate sheet indicating they are agree with the payment and understand the reasons why they received less than the amount required by the law.</p> <p>Payment for Faridah Bintang from Ladang Asas in Aug. 2015 was also found did not meet the minimum wages of RM800 even though she has no absent day recorded in that particular month. As general worker minimum target per day is RM30.77. But upon further review of her productivity level showed she did not reach minimum target required per day for the works assigned to her for the whole month.</p> <p>Working conditions of workers hired by contractors are satisfactory. No signed contract, but basic understanding between the contractors and the foreign workers are type of jobs offered, rate and payment period should be fulfilled satisfactorily. Passports, permits and insurance are managed by the contractors. Adherence to the applicable laws are stated clearly in each contract awarded to the contractors, i.e. "Agreement and Schedule of Condition, Point 4: Statutory Obligations, notices, fees and charges", this include hiring legal workers.</p> <p>It was also found the workers received more than required minimum wages if the workers reached the daily target and working the whole month without absent. Payment is calculated based on piece rate, thus the workers have to reach certain target per day as well in order to reach the minimum pay of</p>	Salma Basri	absent 2 days	Siti Nurhaya Leleng	absent 2 days	<p>Complied</p>
Salma Basri	absent 2 days					
Siti Nurhaya Leleng	absent 2 days					

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	<p>RM800/month. No payment slip issued by the contractors verified during the audit.</p> <p>Foreign as well as local workers hired by IOI and the contractors are provided with free housing and clean water supply, free electricity, medical benefits, insurance cover and basic amenities that over all constitutes decent living for the employees.</p> <p>Thus the corrective action taken on previous assessment Minor NC# JMD-01 verified to be effective.</p>	
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>Minor Compliance</p>	<p>The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) is yet to be enforced by Sabah Labour Department. However, the PMU is noted to have provided adequate amenities to their local and foreign workers as well the grouping has provided adequate housing, water supplies, medical, educational and public amenities.</p> <p>Site visits to foreign workers' quarters as well as the staff quarters and interviews with their dependents revealed their general satisfaction with their housing conditions and amenities.</p> <p><u>Housing, electricity and water supply</u> Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. Poultry are kept at a safe distance from the workers quarters. The workers staying in the estate are provided with free electricity and treated pond water 24 hours daily. There are still wooden quarters being used however the grouping is in the process of replacing them with brick terrace houses. Linesite inspection is conducted at least once a month by EHA to ensure the safety and cleanliness at the linesite.</p> <p><u>Schools</u> The migrant workers' children had received free education in a NGO-managed school, i.e. Humana. Maintenance of the school building, furniture, electric and water supplied are under the purview of the estate management. Furthermore, the foreign teachers originally from Indonesia are paid by the estate management as well.</p> <p><u>Sundry shops</u> Sundry shops available outside at each estate audited. From interviews with the workers in grouping it was found that most household sundries, including frozen foodstuffs were available on sale. Fresh food, such as fish, chicken, vegetable and meat are also brought in by fresh food suppliers into the estates in food trucks at least twice a week.</p> <p><u>Crèche (Rumah Asuhan Kanak-kanak)</u> Creche is available in each estate and they are well maintained. The crèche ayahs are well trained on procedures of using the first aid kits. Depending on the estate management, some crèche are provided biscuits or chocolate drink.</p> <p><u>Medical clinics</u> Clinics of the audited estates are shared with Morisem 1, Ladang Asas and Leepang 3. No limit for medical expenses for the workers. Public fogging has been conducted following a complaint</p>	<p style="text-align: center;">Complied</p>

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	from the workers staying at the quarters. Pregnant women field workers are not allowed to work until the child is weaning.	
<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>Minor Compliance</p>	<p>Morisem PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within the group compound.</p> <p>It is verified that office and field workers were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day.</p>	Complied
<p>Criterion 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p>Indicators</p> <p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>Findings and Objective Evidence</p> <p>The published statements of policy which recognizes the employee's freedom of association, was noted to be available in a few native languages including Bahasa Malaysia, English and some local native languages.</p> <p>Due to the restrictions stated in Immigration Act 1959/63, in which foreign employees are not allowed to form or be affiliated to any society or association, the estate management had formed the ECC as an alternative mechanism to cater to the collective bargaining needs of the workers.</p> <p>Results of ECC meetings were minute and available for verification. In Ladang Asas, latest ECC meeting as on 3 Jul. 2015.</p> <p>The policy statements which recognizes the employee's freedom of association</p> <p>These were widely displayed in local languages and English. ECC was functional in Morisem grouping estates and their meetings were minute, distributed accordingly and available as records.</p>	Compliance Complied
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>PMU Morisem grouping has publish a statement (in local languages) recognizing freedom of association at Morisem Palm Oil Mill office.</p> <p>Minutes of ECC meetings sighted for example in Morisem 1, latest ECC meeting was on 9 Oct. 2015 and in Morisem POM the meeting was conducted on 12 Oct. 2014. All minutes are kept properly.</p> <p>In all meeting minutes of ECC, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties.</p>	Complied
<p>Criterion 6.7 Children are not employed or exploited.</p>		
<p>Indicators</p> <p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p>Major Compliance</p>	<p>Findings and Objective Evidence</p> <p>Employees and workers profile were sighted during the audit. No underage workers found. This fact was further verified through interviews with staff and workers in the PMUs. Passport photos and birthdays of the foreign workers hired by Felda were checked and none of them found to be underage.</p> <p>The Child Labour policy 2009 adopted by IOI on 5 Nov. clearly stated that the minimum age of workers is 16 years old as stated in the Children and Young Persons (Employment) Act 1966 (Act 350).</p>	Compliance Complied



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	<p>In Sabah, the Sabah Labour Ordinance, however, stated minimum age for employment is 17 years old. Further verification found that IOI employment guide lines stated only those persons of 18 years old and above are qualified to be employed.</p>	
<p>Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance</p>	<p>The policy statements which recognize Equal Job Opportunity were widely available and displayed in local languages and English. Inspections including interviews in the estates of Morisem grouping of the employment records including migrant workers, pay slips and deductions of wages (according to law) confirmed that this criteria has been maintained.</p>	Complied
<p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance</p>	<p>Based on interviews and feedback from the employees and migrant workers and review of ECC meeting minutes, it is verified that there has been no issue of discrimination at the PMU.</p>	Complied
<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. Minor Compliance</p>	<p>Morisem PMU demonstrated that staff are hired and promoted based on specific criteria. However, promotion to higher position sometime take a longer period due to the position sought is not yet vacant.</p> <p>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.</p> <p>In general, it was evident that no discrimination on promotion as both men and women, local and foreign workers have equal opportunity to be promoted.</p>	Complied
<p>Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
Indicators	Findings and Objective Evidence	Compliance
<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. Major Compliance</p>	<p>The established social policy has covered aspects on sexual harassment, gender and women reproductive rights. There was a documented procedure on the management of sexual harassment. There is also a gender committee specifically to address areas of concern to women. This committee was headed by the manager and, has representatives from all areas of work. In Morisem POM latest Gender Committee meeting was on 21 Aug. 2015 for both male and female workers. Meanwhile in Ladang Asas latest Gender Committee meeting was on 24 Sep. 2014.</p> <p>The policy statements which recognize sexual harassment, gender and women reproductive rights were widely available and displayed in local languages and English. Pregnant and breastfeeding women were exempted from work associated with</p>	Complied

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	potentially hazardous chemicals and were given light duties such as work in and around the office and crèche.	
<p>6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>Major Compliance</p>	<p>The established social policy has covered aspects on sexual harassment, gender and women reproductive rights. Meeting minutes of the committee. Gender Consultative Committees (GCC) has been maintained and verified.</p> <p>In Ladang Asas, Ms. Ayu Zakaria kept it as a secret until it was found by the EHA at her fifth months of pregnancy. A work removal recommendation letter was immediately submitted to the management by the EHA taking into consideration the worker's safety.</p> <p>Local female staff is fully aware that they are entitled for two months paid maternity leave. However, no local female workers gave birth between 2014-2015.</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.</p> <p>Minor Compliance</p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There was a gender committee specifically to address areas of concern to women. This committee was headed by the manager and representatives from all areas of work. The minutes of meetings were documented and kept.</p>	Complied
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>Minor Compliance</p>	<p>All the estates in the Morisem PMU do not have any dealings with smallholders.</p> <p>There was also no evidence to suggest of any unfair business practices with the local businesses.</p> <p>No changes with regards to dealing with smallholders since last year and no evidence to suggest of any unfair business practices with the local businesses.</p>	Complied
<p>6.10.2 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).</p> <p>Major Compliance</p>	<p>Morisem PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p>	Complied
<p>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.</p> <p>Minor Compliance</p>	<p>Based on employee contracts and meeting minutes (between Morisem management and employee) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored during work in progress to follow safety requirements.</p>	Complied

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6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance	The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments most of the time are made on according to common practice of 60-day grace period.	Complied
Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.		
Indicators	Findings and Objective Evidence	Compliance
6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	Main contribution of the estates to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The management also distribute annual aids to school going children including HUMANA with school bags, writing and reading materials.	Complied
6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity Minor Compliance	Not applicable	NA
Criterion 6.12 No forms of forced or trafficked labour are used.		
6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	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. In Ladang Asas, two youngest foreign workers found are Johar Bin Muhammad Yassin born 4 Mar. 1994, 19 years old at the time of joining IOI and Rosyam Rustam born 30 Mar. 1995, 18 years old at the time of joining IOI.	Complied
6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	No incidents have been found and this is confirmed that during interviews with external stakeholders this issue has not been raised.	Complied
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	A policy on Equal Opportunity was adopted and implemented by Morisem PMU seemed to cover all necessary aspects of migrant workers related issues.	Complied
Criterion 6.13 Growers and millers respect human rights.		
Indicators	Findings and Objective Evidence	Compliance
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	IOI adopted a human rights statement included in "Sustainability Policy Statement" dated March 2014 signed by CEO, Dato' Lee Yeow Chor which covered the necessary aspects of human rights related issues. This is confirmed to have understood by the different levels of personnel interviewed during the assessment.	Complied



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<p>6.13.2 As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. Minor Compliance</p>	<p>The PMU is in collaboration the Yayasan Peduli Pendidikan Anak Indonesia (YPPAI) which is an NGO catering to the education needs of the children of school going age for the Indonesian foreign workers both primary and secondary.</p> <p>It was verified that transport has been provided free for children of the workers and the PMU has maintained contribution to the monthly operation of the primary school.</p> <p>Inspections of the employment records including field trips in the estates of Morisem grouping confirmed that this criterion has been complied.</p>	<p>Complied</p>
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Principle 7: Responsible development of new plantings

Morisem PMU has documented procedures for this development but to date has not carried any new plantings after Nov 2005. Therefore, the requirements of Principle 7 are not applicable during this assessment.

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

<p>Criterion 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p>	<p>The PMU had planned and progressively implemented continual improvement activities in the POM and estates:</p> <p><u>Continual improvements for the POM:</u></p> <ol style="list-style-type: none"> 1. Timely monitoring, disposal and updating records for disposal of Schedules Wastes via e-consignment: spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409) and used filters (SW 410). 2. Recycling and reduction of waste (recycle scrap iron, plastic and paper) 3. Development of GHG reduction activities such as the higher use of renewable energy sources (EFB, shredded shell, fiber). 4. New block of executive houses. 5. Replacement of septic tanks. <p>Evidence of results was available for the above continuous improvement action plans.</p> <p><u>Continual improvements for Estates:</u></p> <ol style="list-style-type: none"> 1. Reduce the consumption of pesticides. 2. Increased planting of beneficial plants as direct bio-control to reduce attacks by caterpillars and bag worms. 3. Maintenance and monitoring of the growth of natural vegetation at the buffer zones and riparian areas and clearance of debris and any clogging of the water flows. 4. New fertilizer stores. 5. New and improved housing for staff and workers. 6. Support and assistance to the HUMANA schools for the children of foreign workers in the estates. 	<p>Complied</p>



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	<p>7. Religious programs conducted: “Nasyid” performance by KAFA students at “Kenduri Kilang”, “Qurban” program during “Aidil Adha”, “Terawih” program every night during “Ramadhan”.</p> <p>8. “Program Pengurusan Jenzah” first phase.</p> <p>9. Implement palm top system in harvesting checkroll.</p> <p>10. Tighter monitoring of yields from the estates.</p> <p>Evidence of results was available for the above continuous improvement action plans.</p>	
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3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

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

Details of findings are as follows:

D.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>The POM only processed FFB from its own supply base (see Section 1.3). It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.</p>	<p>Complied</p>
D.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance

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<p>D.2.1</p> <p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced has been recorded in each annual surveillance report (see Section 1.8.2 Table 6 and Section 1.8.3 Table 7).</p>	<p>Complied</p>
<p>D.2.2</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform or book and claim).</p>	<p>Complied</p>
<p>D.3 Documented procedures</p>		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for IP Module is: RSPOSC/SOP/IP/3 issue 04, 02 Jan 2015. The procedure covered the implementation of all elements of IP Module.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	<p>Complied</p>
<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>Mill manager, Mr. Stevenson De Cruz (contact no: 012-6285391 / 014-6797703 email: mpom.ioi@gmail.com) has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	<p>Complied</p>
<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 2014/2015, 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.</p>	<p>Complied</p>



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	<p>All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.</p> <p>The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure.</p> <p>Morisem POM has 4 CPO storage tanks that stored the IP quantities.</p>	
D.4 Purchasing and goods in		
Indicators	Findings and Objective Evidence	Compliance
D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.	The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional office and weekly to the Head Office at Putrajaya.	Complied
D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.	The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises. So far, there is no projected overproduction.	Complied
D.5 Record keeping		
Indicators	Findings and Objective Evidence	Compliance
D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible. Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily. As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.	Complied
D.6 Processing		
Indicators	Findings and Objective Evidence	
D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	Confirmed from records that the POM only received and processed certified FFB from its own estates and estates in other certified IOI PMUs for FY2014/2015. 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 PK is entirely sold to IOI Edible Oil and there is no outsourcing of the PK crush to an independent palm kernel crusher.	
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 PK is delivered to the palm kernel crushing plant at IOI Edible Oil. The POM does not produce PKO. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents.	

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3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the Morisem 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 2015/2016.

3.1.3 Monitoring of CSPO and CSPK traded:

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

	CSPO - Actual (FY Jul 2013/Jun 2014) (MT)	CSPK - Actual (FY Jul 2013/Jun 2014) (MT)	CSPO - Actual (FY Jul 2014/Jun 2015) (MT)	CSPK - Actual (FY Jul 2014/Jun 2015) (MT)
RSPO certified	33,868.232	7,418.10	32,585.37	15,214.63
ISCC certified	3,872.424	-	26,190.68	-
Book & Claim	0	0	0	0
Total Traded	37,740.656	7,418.10	58,776.05	15,214.63
Actual Produced	65,405.37	17,109.62	60,680.54	15,234.91

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.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2013	1 Minor	5	Actions taken on the NCRs and OBS verified to be effective during ASA-01.
Annual Surveillance-01	2014	2 Minor	2	Actions taken on the NCRs and OBS verified to be effective during ASA-02.
Annual Surveillance-02	2015	3 Minor	1	Next surveillance

3.2.1 Year 2014: ASA-01 Assessment (2 NCRs)

NCR #	MYNI Indicator	Details of NCR
Minor OCL-01	5.3.2	Date issued: 16/10/2014
		Nonconformance: During the field inspection of the landfill at Morisem 3 estate, it was found that there were two oil drums inside the landfill meant for domestic waste.



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		<p>Root Cause and Corrective Action:</p> <p>As it is not a normal practice in the estate to dispose the lubricant drums into the landfill, an investigation was done after the audit. From the investigation, it was found that it was the shopkeeper who went and disposed the non-domestic waste into the landfill, without the authorization from the estate management. Further inquiries also indicate that there is a lack of awareness among the Morisem 3 shopkeepers. To cater the problem, a training has been conducted to the shopkeeper as well as to other contractor and supplier who work in the estate to remind them regarding the waste management of different type of waste generated in the estate. To avoid any reoccurrence, a gate has also been installed at the landfill to ensure there will be no more unauthorized disposal of waste into the area in the future.</p>
		<p>Verification (Corrective Action):</p> <p>Documents verified:</p> <ol style="list-style-type: none"> 1. Training record to the shopkeeper, supplier and contractor working in the estate. 2. Pictures of the installation of gate at the landfill. <p>Copy of records submitted with photographs taken was verified. Corrective action on NC is accepted.</p> <p>NC status verified by auditor: Closed by OCL Date closed: 08/11/2014</p>
		<p>Verification of effectiveness:</p> <p>Verified during ASA-01 that the corrective action taken was implemented effectively.</p>
		<p>NC status verified by auditor: OCL Date verified: 14/09/2015</p>

NCR #	MYNI Indicator	Details of NCR
Minor JMD-01	6.5.2	<p>Date issued: 16/10/2014</p> <p>Nonconformance:</p> <p>Nonconformance:</p> <ol style="list-style-type: none"> 1) As to date, the 2013 vacation leave pay for workers in Leepang 2 estate has not been paid. 2) Cases of absconded workers have not been reported to the Police Department in timely manner e.g. Morisem 3, Leepang 2 and Leepang 4 estate are lodging the reports only once a year. 3) Two water retention ponds have just been dug up near the workers quarters. The ponds were properly fenced up but no warning signs have been put up. 4) Workers are building extension and fencing up the back yards of their houses which could obstruct the fire exit routes. The management should pay attention on this aspect during line site inspection.

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		<p>Root Cause and Corrective Action:</p> <p>1. It was an oversight of the management team during the payment period of the vacation leave pay (December 2013 / January 2014). Most of them are still new in the estate at the time, due to the resignation of the previous management team. To cater this, the estate has already prepared a list of the entitled workers who are eligible to receive the pay, which is based on their working attendance percentage in the previous year. The pay will be included in their next salary payment.</p> <p>2. The prolonged period of the report to the Police Department was due to ensuring that the workers were really absconded from the estate as there are cases where workers going back to their hometown for a long period without notifying the management, due to emergency or urgent family matters. Nonetheless, to ensure practicality, it has been agreed by the all estates management during the closing meeting that the report of the absconded worker will be lodge in every 3 month.</p> <p>3. It was an oversight because it was previously thought the installation of the fence at the retention pit is sufficient to indicate the area is off limit to anyone near the area. As a corrective action, signboard has already been erected at the area to clearly prohibit any unauthorized entry into the area.</p> <p>4. It was an oversight on the potential risk of the extension during the monthly linesite inspection. To cater this, all of the said building extensions have been demolished to ensure a safe emergency route is available when needed.</p> <p>Verification for closure of NC:</p> <p>Documents verified:</p> <p>1. List of names of eligible workers who entitled to receive the vacation leave pay; 3. Pictures of the signboard erected at the retention pond near the labour quarters; 4. Pictures of demolished building extension at Morisem 3 estate's labour quarters</p> <p>Copy of records submitted with photographs taken was verified. Corrective action on NC is accepted.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 08/11/2014
		Verification of effectiveness:	
		Verified during ASA-01 that the corrective action taken was implemented effectively.	
		NC status verified by auditor: OCL	Date verified: 14/09/2015

3.2.2 Year 2015: ASA-02 Assessment (3 NCRs)

NCR	MYNI Indicator	Details of NCR
Minor OCL-01	4.4.1	Date issued: 17/09/2015
		<p>Nonconformance:</p> <p>Water for domestic use is treated water from the treatment plants at the POM and the estates. Water samples and tests carried out twice a year by an independent laboratory. However, there is no review of the results of the water analysis. Also, it was found that the results for Jan 2015 samples taken at Morisem 4 have exceeded slightly the specified limits for turbidity, Fe and Al. This will require some decision from management relating to the acceptability of the water for domestic consumption or any further action.</p>



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		<p>Root Cause and Corrective Action:</p> <p>Though there is no indication at the result paper of the water analysis, the water analysis quality and its management review are actually incorporated in the Water Management Plan document. Any parameter exceeding the limit were taken note and referred to the experts (i.e: from environment consultant, water treatment supplier) to help on the management plan to reduce the readings. The result of water sample mentioned in Morisem 4 where the Fe and Al was above specified limit was actually the sample taken in December 2014, not June 2015. This issue also has been discussed in the management review of Water Management Plan in January 2015. Nonetheless, to address the issue raised, as additional to the current practice, the management will be given some indication on the result paper itself to indicate that they have review and are fully aware of the result of the analysis.</p>	
		<p>Verification (Corrective Action):</p> <p>Documents verified: Water analysis test certificates 07/01/2015 and 29/06/2015 Review and actions taken recorded in the Water Management Plan Jan 2015. Corrective action on NC is accepted.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 12/10/2015
		<p>Verification (for effectiveness): At next ASA-03</p>	

NCR	MYNI Indicator	Details of NCR	
Minor SH-01	5.1.2	Date issued: 17/09/2015	
		<p>Nonconformance:</p> <p>The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate managers.</p> <p>At the Palm Oil Mill, water is sourced from the pond located at Leepeng 2. This water is also used for domestic purposes. It is found that the extent of the buffer zone around the pond has not been demarcated.</p> <p>Also, the ponds at Ladang Asas (one each at Ladang Halusah and one at Ladang Tas) Estate have been identified for conservation. These ponds were also used as catchment area and the water being used for domestic purposes. These areas are not suitable for planting and were left in its natural condition/state. There were no buffer zones identified and demarcated on the ground.</p>	
		<p>Root Cause and Corrective Action:</p> <p>This is an oversight from the estate/mill management to monitor the buffer zone of the ponds as the focuses are more given to the riparian reserve. To rectify this, the estate and mill managements have already demarcated the area with either red ring marking at the palm, or by providing the marking poles pointed with red colour to indicate the extent of the buffer zone of the said ponds which are used for the domestic purposes. These ponds will be closely monitored during the periodical patrolling session in the area.</p>	
		<p>Verification (Corrective Action):</p> <p>Documents verified: Photos showing the demarcation of the buffer zones with erected signages and palm trees marked with red color ring. Corrective action on NC is accepted.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 12/10/2015
		<p>Verification (for effectiveness): At next ASA-03</p>	

NCR	MYNI Indicator	Details of NCR	
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Minor SH-02	5.2.3	Date issued: 17/09/2015	
		<p>Nonconformance:</p> <p>The Morisem 1 estate borders the Pangli Wildlife Forest Reserve. There were cases of crocodile sightings and elephants being reported at this estate. However, it was also found that the program to educate the workforce and community about the status of RTE species has not been implemented accordingly.</p> <p>There was no evidence of it being implemented and no appropriate measures taken in line with company procedures and national regulation. A reporting mechanism should also be in place to make it easier for the workers and community to report such occurrences.</p> <p>This program should also be extended to other estates although most of them are surrounded by other plantations.</p>	
		<p>Root Cause and Corrective Action:</p> <p>All estate has provided and displayed a number of big signboards of list of ERT animals at strategic points all around the estate. In addition this list of ERT animals and plants has also been displayed at most of the notice board in the estates. Briefings also have been given during the morning muster call for the workers. All these were previously thought to be sufficient as environmental awareness programme for the estate workers. Any reports with regards to the environmental issue can be made to the Environmental Liaison Officer available in each estate, as been lay out in the Internal EIA & Management Action Plan documents. Any report, either verbal or written, will be recorded and action plan shall be prepared to properly address and attend to the issue. The management will carry out stakeholder consultation with regards to the issue annually, but workers and any interested third party can always lodge a report as and when necessary to the estate. Grievance/Complaint Procedure is available to indicate the process and this is communicate during the stakeholder consultation meeting. Nonetheless, to attend to the issue raised, the estate management has conducted a special training for the workers with regards to the issues mentioned and this will be maintained and continued by incorporate the training in the existing training programme.</p>	
		<p>Verification (Corrective Action):</p> <p>Documents verified: Photos of the training sessions on 17&18/09/2015 for all workers. Training materials and attendance lists.</p> <p>Corrective action on NC is accepted.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 12/10/2015
Verification (for effectiveness): At next ASA-03			

3.2.3 Year 2014: ASA-01 Assessment (2 Observations)

Ref No:	RSPO P&C Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS # AL-01	4.5.1	Morisem 3, Leepang 2 and Leepang 4 estates	IPM plans were available. The planting of beneficial plants i.e. <i>Cassia cobanensis</i> (60%), <i>Turnera subulata</i> (20%), and <i>Antigonon leptopus</i> (20%) has been implemented and actual planted areas monitored and updated. Review done on a quarterly basis.	16 Oct 2014	14 Sep 2015	Closed during ASA-02

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			However, the ratio of 60/20/20 basis should be more consistently adhered and improvement is needed to ensure better survival rate of the beneficial plants particularly for <i>Cassia cobanensis</i> and <i>Turnera subulata</i> .			
OBS # OCL-01	4.6.5	Leepang 2 estate	The emergency shower and eye wash were verified to be available at the pesticide mixing area at Leepang 2 estate office. However, it was found that water discharges from the shower unit when the handle is pushed up instead of pulling down. This is not the normal method for operating the shower unit.	16 Oct 2014	14 Sep 2015	Closed during ASA-02

3.2.4 Year 2015: ASA-02 Assessment (1 Observation)

Ref No:	RSPO P&C Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark, if any
OBS SH-01	5.2.1	Estates	Maps of the estates need to be updated to include details of location of ponds.	17 Sep 2015	-	-

3.2.5 Identified Positive Elements

- 1) The PMU has provided proper infrastructure such as roads, housing and sport facilities.
- 2) The PMU has contributed towards the local economy and has made significant financial contributions to the local communities.

3.3 Feedback Raised by Stakeholders and Findings

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

3.3.1 Feedback Raised by Stakeholders (Surveillance Assessment ASA-01 – Year 2014)

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: Communication done via email on 7 Sept 2014. See list under para 2.5 . No feedback received.	There was no feedback / enquiries received from any government Agencies concerning the operations of the PMU.	Verified during on-site assessment that there has been no issues from any Government Agencies concerning the PMU's operations.	No further action needed.

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<p>Non-Governmental Organizations: Communication done via email on 7 Sept 2014. See list under para 2.5. No feedback received.</p>	<p>There was no feedback / enquiries received from any NGO concerning the operations of the PMU.</p>	<p>Verified during on-site assessment that there has been no issues from any NGO concerning the PMU's operations.</p>	<p>No further action needed.</p>
<p>Local Communities - Stakeholders' Consultation and interviews: On-site consultation and feedback sessions were held during the assessment with various categories of stakeholders. Concerns and issues raised include:</p> <ul style="list-style-type: none"> • Progress on HUMANA School. • PMU can improve on road maintenance to workers quarters 	<p>New HUMANA building is being built in Morisem 3 in 2014. Budget for new Humana building in Leepang 4 has been approved.</p> <p>PMU will continue to examine the issue raised by the Stakeholders and identify appropriate actions.</p>	<p>Followed up during ASA-02:</p> <p>Verified that the new HUMANA building is completed.</p> <p>Included in the road maintenance programme.</p>	<p>No further action needed.</p>
<p>Other Interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>No further action needed.</p>

3.3.2 Feedback Raised by Stakeholders (Surveillance Assessment ASA-02 – Year 2015)

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: Communication done via email on 31 Jul 2015. See list under para 2.5. No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>
<p>Non-Governmental Organizations: Communication done via email on 31 Jul 2015. See list under para 2.5. No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>
<p>Local Communities - Stakeholders' Consultation: At Morisem PMU, a total of 10 stakeholders were present at the Stakeholders Consultation, comprising of Village heads, Contractors, Transporter, Local community (School & Clinics). Another 4 stakeholders were privately interviewed during the audit.</p> <p>They were interviewed by the auditors without the presence of any IOI staff.</p>			



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<p>Concerns and suggestions raised include:</p> <p>1. The management is recommended to provide HUMANA school request any reading materials related to environmental protection for the students.</p> <p>2. Representative from nearby village request for IOI to conduct a short seminar/training on environmental awareness.</p>	<p>The PMU was briefed by the auditors at the closing meeting on the suggestions from the stakeholders. The PMU will consider the suggestions.</p>	<p>To be followed up during the next Annual Surveillance Assessment.</p>	-
<p>Local Communities - Interviews:</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 14 to 17 Sep 2015 at the PMU:</p> <p>No issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	Nil
<p>Other Interested parties:</p> <p>No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	Nil

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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

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

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

Signed for and on behalf of
Intertek Certification International Sdn Bhd



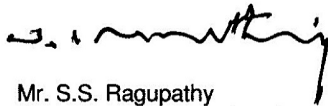
Dr. Ooi Cheng Lee
Lead Assessor

Date: 01 Dec 2015

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI CORPORATION BERHAD



Mr. S.S. Ragupathy
General Manager (Lahad Datu Region)

Date: 01 Dec 2015



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4.2 INTERTEK- RSPO P&C Certificate details for Morisem Grouping (ASA-02)

Certificate No:	RSPO 928588
Original Issue date:	18 Dec 2013
New Certificate date (ASA-01):	18 Dec 2015
Expiry date:	17 Dec 2018
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Morisem Grouping
Address of POM:	MDLD 5123, KM 2, Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Nov 2014) for the 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 are:

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



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Leepang 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E	
Ladang Asas (Tas & Halusah)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"E	

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

Morisem POM	Annual Tonnages (MT)
Certified FFB	300,600
Certified CPO	63,126
Certified PK	16,533

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

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

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

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 was part of the RSPO Assessment team which audited a RSPO certified Plantation Management Unit in 2010.

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Appendix B:

Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
14 Sep 15 Monday (Day 1)	8.00 am – 1.00 pm	Travel to Morisem (POM) Office		
	1.00 pm - 2.00 pm	Lunch Break		
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at Morisem - POM Office (to be attended by representatives from the Estates as well)		
	2.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		OCL	SAZALI	JMD
		Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Mill • P8 Continual Improvement • SCC for POM 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	<ul style="list-style-type: none"> • Review of changes for compliance to revised RSPO P&C, MYNI and RSPO SCC • Verification of effectiveness of corrective actions for non-conformances • Review of Time Bound Plan • Verification for compliance with rules on partial certification 			
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
15 Sep 15 Tuesday (Day 2)	8.30 am – 12.30pm	OCL	SAZALI	JMD
		Site assessment at Ladang Asas estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at Ladang Asas estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Ladang Asas estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Ladang Asas estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

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Date	Time	Assessors and Assessment Activity		
16 Sep 15 Wednesday (Day 3)	8.30 am – 12.30pm	OCL	SAZALI	JMD
		Site assessment at Morisem 4 estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at Morisem 4 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Morisem 4 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Site assessment at Morisem 1 estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Estates • P7 New Plantings • P8 Continual Improvement 	Site assessment at Morisem 1 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Morisem 1 estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
17 Sep 15 Thursday (Day 4)	8.30 am – 10.30 am	OCL	SAZALI	JMD
		Site assessment at Morisem Palm Oil Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P4 Best Practices at Mill • P8 Continual Improvement • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community <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> <p>2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement</p>	
	10.30 am – 1.00 pm	Site assessment at POM or estates to follow up on any specific criteria/areas		
1.00 pm – 2.00 pm	Lunch Break			



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	2.00 pm – 3.30 pm	Preparation for Closing Meeting
	3.30 pm – 4.00 pm	Team Meeting and Discussions with Moristem Management Representative
	4.00 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office
	5.30 pm – 6.30 pm	Travel to Hotel & Break

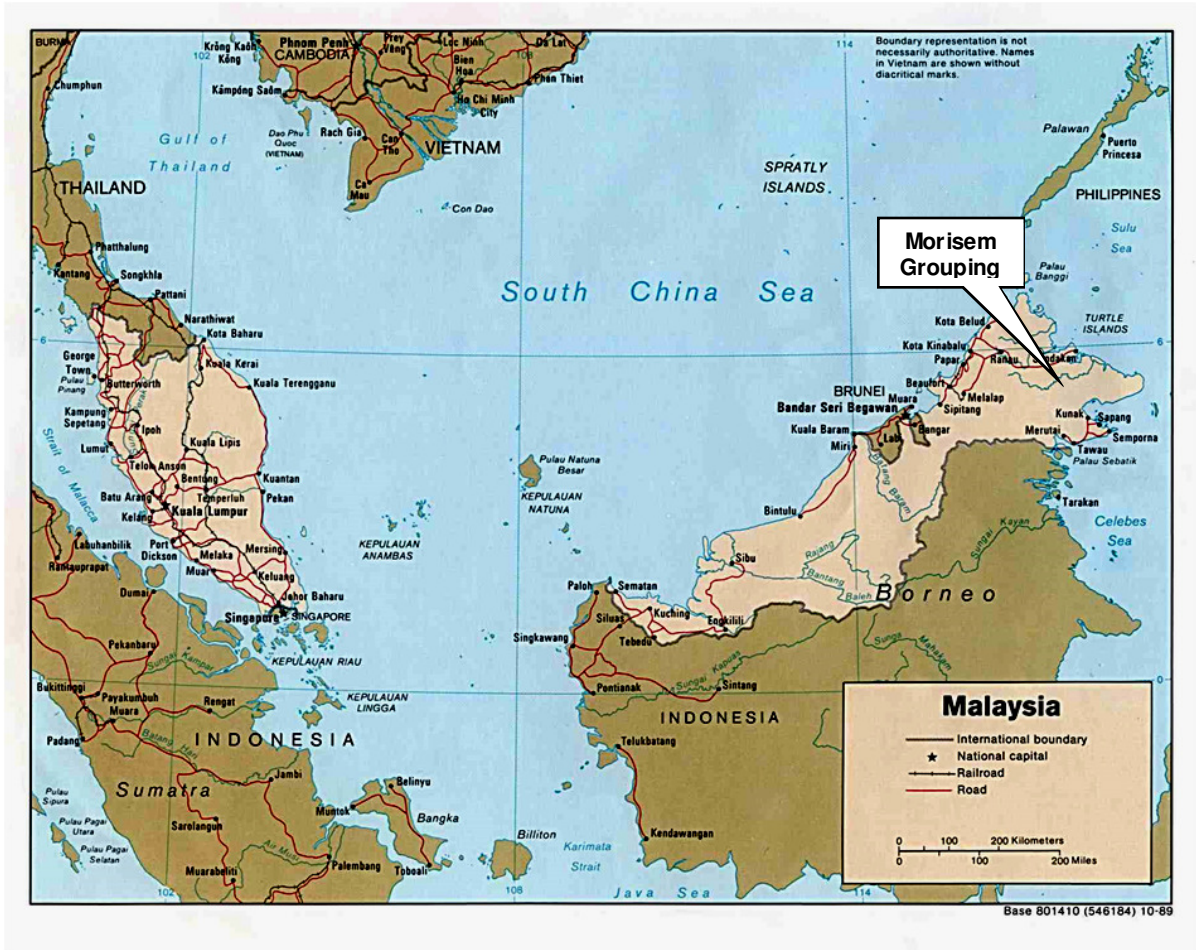
Date	Time	Assessors and Assessment Activity
18 Sep 15 Friday (Day 5)	8.30 am onward	Travel back to Kuala Lumpur

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Appendix C-1:

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



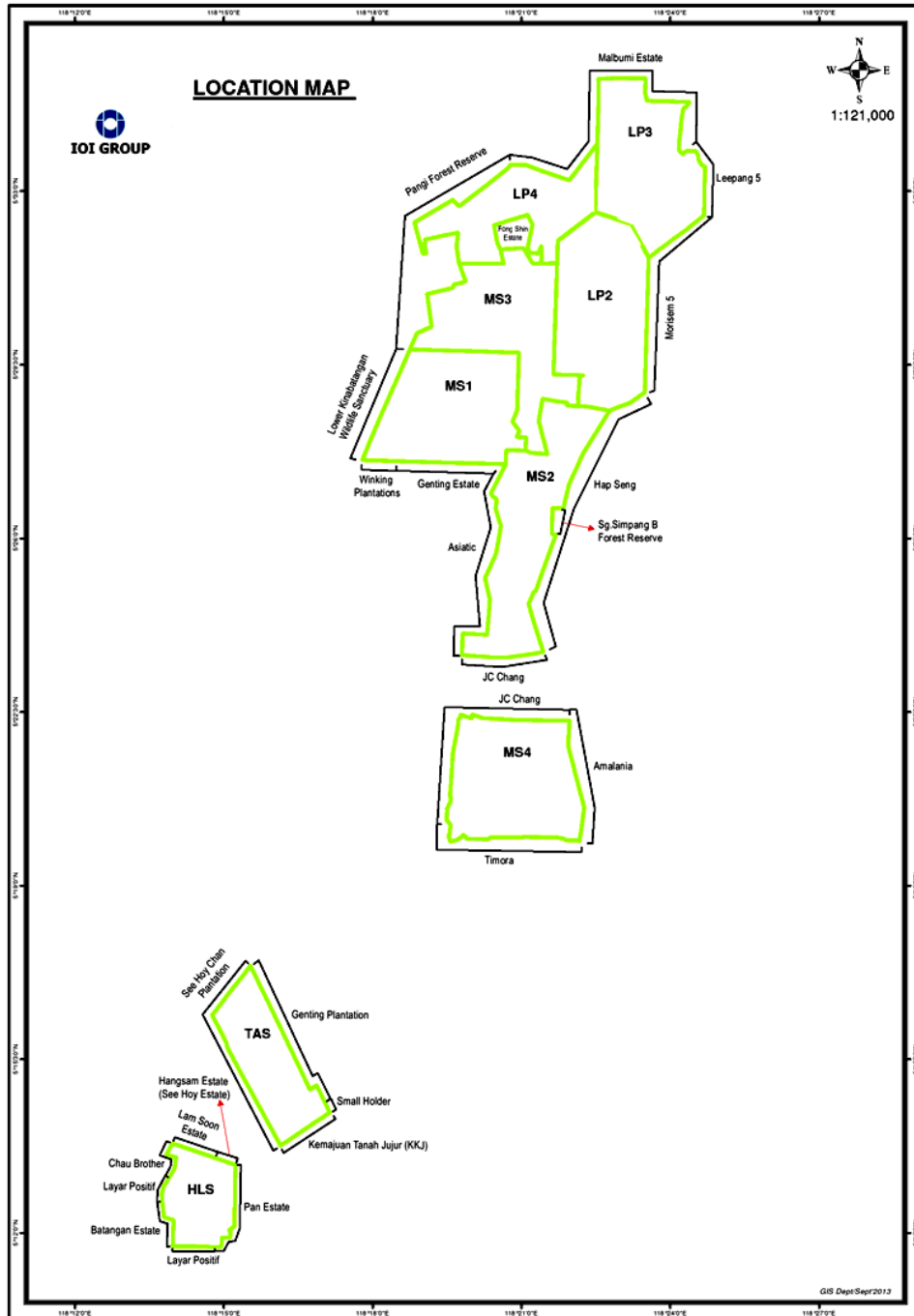
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Morisem Grouping: ASA-02

Appendix C-2:

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



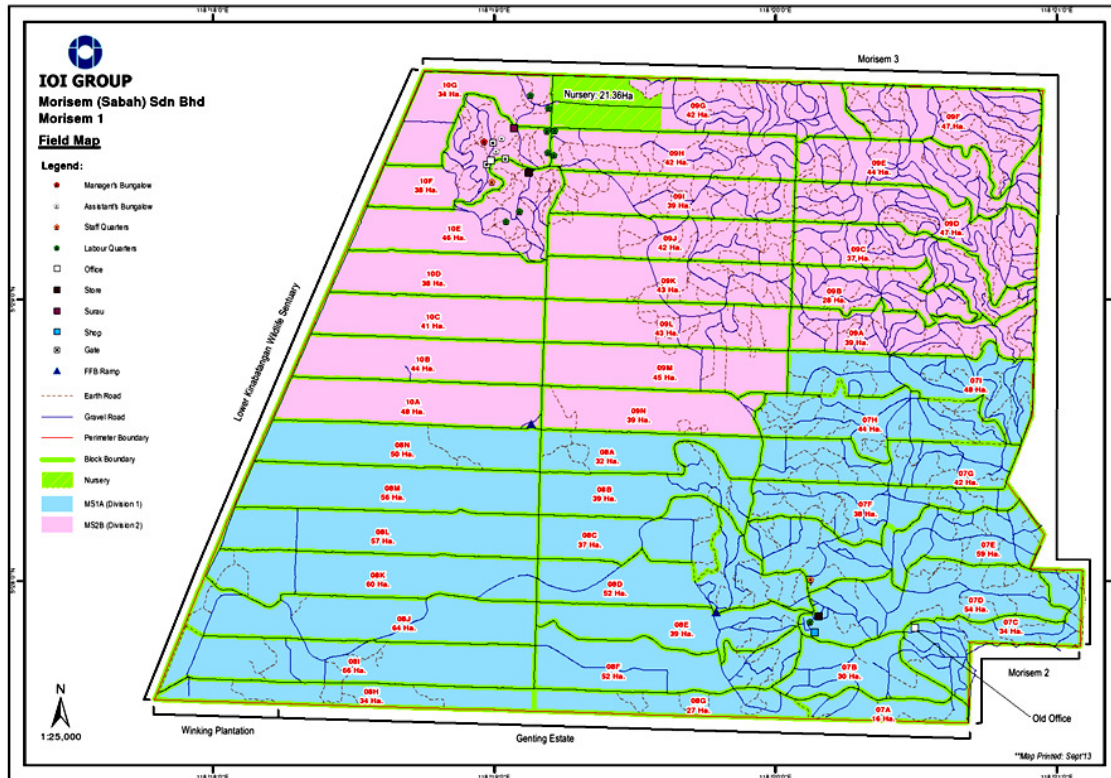
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Appendix C-3-1:

Morisem 1

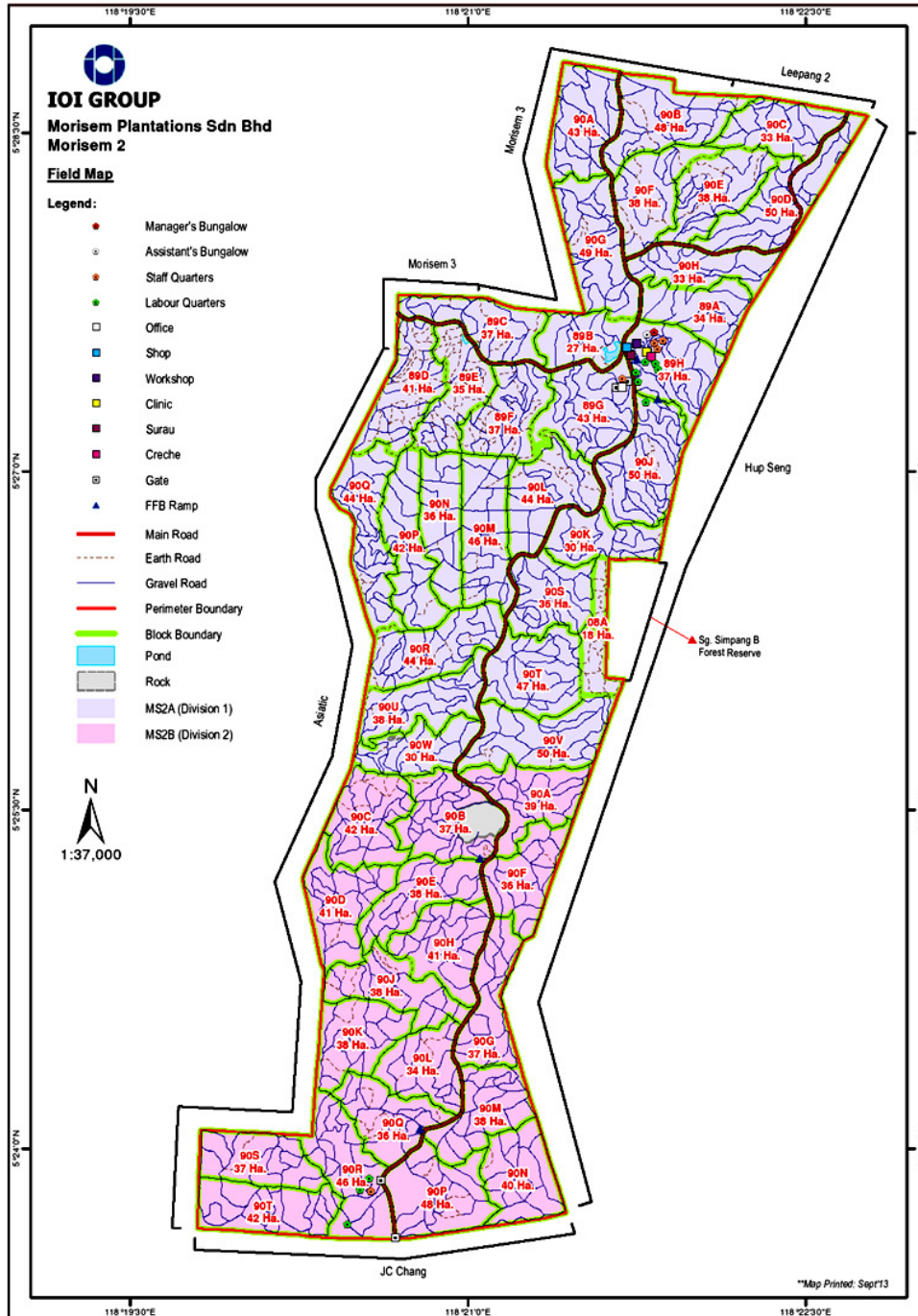


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Appendix C-3-2:

Morisem 2

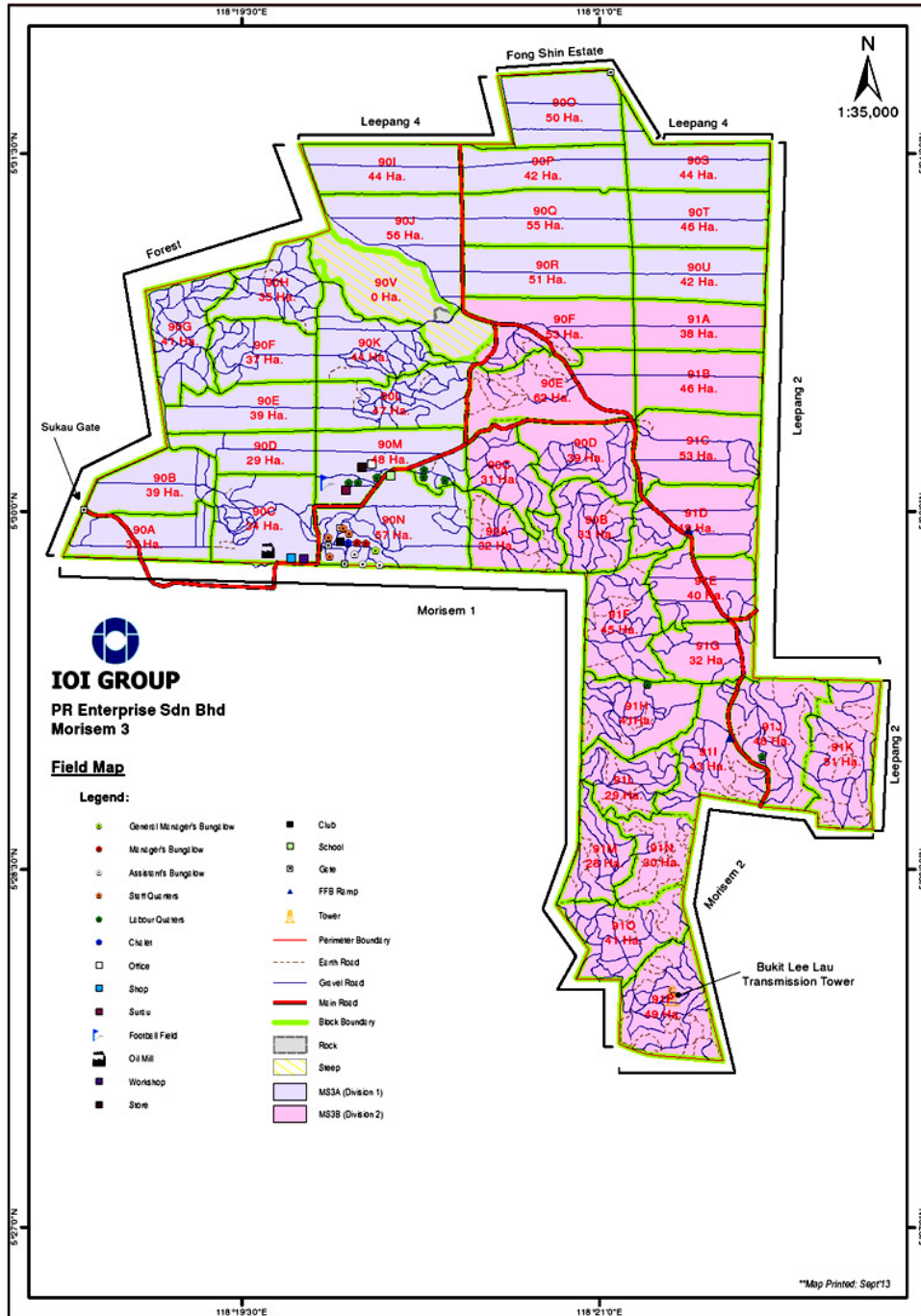


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Appendix C-3-3:

Morisem 3



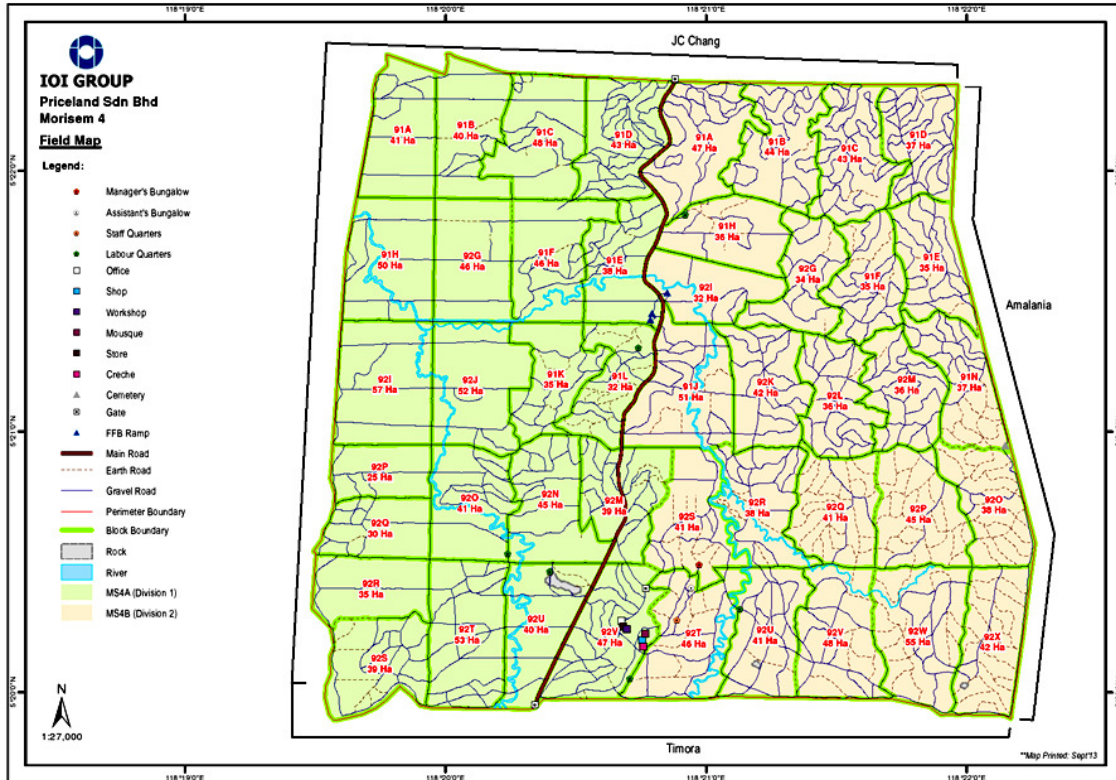
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Appendix C-3-4:

Morisem 4

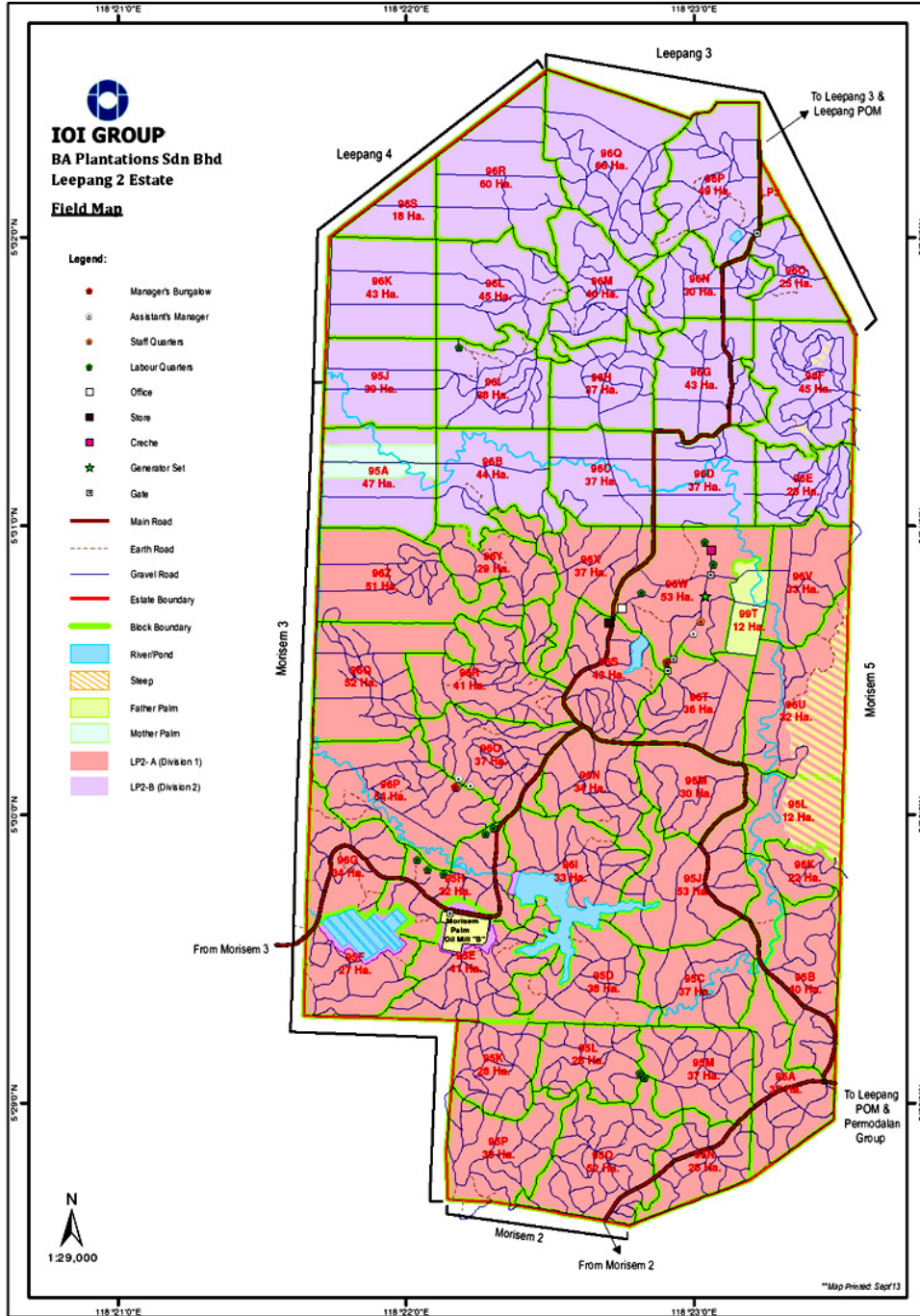


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Appendix C-3-5:

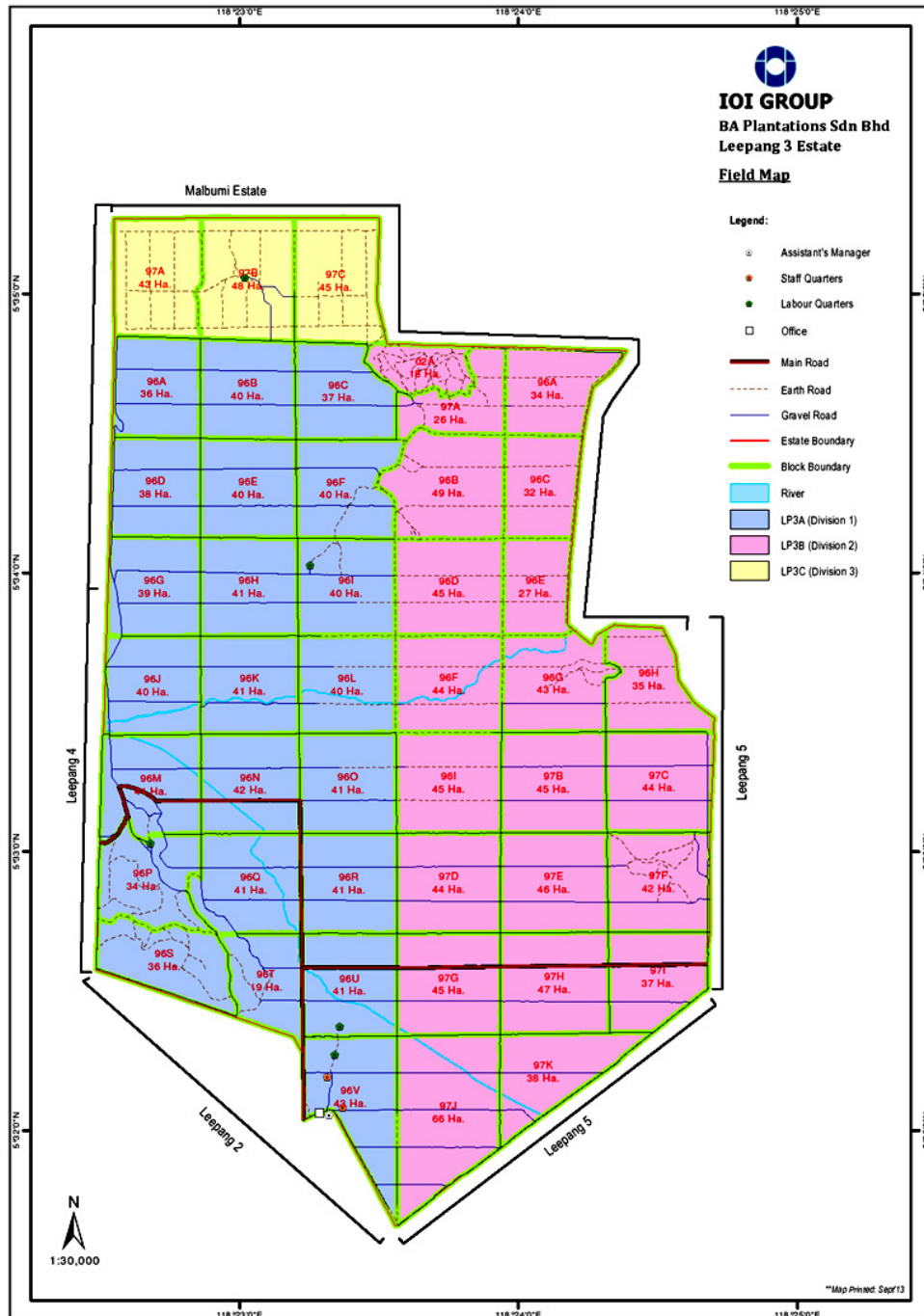
Leepang 2



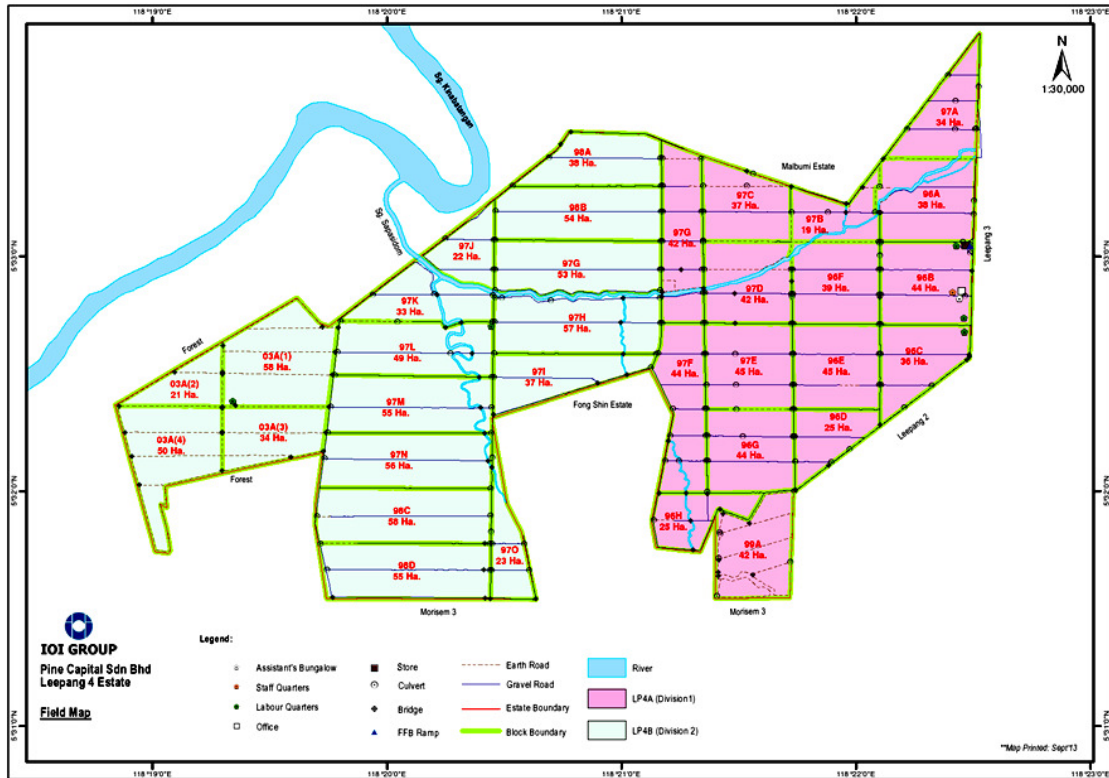
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Appendix C-3-6:
Leepang 3



Appendix C-3-7:
Leepang 4

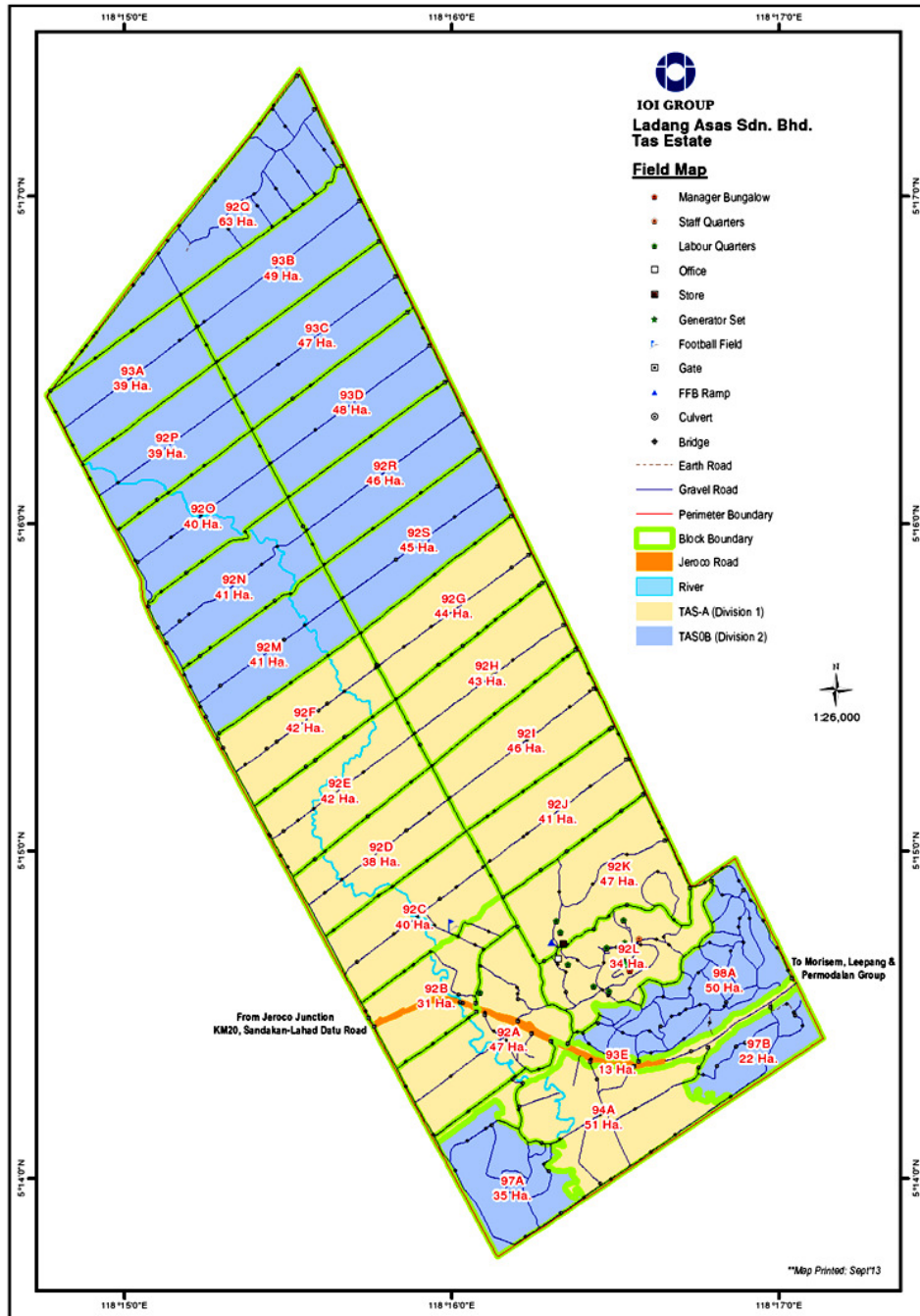


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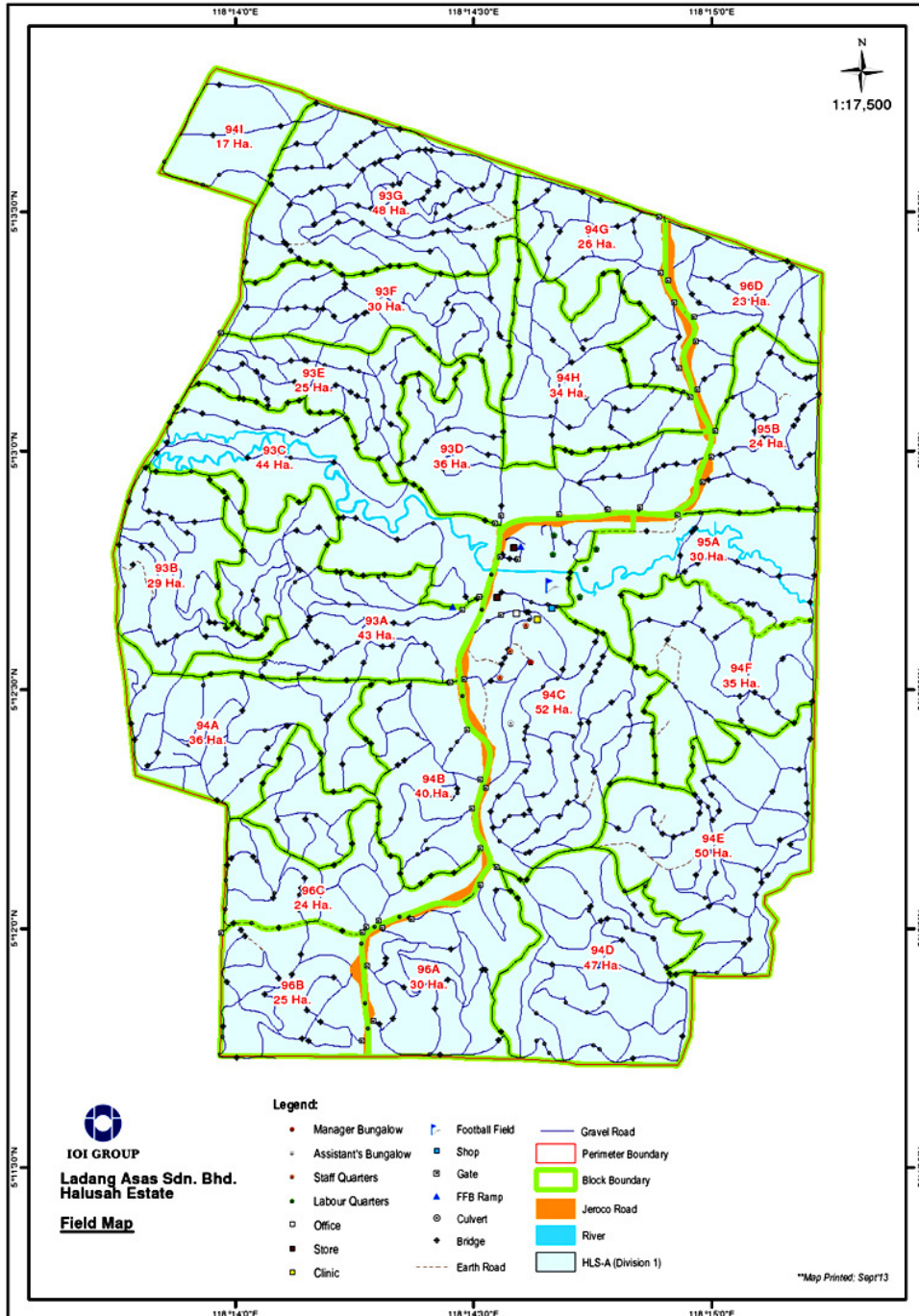
Appendix C-3-8a:

Ladang Asas (Tas and Halusah estates)



Appendix C-3-8b:

Ladang Asas (Tas and Halusah estates)



Appendix D:
Photographs of Assessment findings at Morisem Grouping



Pesticide sprayers interviewed at Ladang Asas Estate. PPE worn by the sprayers.



First Aid Box in the field during harvesting operation at Morisem 4 Estate.



Pond (domestic water supply source) at Ladang Asas (Halusah) Estate without buffer zone demarcation.



Wastes segregation at a landfill site in Morisem 4 Estate.



Harvester with PPE at Ladang Asas Estate



Landfill site at Morisem 4 Estate.

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Appendix E:

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (updated for 2015)

No	PMU	Main Assessment	Certification Status	Current Status	Update d information for Partial Certification, Clause 4.2.4 RSPO Certification Systems for Uncertified units
1.	Pamol POM, Sabah	May 2008	Re-Certified in Feb 2014	ASA-01 planned in 2015.	No outstanding issues
2.	Sakilan POM	Nov 2008	Certified in Mar 2010	Re-Certification planned for 2015	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Certified in Mar 2010	Re-Certification planned for 2015	No outstanding issues
4.	Gomali POM,	Aug 2009	Certified in Aug 2010	Re-Certification planned for 2015	No outstanding issues
5.	Baturong POM	Sep 2009	Certified in Oct 2010	Re-Certification planned for 2015	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Certified in Nov 2010	Re-Certification planned for 2015	No outstanding issues
7.	Mayvin POM	Aug 2010	Certified in Dec 2010	Re-Certification planned for 2015	No outstanding issues
8.	Pukin POM Johor	Dec 2010	Certified in Jun 2012	ASA-04 completed for 2015.	No outstanding issues
9.	Leepang POM	Aug 2012	Certified in Dec 2013	ASA-02 planned for 2015.	No outstanding issues
10.	Syarimo POM	Sep 2012	Certified in Mar 2013	ASA-02 completed for 2015.	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	ASA-02 completed for 2015.	No outstanding issues
12.	Morisem POM, Sabah	Sep 2013	Certified in Dec 2013	ASA-02 completed for 2015.	No outstanding issues
13.	IOI-Pelita, Sarawak	Planned – 2019	Uncertified unit	New certification for IOI, Pelita (Sarawak) is pending resolution of land dispute and RSPO decision. No POM yet.	Latest updated information: Settlement Discussion with local community is presently in progress.
14.	Unico POM-1, Sabah	Planned – 2018	Uncertified unit	Supply base do consists of external/ independent smallholders.	Latest updated information: Preparations in progress
15.	Unico Desa POM-2, Sabah	Planned – Sep 2017	Uncertified unit	Supply base comprised of own estates.	Latest updated information: Preparations in progress
16.	PT SKS, Indonesia	Planned – 2016	Uncertified unit	POM just commissioned and Governm ental 'Hak Guna Usaha' application in progress.	Latest updated information: Preparations in progress
17.	PT BNS, Indonesia	Planned – 2017	Uncertified unit	POM just commissioned and Governm ental HGU application in the process.	Latest updated information: Delays expected on the HGU
18.	PT BSS, Indonesia	Planned – 2019	Uncertified unit	No POM yet, still in development phase.	Latest updated information: Preparations in progress.
19.	PT KPAM, Indonesia	Planned – 2020	Uncertified unit	No POM planned yet, re-application of expired 'Izin Lokasi' and development planned in 2017.	Latest updated information: Preparations in progress