

IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT
Syarimo Sdn Bhd
(Syarimo Palm Oil Mill & Estates Grouping)
Kinabatangan, Sabah, Malaysia



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Assessment Report

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(188296-W)

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Re-Certification Assessment

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RECERTIFICATION ASSESSMENT
ON RSPO CERTIFICATION

PUBLIC SUMMARY REPORT

IOI CORPORATION BERHAD

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PLANTATION MANAGEMENT UNIT
Syarimo Sdn Bhd
(Syarimo Palm Oil Mill and Estates Grouping)
Kinabatangan, Sabah, Malaysia

Certificate No:	RSPO 928388
Original issued date:	20 Mar 2013
Expiry date (1 st Certification cycle)	19 Mar 2018
New expiry date (2nd Certification cycle)	19 Mar 2023

Assessment Type	Assessment Dates
Initial Certification (Main Assessment)	17–21 Sep 2012
Annual Surveillance Assessment (ASA-01)	18–21 Feb 2014
Annual Surveillance Assessment (ASA-03)	26–29 Jan 2015
Annual Surveillance Assessment (ASA-03)	25-28 Jan 2016
Verification cum Annual Surveillance Assessment (ASA-04)	16-19 Jan 2017
Re-Certification	15-19 Jan 2018



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1.0 SCOPE OF ASSESSMENT

1.1 Introduction

This Re-Certification Assessment was conducted on the Plantation Management Unit (PMU) Syarimo Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **15 – 19 Jan 2018**, to assess the organization's operations of the mill and its supply bases are in compliance against the **RSPO Principles and Criteria (Apr 2013)**, **Malaysian National Local Indicators (MYNI 2014)** and the **RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill**.

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

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

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

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

Name	Address	GPS Reference	
		Latitude	Longitude
Syarimo Sdn Bhd - Syarimo Palm Oil Mill (Capacity: 90 MT/hour)	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	05°20.001'N	117°46.875'E
1. Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E
2. Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E
3. Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E
4. Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E
5. Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E
6. Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E
7. Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E
8. Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E
9. Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E

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1.3 Description of supply base (fruit sources)

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

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

Table 2: Estate Area Summary

Estate	Area Summary (ha) – Current (Year 2016)		Area Summary (ha) – Current (Year 2017 – Jan to Dec)	
	Certified Area	Planted Area	Certified Area	Planted Area
1. Syarimo 1	1,914	1,820	1914.00	1820
2. Syarimo 2	1,987	1,747	1986.52	1710
3. Syarimo 3	2,442	2,315	2442.02	2306
4. Syarimo 4	2,377	1,877	2376.95	1877
5. Syarimo 5	2,268	2,111	2267.55	2072
6. Syarimo 6	1,741	1,594	1740.88	1594
7. Syarimo 7	2,080	1,978	2079.86	1963
8. Syarimo 8	1,854	1,430	1853.32	1430
9. Syarimo 9	1,756	1,515	1756.16	1515
Total:	18,419	16,387	18,417.26	16,287

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation / Unplantable areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
3. The certified area and planted area for the grouping are slightly reduced during current assessment compared to the previous year due to more accurate survey measurement of the areas recently undertaken in Nov 2017.

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1.4 Summary of plantings and cycle

The 9 estates had been developed since 1995 and with the current cycle of planting for the Oil Palms and age profile shown in Table 3 below.

Table 3: Age Profile of Planted Oil Palm (Year 2017)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below
Syarimo 1 estate	1995	1 st	1820	0
Syarimo 2 estate	1995	1 st	1713	0
Syarimo 3 estate	1995	1 st	2306	0
Syarimo 4 estate	1995 - 2004	1 st	1877	0
Syarimo 5 estate	1995, 2000, 2004 2016	1 st 2 nd	1802 0	0 270
Syarimo 6 estate	1995	1 st	1594	0
Syarimo 7 estate	1997 - 2002	1 st	1978	0
Syarimo 8 estate	2001, 2002, 2003	1 st	1430	0
Syarimo 9 estate	2001, 2002, 2003	1 st	1515	0
		Total	16,017	270

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

1.5 Summary of Land Use and HCV Areas

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

Table 4: Land Use and HCV Areas

#	Statement of Land Use (Ha)	Year 2017 (Jan - Dec) Hectarage - Ha
1	Planted Area (ha) – Oil Palm	
	- Mature (Production)	16,017
	- Immature (Non-Production)	270
2	Conservation Area (ha)	
	- Comprising non-chemically applied areas along field drains, hilly, swampy and unplatable areas.	386.12
3	HCV Area (ha)	
	- Comprising buffer zones near forest reserves, riparian zones near rivers, water catchments, burial & religious sites	68.9



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1.6 Other certifications held and Use of RSPO Trademarks

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

1.7 Organizational information / Contact Person

At Head Office:

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Sustainability Coordinator / Head
IOI Corporation Berhad
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IOI Resort, 62502, Putrajaya
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Syarimo Grouping – PMU:

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Plantation Controller,
IOI Corporation Berhad,
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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM for processing at the Syarimo Grouping based on the **actual for the past 12 months (Jan – Dec 2017)** is as in Table 5 below:

Table 5: Tonnages Verified for Certification (Jan – Dec 2017)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Syarimo 1 estate	46,435.72	Syarimo POM	Intertek
2.	Syarimo 2 estate	40,128.33	Syarimo POM	Intertek
3.	Syarimo 3 estate	54,930.04	Syarimo POM	Intertek
4.	Syarimo 4 estate	42,542.92	Syarimo POM	Intertek
5.	Syarimo 5 estate	46,474.57	Syarimo POM	Intertek
6.	Syarimo 6 estate	40,825.92	Syarimo POM	Intertek
7.	Syarimo 7 estate	52,587.77	Syarimo POM	Intertek
8.	Syarimo 8 estate	35,633.22	Syarimo POM	Intertek
9.	Syarimo 9 estate	41,925.25	Syarimo POM	Intertek
	Total (under PMU):			
	Other Suppliers:	Nil		
	Grand total	401,483.74		

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

Table 6: Annual Tonnages of FFB

Estate / Supplier	FFB Processed in Year 2016 - Actual		FFB Processed in Year 2017 – Actual		FFB for Processing in Year 2018 - Projected	
	MT	%	MT	%	MT	%
Syarimo PMU Estates (certified)	460,127.54	100	401,483.74	100	455,260	100
Other Suppliers (non-certified)	0	0	0	0	0	0
Total	460,127.54	100	401,483.74	100	455,260	100
SCCS Model for POM	IP		IP		IP	



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1.8.3 The annual certified tonnages of CPO and PK production by the PMU Grouping as assessed and verified during this **current assessment and projected for next 12 months** are detailed as follows:

Table 7: Annual Certified Tonnages – FFB, CPO & PK

POM	Actual - 2016		Actual - 2017		Projected - 2018	
Total certified FFB Processed (MT)	420,547.76		461,510		455,260	
Total certified CPO Production (MT)	86,855.63	OER: 20.65%	99,225	OER: 21.50%	97,881	OER: 21.50%
Total certified PK Production (MT)	20,411.04	KER: 4.85%	23,076	KER: 5.00%	22,763	KER: 5.00%
SCCS Model for POM	IP		IP		IP	

Notes:

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

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

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

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

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

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

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

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

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

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

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

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



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1.10 Abbreviations Used

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



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2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology, Plan and Site Visits

Since 13 Dec 2017, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Syarimo Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 15 to 19 Jan 2018, the Assessment team of Intertek conducted the Re-Certification assessment during which 4 out of the 9 estates of Syarimo Grouping, namely Syarimo 1, 3, 7 and 9 Estates as well as the Palm oil mill were assessed for compliance against the RSPO requirements.

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

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

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

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

After completion of the on-site field assessment, Intertek also performed the evaluation of conformity against the RSPO Certification System requirements for CB. The assessment report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Reviewer/Panel and the External Peer Reviewer (applicable for Initial and Re-Certification assessments) 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 Annual Surveillance Assessment which will be carried out within four months before the annual PalmTrace license / anniversary Certificate expiry date.

2.3 Qualifications of the Lead Assessor and Assessment Team

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

2.4 Certification Body

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

2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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



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

Local community (On-site interviews)

66. Consultative Committee & Gender representatives
67. Workers & Workers representatives
68. Village Heads & representatives
69. 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
<p>1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Minor Compliance</p>	<p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>The evidences verified and followed up during current assessment include the following:</p> <p>Sept 2017: IOI submitted its Sustainability Report http://www.ioigroup.com/Content/S/S_Policy</p> <p>IOI uploaded the Social Reponsibility report by BSR http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace. http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>IOI had provided a detailed response to the Greenpeace report "A Deadly Trade-Off" dated 27 Sep 2016 concerning policy violations in IOI's third-party supply chain – for more details, please refer to: http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819</p> <p>Date of public notification of this assessment of the PMU was made on 13 Dec 2017.</p> <p>Feedbacks received both off-site and on-site by CB Auditors is followed up with the stakeholders during current assessment.</p>	Complied
<p>1.1.2 Records of requests for information and responses shall be maintained.</p> <p>Major Compliance</p>	<p>The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates conducted a joint external stakeholders' consultation in Oct 2017 which involved all IOI PMUs at the Sabah region.</p> <p>Issues raised by the external stakeholders were recorded and included the following:-</p> <ul style="list-style-type: none"> • Kinabatangan District Wildlife Department – installation of electric fences, where possible to avoid the intrusion of wild elephants especially during replanting. • Wildlife Department representatives - Cooperation needed in reporting and relocation of intruding wild elephants to designated sanctuaries, whenever possible. • Reporting on the sightings of Orang utans near the Forest reserves bordering the estates for further action of the Wildlife Department. 	Complied



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	<ul style="list-style-type: none"> Local communities – improving and installing additional road safety signages at sharp corners, directional signages and easier access on roads being maintained by IOI estates. Transportation Contractors – request to review and increase FFB / EFB transport rate. Humana representatives - progressively improving the facilities of Humana schools and the Learning Centres situated within the IOI estates areas. Other feedback on common issues include – nuisance caused by uncontrolled number of dogs, mosquitoes near housing, improvement needed for water supply, repairs needed for ceiling, drains, water tap and light bulbs, repairs needed for waste collection places and bins, request for uninterrupted electricity supply, sporting & recreational facilities etc. <p>Records of participants and feedback given were maintained and appropriate actions taken on an ongoing basis was also recorded and inspections made during the audit.</p>	
<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>1.2.1 Management documents that are made available to the public shall include, but are not necessarily limited to: Major Compliance</p>	<p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) dated Jul 2016, alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society: http://www.ioigroup.com/Content/S/PDF/Sustainability%20Palm%20Oil%20Policy.pdf</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> land titles/user rights, occupational health and safety plan, plans and impact assessments relating to environment and social impacts, pollution prevention plans, details of complaints & grievances, negotiation procedures continuous improvement plan Public summary of certification assessment report. Human Rights Policy. <p>Since then, further changes were implemented accordingly and these include: Sept 2017: IOI submitted its Sustainability Report http://www.ioigroup.com/Content/S/S_Policy</p> <p>IOI uploaded the Social Responsibility report by BSR http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.</p>	<p>Complied</p>



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	<p>http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>12 Jan 2018: IOI Group on Pelita Sdn Bhd, Sarawak http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869</p> <p>29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</p> <p>These publicly available documents included the key issues and Ongoing Improvement & Management plans for the IOI Group of mills and estates including the IOI Syarimo POM & estates grouping.</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 respective Estates. The original land titles are kept at IOI Group HQ.</p>	<p>Complied</p>
<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	<p>Policy and HIRAC documented and annually reviewed for the POM (done on 2 Jan 2018) and Estates (done between 4 Jan and 18 Jan 2018).</p> <p>Occupational Safety and Health Plan was reviewed by the PMU Safety Officer and Safety committee.</p> <p>The OSH Programme 2018 have included the following:</p> <ul style="list-style-type: none"> • Safety & Health Committee meetings 4x/year, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer, <p>CHRA report issued on 2015 is still valid and recommendations were verified to have been adhered on-site. Next CHRA assessment scheduled for year 2019.</p> <p>Programmes 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>Environmental Impact Assessment for the POM and estates have been conducted and reviewed.</p> <p>Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment for the POM and estates were conducted and reviewed in Jan 2018.</p>	<p>Complied</p>



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	Positive and negative impacts as identified were reviewed and further action plans were documented and being implemented progressively.	
• HCV documentation (Criteria 5.2 and 7.3);	The 'HCV and Conservation Areas' Assessment for all the estates have been conducted and reviewed in Jan 2018. The Management Action Plans and verified to be monitored and implemented at the respective estates. See also C5.2 findings on Orang Utan sighting reported and rescue made in Syarimo PMU in year 2017 by Sabah Wildlife Dept. Public acknowledgement was made by Sabah Wildlife Dept. in Jan 2018 at IOI during Stakeholder consultation.	Complied
• Pollution prevention and reduction plans (Criterion 5.6);	Pollution Prevention Management Plans have been reviewed annually. Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters) and domestic wastes disposal, reuse and recycling (scrap iron, paper, glass & plastic). Programs on the recycling of plastic waste was specially emphasized and noted to have significantly improved.	Complied
• Details of complaints and grievances (Criterion 6.3);	The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues. Refer also to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI and latest updates: 1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/80 2) RSPO Case Tracker on: IOI Pelita Sdn Bhd Weblink: http://www.rspo.org/members/complaints/status-of-complaints/view/4	Complied
• Negotiation procedures (Criterion 6.4);	Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained. The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: http://www.rspo.org/members/status-of-complaints Refer also to details in Section 1.9: Timebound Plan .	Complied
• Continual improvement plans (Criterion 8.1);	Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. Follow up on previous NC 2017 was done.	Complied



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	The POM has clearly documented its action plan for the continual improvements needed in 2017 till current in Jan 2018. Thus, NC 2017 on indicator 8.1.1 was satisfactorily closed.	
• 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).	<p>The Human Rights Policy was documented and incorporated as part of the Sustainability Palm Oil Policy which was revised in Jul 2016 and signed by the Group CEO.</p> <p>The said policy was further revised by IOI Group CEO in Oct 2017.</p> <p>Refer to:</p> <p>31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.</p> <p>http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856</p> <p>Copies of the revised policy was found to be displayed at prominent locations in the POM and estates.</p> <p>Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.</p>	Complied
<p>Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
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>IOI Group has a documented policy "Code of Business Conduct and Ethics" signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015.</p> <p>The topics highlighted included the following:</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, - 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>Copies of the policy were found to be displayed at prominent locations in the POM and estates.</p> <p>Refer also to:</p> <p>29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report</p> <p>http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf</p>	Complied

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	Briefing and communication to all levels of the workforce, both administrative and operations departments were provided and verified to be recorded and understanding by personnel was confirmed via interviews done at POM & estates during current assessment.	
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Principle 2: Compliance with applicable laws and regulations

Criterion 2.1		
There is compliance with all applicable local, national and ratified international laws and regulations.		
Indicators	Findings and Objective Evidence	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Major Compliance</p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for any relevant updates on 3 Jan 2018.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission ("Suruhanjaya Tenaga").</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</p>	<p>Complied</p>



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	<p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>Statutory returns to relevant authorities found to be up-to-date and in compliance.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates.</p> <p>The files maintaining the said records were checked. It is verified that there were no cases of any violation or actions imposed by relevant authorities.</p>	
<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 has been satisfactorily implemented and maintained.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Department of Irrigation and Drainage), Forestry Department, Wildlife Department and Employee Minimum Wage Order (Jul 2016) were maintained.</p>	Complied
<p>2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> <p>The monitoring was done by IOI Group HQ and latest / revised regulations were communicated and updated at the PMU.</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.</p> <p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. The change in Minimum Wage Order 2016 that increased the minimum wage had been implemented.</p> <p>Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p>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 agricultural crop of economic value.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p> <p>The land has been planted with oil palms since 1995. There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied

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<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 agricultural crop of economic value. Locations of several boundary stones and markers were re-visited and verified to be within the perimeters of the estate land titled boundaries. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	<p>Complied</p>
<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). Minor Compliance</p>	<p>There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	<p>Not applicable</p>
<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. Major Compliance</p>	<p>There were no land conflicts in this PMU.</p>	<p>Not applicable</p>
<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). Minor Compliance</p>	<p>No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	<p>Not applicable</p>
<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. 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>	<p>Not applicable</p>
<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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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</p>	<p>Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the POM and Estates were available and maintained. 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. There is no dispute on the land rights in the PMU.</p>	<p>Complied</p>



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<p>applicable, and relevant authorities). Major Compliance</p>	<p>The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.</p>	
<p>2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance</p>	<p>The lands were acquired from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>
<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. Minor Compliance</p>	<p>No cases of land claims in this PMU. As such this process is not applicable 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. Major Compliance</p>	<p>This process is not applicable during current assessment.</p>	<p>Not applicable</p>

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

Criterion 3.1		
There is an implemented management plan that aims to achieve long-term economic and financial viability.		
Indicators	Findings and Objective Evidence	Compliance
<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>The 5-year Business Management Plan (FY 2016 / 2017 to FY 2020 / 2021) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <ol style="list-style-type: none"> 1) Staff and Labour requirements; 2) Crop projection; FFB yield/ha trends; 3) Mill extraction rates; OER trends; 4) Cost of Production; Cost/mt FFB trends; 5) Cost of Production; Cost/MT CPO trends; 6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). 7) Budget for Environmental, Social, Safety & Health, Training, Educational & Recreational activities. <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM.</p>	Complied
<p>3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>Minor Compliance</p>	<p>Annual replanting program had been prepared up to 2026/2027 for the estates. A replanting cycle of 25 years has been adopted by the group.</p> <p>The planned replanting at the estates audited are as follows:</p> <p>Syarimo 1: Progressively i.e. approx.270 ha (10% of planted area) per year from 2019 onwards till 2026.</p> <p>Syarimo 3: Progressively i.e. approx. 230 ha (10% of planted area) per year from 2020 onwards till 2027.</p> <p>Syarimo 7: Progressively i.e. approx. 300 ha (15% of planted area) per year from 2020 onwards till 2027.</p> <p>Syarimo 9: No replanting needed as the palms were matured yielding palms replanted in 2001-2003.</p> <p>Yearly review was performed and actual replanting is still subject to approval from the IOI Group HQ.</p>	Complied



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

Criteria 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance</p>	<p>IOI Plantations Group - Standard Operating Procedures for the POM and Estate operations were available and verified to be maintained. Most SOPs were established in 2007. Some SOPs were updated for the POM and estates in Jan 2018.</p> <p>Copy of the SOPs are available on-site and based on interview with workers, it was confirmed that they understood the procedures and its needed implementation.</p> <p>Verified samples of SOP for the POM operations which include: FFB Receiving Station, Loading Ramp, Sterilizer, Threshing Station Pressing Station, Depericarperzation Station, Oil Room Station, Boiler Station, Engine Room Station, Laboratory, Water Treatment Plant, Threshing Station, Effluent Treatment Plant and Workshop.</p> <p>Verified samples of SOP for the Estate operations include: Oil Palm DxP Seed Production, Pre-Nursery Seedlings, Pre-Large Polybag Nursery, Land Clearing, Land Preparation for new planting and replanting, Oil Palm Planting Density, Tidal Gates for Water Tables Management, Planting Technique, Foliar sampling, Leguminous cover plant, Manuring, Weeding, Harvesting, Road maintenance, Pest and disease control.</p> <p>Relevant Key Performance Indicators (KPIs) were specified for quality, environment, safety and cost control which were monitored.</p>	Complied
<p>4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records would be checked by the Assistant Manager and the Manager regularly.</p> <p>These records had been verified to be updated and indicated satisfactory implementation during audit in Jan 2018.</p> <p>Monitoring and checks conducted by personnel at the mill were verified to be effectively done in ensuring that:</p> <ul style="list-style-type: none"> a) FFB contractor's drivers have the necessary driving licenses, b) FFB contractor's lorries have the valid road taxes and are insured, c) FFB contractors were paying their drivers promptly and d) FFB contractors had provided proper PPEs to their drivers & personnel. <p>Thus previous year Minor NC: CBK-01 (2017) issued was addressed and effectively closed.</p>	Complied
<p>4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p>	Complied
<p>4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	<p>Verified that the mill did not source any FFB from third-party. The entire crop was supplied from the Syarimo PMU grouping estates.</p>	Complied
Criteria 4.2		

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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
<p>4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p>	<p>GAP for minimization of soil erosion and maintenance of soil fertility were satisfactorily maintained via proper frond stacking and fertilizer application.</p> <p>Soil sampling and leaf sampling records were based on the Agronomist report (from IOI Research Centre, Sabah) which provided the basis and recommendations for annual fertilizer application.</p> <p>Annual fertilizer inputs based on the Agronomist recommendations were implemented. Application of fertilisers were monitored by the respective Estates Managers and their Assistants.</p> <p>The records for types and quantities of fertilizers applied were verified to be accurately monitored and updated.</p> <p>Proper herbicide spraying had also been conducted in the records maintained and verified during on-site sampling at the estates.</p>	Complied
<p>4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	<p>Records of fertilizer application had been maintained and verified to be in order.</p> <p>The types of fertilizer inputs include NK (nitrogen & potassium) mixture, Kieserite, Rock phosphate (RP) and Muriate of Potash (MOP).</p>	Complied
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance</p>	<p>Leaf sampling and analysis were carried out annually and soil sampling and analysis on a 5-year cycle to determine the nutrient levels and deficiency.</p> <p>The Agronomist report had made recommendations for rounds of fertilizer applications needed for each identified estate field blocks in order to sustain the long-term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactorily maintained.</p>	Complied
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance</p>	<p>The Estates were also utilizing the EFB obtained from the Mill which were applied at various identified field blocks.</p> <p>Dried POME were bagged and also applied at the estates.</p> <p>NC finding: At Syarimo 9 Estate, it was noted that Empty Fruit Bunches delivered to field block 2N had not been levelled for a period of time as vegetation were seen growing out of these heaps of EFB. Hence, a minor non-compliance (NC: CBK-01) was raised.</p>	Minor NC: CBK-01
<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>Based on the soil maps and field visit verification, there was no fragile or marginal soil existence on the estates.</p>	Complied
<p>4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless</p>	<p>Planting terraces constructed on land with slope more than 6°. Records and maps on terraces constructed had been verified on the estates.</p>	Complied



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specified otherwise by the company's SOP. Minor Compliance	There was no soil erosion noted during the visit. Fields were generally covered with cover crop and soft grasses.	
4.3.3 A road maintenance programme shall be in place. Minor Compliance	Road maintenance programme verified to be established and implemented. Estate roads were maintained and found to be ranging from satisfactory to good condition. Records had showed proper road grading of the estate roads were made.	Complied
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	In Syarimo 1 Estate, there was a peat area covering about 155 ha in field Block 95A to 95D. Peat soil was also present in Field 95G in Division 1 of Syarimo 3 Estate. The peat soil areas were relatively small in comparison with the size of the whole plantation. Verified that water table management was implemented as follows: Pegs for measuring the soil subsidence and water level had been put up in the field and in the water collection drain. Sandbags were being used in the water collection drains to maintain the water level between 50 cm. and 70 cm. below ground surface, and records of monitoring had been verified. The water level had been monitored twice a month. Ground cover comprise mainly of <i>Nephrolepis</i> at the peat sites. It was further confirmed during assessment on site that there are no other peat soil areas at the other estates within the PMU.	Complied
4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	Verified that the peat area in Syarimo 1 and Syarimo 3 estates were relatively small in size. As the environmental impact from flood was deemed to be insignificant, it was confirmed that there was no necessity for a drainability assessment.	Complied
4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on the estates.	Not Applicable
Criteria 4.4 Practices maintain the quality and availability of surface and ground water.		
Indicators	Findings and Objective Evidence	Compliance
4.4.1 An implemented water management plan shall be in place. Minor Compliance	The documented Water Management Plan (WMP) was last reviewed on 6 Jan 2018 by the WMP Team for the POM and all estates in the Grouping. Plan included details for identification of sources and quality of water, usage at POM and estates and residences, protection of moisture (fronds, EFB, fiber, shell), stability, traps, conservation on land, hills, terraces, peat etc. Appendices such as maps to identify location of ponds, drains, oil trap, effluent treatment, streams. The plan also identified the locations of sampling points for water analysis. Other data included rainfall data for year 2017, WHO standards for drinking water, historical water consumption, drinking water analysis results. Management review and follow up actions needed and taken.	Complied

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	<p>Water samples were taken at monthly interval at the final discharge point of the POM effluent pond and at upstream and downstream of waterways. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>Treated water for domestic use supplied to staff and workers' housing areas. Tests were carried out on parameters to meet the Ministry of Health Specification for drinking water quality. The results were verified to comply with the requirements.</p> <p>Rainfall data found to be monitored as part of the water management plan.</p>	
<p>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/areas were identified through markings on the palms and were sighted on both sides of streams passing in the estates.</p> <p>Appropriate signages were placed and workers are aware of the non-usage of chemicals within the buffer zones.</p> <p>During interview with four (4) workers for weedicides application at Field Block 97N in Syarimo 7 Estate, it was verified that they fully understood that there shall be no spraying of weedicides at the marked buffer zones and also on areas near field drains where there was water flow.</p> <p>Verified that there was no construction of bunds or weirs made across any rivers or waterways passing through the estates.</p> <p>NC Finding: At Syarimo 3 estate, during field inspection made to Blok 95K, it was observed that the extent of the buffer zone at the small streams were not clearly demarcated or maintained. Some of the buffer markings were found to have faded. Also, there seemed to be two colouring system used to mark the buffer area i.e. Red colour alone and the red/white markings.</p>	<p>Major NC: SH-01</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>The water at the final discharge point of the POM effluent pond was analyzed at monthly intervals for pH, BOD, COD, Total Solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>BOD level was checked to be within the specified limit of 20 ppm (maximum).</p>	<p>Complied</p>
<p>4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance</p>	<p>Water usage in the mill from July 2016 to Dec 2017 ranged from 0.99 to 1.43 m³/tonne FFB with an average of 1.33 m³/tonne FFB which is within industrial norm of 2 m³/tonne FFB.</p>	<p>Complied</p>
<p>Criteria 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
Indicators	Findings and Objective Evidence	Compliance
<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>All the estates had their respective management programmes for IPM that involved the establishment and maintenance of beneficial plants (<i>Turnera subulata</i>, <i>Cassia cobanensis</i>, and <i>Antigonon leptopus</i>).</p>	<p>Complied</p>

	Records of planting and maintenance with the respective maps showed programmes established had been implemented and their targets achieved. Rat baiting activity (<i>using Brodifacuom 0.003% and 0.005% a.i</i>) was conducted in the estates after determining the need to do so when the census indicated rat damage to be exceeding 5% of FFB.	
4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	IPM training conducted for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available. Verified that IPM implementation was satisfactorily implemented during the on-site field assessment against monitoring records.	Complied
Criteria 4.6 Pesticides are used in ways that do not endanger health or the environment.		
Indicators	Findings and Objective Evidence	Compliance
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	Documented justification of all pesticides used were available which had been reviewed and found to be acceptable. The types of pesticides used with justifications included <i>Glyphosate Isopropyl Amine, Glufosinate Monoammonium, Metsulfuron Methyl, 2,4-D Dimethylamine, Brodifacuom</i> . Specific pesticides had been used to deal with the respective target pest, weed, or disease.	Complied
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	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. The records were to be kept for a minimum of 5 years. The types of pesticides used were as follows: 1) <i>Glyphosate isopropyl amine (41% a.i.)</i> 2) <i>Metsulfuron methyl (20% a.i.)</i> 3) <i>Triclopyr butoxy ethyl ester (32.1% a.i.)</i> 4) <i>2,4 Dimethylamine (60% a.i.)</i> 5) <i>Glufosinate ammonium (13.5% a.i.)</i> 6) <i>Brodifacuom (0.005% a.i.)</i> Verified that records of monitoring of said pesticides were available and satisfactorily maintained.	Complied
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	The policy of the estates was to systematically minimize the use of pesticides in accordance with IPM plan. The pesticide reduction program is monitored on usage per hectare basis. Verified that there was no prophylactic use of pesticides at the estates.	Complied
4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the	Use of paraquat had been eliminated in accordance with IOI Group Policy. First Aid Kits were found to be available during pesticides spraying in the fields (4 th Schedule). Portable signboard noted to be displayed at areas of spraying activity (5 th Schedule).	Complied



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<p>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 had attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, aprons, and raincoat-type long trousers) had been provided and used by the pesticides operators. All precautions attached to the pesticides (MSDS) had been observed, applied and understood by the workers. Programmes and training records verified to be satisfactory. The training include spraying technique, precautions and symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE.</p>	<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. Chemicals were mixed in the pre-mixing areas of the store that was under lock and key. There were adequate changing and shower rooms with soap provided. Emergency shower and eye wash were available at the pesticides store in case of accidents. The water pressure was noted to be sufficient for such purpose. Material Safety Data Sheets (MSDS) were available in the stores. The MSDS are in English and Bahasa Malaysia (understood by the workers). Chemical containers were reused as containers for spraying solutions. For disposal as scheduled waste, empty pesticide containers were triple rinsed and pierced at the bottom.</p>	<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. Pesticides mixing was done at the designated Pre-Mixing area near the store with proper PPE such as double nozzle face mask, goggles, aprons and long boots. The pesticide sprayers were interviewed and found to understand the use of the right nozzle, spray drift, spray quality and run-off. It was noted that the PPEs used by the workers at the fields included: a) Raincoat type of long trousers that protected their legs from being exposed to the chemicals. b) Long aprons that covered their boots c) Goggles, masks and gloves The workers were also noted to be wearing long sleeved T-shirts (without any holes or tearing) and head caps. Training was provided to the said workers and training records verified to be satisfactorily maintained.</p>	<p>Complied</p>
<p>4.6.8 Pesticides shall be applied aerially only where there is documented justification.</p>	<p>The policy of IOI Group was not to carry out any aerial application of pesticides.</p>	<p>Complied</p>



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<p>Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p>	<p>This policy has been found to be adhered at the PMU.</p>	
<p>4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance</p>	<p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling. Information and safety precautions on the pesticides were displayed on the notice boards and also next to the types of pesticides kept in the store.</p>	<p>Complied</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>Empty agro-chemical containers had been disposed of through a licensed contractor approved by the DOE i.e. Lagenda Bumimas Sdn Bhd. Records of scheduled waste storage and disposals made were verified to be in order.</p>	<p>Complied</p>
<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance</p>	<p>Annual medical surveillance for all pesticide operators had been implemented in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2. It was verified that the CHRA recommendations have been satisfactorily followed. Hence, the Major NC: CBK-01 issued during the previous year's assessment in 2017 was addressed and effectively closed.</p> <p>Records maintained at the POM and estates, showed workers who handled chemicals and weedicides were sent for medical surveillance.</p> <p>Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical Doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition would be declared as unfit for work with pesticides. No such cases in the PMU as at the date of assessment. Pesticides operators were interviewed during field visits and feedback received that they did not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>In addition to the annual medical surveillance, monthly clinical checks (gastro intestinal, urinary system, pregnancy) also carried out by the Medical Health Officer / Assistant on the Pesticides spraying workers and handlers.</p> <p>Medical surveillance records and monthly health checking records (done at the clinics) were available and satisfactorily maintained.</p>	<p>Complied</p>
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance</p>	<p>Verified from records, on-site field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide handlers or operators.</p>	<p>Complied</p>
<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>



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<p>The occupational health and safety plan shall cover the following:</p> <p>4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>Major Compliance</p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. It was reviewed on 2/1/2018.</p> <p>OSH Policy found to be clearly displayed at POM and in the estate offices. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health.</p> <p>The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.</p> <p>Records on training for the workers had been verified on the Palm Oil Mill and the Estates.</p> <p>Evaluation on the understanding by the workers and effectiveness of the training had been verified.</p>	<p>Complied</p>
<p>4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>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.</p> <p>Procedures and actions implemented to mitigate the hazards.</p> <p>Risk assessment had included risks and mitigation for eye injury from falling debris/dust, operations involving buffalos, feet/leg injuries for manual loading, ergonomic/muscle traumatism for manual loading operations.</p> <p>Work areas previously identified with high noise levels are the boiler station, engine room and sterilization unit, where noise level exceeded 85 db.</p> <p>Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear mufflers.</p> <p>Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 21 November 2017. The audiometric reports of some employees indicated as potentially having hearing impairment and recommended to wear hearing protector and re-testing. Verified that re-testing was done on 20 Dec 2017 and the results indicated normal hearing conditions. Noted that further close monitoring is being done on the said workers.</p> <p>Baseline audiogram and occupational and medical history records of workers were maintained.</p> <p>Employees exposed to high noise levels were interviewed and there was no complaint raised. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>“Permit to work” system applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entrant and stand-by involving work in confined space.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p>	<p>Complied</p>

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	<p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions. Location map of fire extinguishers is available.</p> <p>First Aid kits were available at POM, estates and at worksites. Samples of First Aid kits were checked and contents found to be complete and in usable condition during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented.</p> <p>Yearly reporting of JKPP 8 regulations was submitted to JKPP on time, i.e. in January 2018. 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.</p> <p>Major Compliance</p>	<p>Training programme planned and carried out for year 2017 and 2018 includes appropriate training on safe working practices for all categories of workers:</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 fire-fighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>The above trainings were conducted and records were available.</p> <p>Use of PPEs by the harvesters and loose fruits collectors included safety helmets, gloves and safety shoes which was observed. Hence, the Major NC: CBK-02 issued during the previous year's assessment in 2017 was effectively addressed and closed.</p>	<p>Complied</p>
<p>4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	<p>The Mill Managers and the Estate Managers had overall responsibilities of safety and health issues, with the assistance of the Safety Officer in charge of Syarimo Estate Grouping. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactorily maintained.</p>	<p>Complied</p>
<p>4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.</p> <p>Minor Compliance</p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH) and noted done in April, August and Dec 2017 as per the records maintained.</p>	<p>Complied</p>

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<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	<p>The Mill and the estate workers were provided with medical care at several clinics established and available at the PMU. The clinics were operated by qualified Nursing assistants with the Visiting Medical Officer (VMO) attending on a regular schedule at each of the clinics. Records of illnesses and medications provided were satisfactorily maintained.</p> <p>All local workers were covered by workers accident insurance (SOCISO) and IOI Group Medical and Surgical insurance which were checked to be of valid coverage.</p> <p>The Foreign workers are also covered via the Foreign workers Compensation Insurance Policy which is also valid.</p>	<p>Complied</p>
<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	<p>Monitoring of Lost Time Accident (LTA) metrics was done and monthly updated in the OSH signboards. The records indicated cases of light injuries from accidents such as falling off motorbikes during travelling at estates, cuts and bruises during operational and field work. Noted that there were no cases of serious injuries or fatalities in year 2017.</p> <p>The LTA records were verified to be satisfactorily maintained.</p>	<p>Complied</p>
<p>Criteria 4.8 All staff, workers, smallholders and contract workers are appropriately trained.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance</p>	<p>The formal training plan has been documented for implementation for year 2017/2018 at the mill and estates. The training programmes were based on the training needs identified for various categories of staff and workers and their related work functions / activities.</p> <p>Verified that trainings conducted had including the refresher training on all aspects of the RSPO principles and criteria which also include the checking, documentations for traceability for the certified FFB, CPO & PK.. POM Manager & assistants fully understands the difference between IP or MB modules.</p> <p>Records of RSPO P&C and SCC training was sighted e.g. training done on 8 Jan 2018 for 18 personnel (Managers, Assistants & Admin / Clerks of POM & Estates attended). Training was conducted by IOI Sustainability Head & Team.</p> <p>Evaluation of understanding was done and this was confirmed during on-site interviews with the relevant POM and Estates personnel.</p>	<p>Complied</p>
<p>4.8.2 Records of training for each employee shall be maintained. Minor Compliance</p>	<p>Records of training for each employee, including new employees were noted to be satisfactorily maintained.</p>	<p>Complied</p>

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

<p>Criteria 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance</p>	<p>The Environmental Aspect and Impacts Assessment were conducted and documented on 12 December 2017 for the Syarimo POM and estates in grouping.</p> <p>The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying,</p>	<p>Complied</p>

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	<p>transportation of FFB, garbage disposal and also on road construction, repair and maintenance.</p> <p>Thus previous year Major NC (2017) OCL-01 was adequately addressed and effectively closed.</p> <p>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>Records were made available during audit and found to be satisfactory implemented.</p>	
<p>5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons.</p> <p>Minor Compliance</p>	<p>The POM and estates continued with the implementation and monitoring of management action plans and continuous improvement programmes for year 2017. Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were identified.</p> <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the Syarimo POM. Data were collected and it ensured compliance with relevant regulations.</p> <p>NC Finding:</p> <p>1. In most estates visited (e.g. at Syarimo 1, Syarimo 7 and Syarimo 9), there are several ponds identified and their existence is to serve several purposes of domestic use e.g. drinking water.</p> <p>Some of the ponds was observed to have accumulated some unwanted vegetation etc. This is also happening at the ponds near the guest house.</p> <p>The management and action plan implemented was found not to be sufficiently comprehensive for the intended purpose of their existence.</p> <p>The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately documented or followed up by the Estate personnel.</p> <p>2. At Syarimo 9 estate, there exist a seasonal waterfall. The existence of this waterfall was however not taken into consideration and reported Environmental Management Plan and review, although certain measures to manage the area was undertaken. It was also not indicated in the estate map.</p>	<p style="text-align: center;">Minor NC: SH-02</p>
<p>5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>Minor Compliance</p>	<p>Implementation and monitoring of the documented environmental improvement plans will be reviewed on an annual basis.</p> <p>For the audit period, it was documented in December 2017. The exercise had 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 for flood mitigation.</p>	<p style="text-align: center;">Complied</p>
<p>Criteria 5.2</p>		



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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.

Indicators	Findings and Objective Evidence	Compliance
<p>5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p>Major Compliance</p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated 30th December 2017. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented.</p> <p>Visits to site confirmed that the Syarimo 1, Syarimo 3 is surrounded by estates along its border. Syarimo 3 also borders the Lamag Forest Reserve at its eastern border. Syarimo 7 and Syarimo 9 having borders with the Malua Forest Reserve at its western zone.</p> <p>The Sungai Lamag cuts across Syarimo 3 plantation and while Sungai Latangan cuts across both Syarimo 7 and Syarimo 9 plantation.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site.</p> <p>Boundaries bordering the forest reserves at Syarimo 7, and Syarimo 9 were well demarcated with prominent signages displayed as warning against any intrusion into the forest.</p> <p>Trenching was also installed along the forest borders to deter wild animals from coming into the estates.</p> <p>Most of the perimeter boundary were physically separated via estate roads.</p> <p>As per the recommendations of the Sabah Forestry Dept. the 50 m buffer zones were marked on the palm trees and poles as allocated areas bordering the forest for non-spraying or chemical application areas.</p> <p>The FFB crop were still harvested until the scheduled replanting in the near future. It is understood that the Estate management will not be doing any replanting in the said allocated zones.</p> <p>Conservation / environmentally sensitive areas i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored. Verified that no spraying or chemical application was noted in the said marked zones.</p>	<p>Complied</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.</p> <p>Major Compliance</p>	<p>Regular patrols within the POM and estates were being carried out and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas.</p> <p>Trained and qualified Honorary wildlife wardens (from the estates personnel) were also appointed with the assistance of the Wildlife Department to look into issues relating to wildlife in their areas.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also carried out by the patrolling activities conducted.</p> <p>Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited i.e. Syarimo 1, Syarimo 3, Syarimo 7 and Syarimo 9 Estates and found to have been satisfactorily erected and maintained.</p> <p>Appropriate safety signages were also erected and repairs / maintenance were noted done for the wooden bridges over field drains and watercourses /streams.</p> <p>Thus previous year Major NC (2017) OCL-02 was adequately addressed and effectively closed.</p>	<p>Complied</p>

<p>5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>Minor Compliance</p>	<p>There was evidence of commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities via the signage erected around the affected areas which prohibit such activities.</p> <p>Training programme on RTE has also been organised and attended by personnel across the organisation.</p> <p>The training were conducted as follows: Syarimo 1 on 5 Dec 2017 (12 personnel), Syarimo 3 on 18 Nov 2017 (13 personnel), Syarimo 7 on 29 Oct 2017 (10 personnel) Syarimo 9 on 13 Oct 2017 (16 personnel).</p> <p>Other trainings which included buffer zones, integrated pest management and its importance were also conducted to the field workers.</p>	<p align="center">Complied</p>
<p>5.2.4 Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>	<p>Management plans were established and ongoing monitoring is conducted by the estate personnel and also Auxiliary Police patrols.</p> <p>Verification were also made during on-site assessment and the outcome of the monitoring activities were satisfactorily recorded.</p> <p>Noted that the sighting of an Orang Utan which wandered into a Syarimo estate in April 2017, was documented and the re-capture and re-location of the said Orang Utan by the Sabah Wildlife Dept. was well recorded.</p> <p>The overall management plan on the status of HCV/RTE of the Syarimo plantation group was collated, reviewed and monitored by the Sustainability team (Sabah region) in consultation with various stakeholders comprising the Forestry Dept., Wildlife Dept., NGOs and also the local community.</p>	<p align="center">Complied</p>
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>Minor Compliance</p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the estates visited i.e. Syarimo 1, Syarimo 3 Syarimo 7, and Syarimo 9 Estates. Thus negotiated agreement of such nature is not applicable.</p>	<p align="center">Complied</p>
<p>Criteria 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>5.3.1 All waste products and sources of pollution shall be identified and documented.</p> <p>Major Compliance</p>	<p>Visits made to POM and estates 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,</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). Records on the usage and disposal were well recorded and documented.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the Syarimo 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>



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<p>5.3.2 All chemicals and their containers shall be disposed of responsibly.</p> <p>Major Compliance</p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned and in line with the regulation as required.</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. 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).</p> <p>Latest disposal was recorded on 2 Nov 2017. Inventory on the schedule waste was properly recorded and up to date.</p> <p>At the plantations, record on the disposal and recycle of chemical containers and fertiliser bags was also made available during the audit.</p>	<p>Complied</p>
<p>5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>Minor Compliance</p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required.</p> <p>Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in the respective estates inspected. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in both POM and estates and were used for solid waste segregation and recycling.</p> <p>Disposal of schedule waste was done by an appointed contractor that is licensed by the Department of Environment, Lagenda Bumimas Sdn Bhd.</p> <p>The solid waste management and disposal plan using landfills was available at Syarimo 1, Syarimo 3, Syarimo 7, and Syarimo 9 estates. Landfill management was found to be satisfactory. The location of the landfill is far away from the housing sites and water sources. Household waste/line site waste was collected at a minimum of 2 times a week and disposed to the landfill.</p> <p>Recycling of crop residues / biomass i.e. EFB and dried POME had been implemented. Management on EFB application plans and progress reports were verified to be satisfactory.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM and estates.</p>	<p>Complied</p>
<p>Criteria 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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.</p> <p>Minor Compliance</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. Records were satisfactorily documented.</p> <p>Visit to Syarimo mill showed evidence that the data is compiled and recorded for further action to improve efficiency of using both renewable and non-renewable energy sources.</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>Complied</p>

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	It was verified that energy usage are being monitored daily, especially at the POM for cost control improvement and comparison of trends on energy consumption.	
Criteria 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
Indicators	Findings and Objective Evidence	Compliance
5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. Major Compliance	IOI Group had observed the policy of 'Zero open burning' for any planned replanting. Field inspections made at Syarimo 1, Syarimo 3 Syarimo 7, and Syarimo 9 estates showed no evidence of any open burning although there was no ongoing replanting yet at the time of audit.	Complied
5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. Minor Compliance	The PMUs has adopted the 'Zero Burning policy' for any replanting at the estates. During the audit, there were no replanting activities carried out in the IOI Syarimo estates audited. There was also no evidence of any open burning carried out on domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.	Complied
Criteria 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
Indicators	Findings and Objective Evidence	Compliance
5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). Major Compliance	Monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke Charts. Reports showed evident that the emission is within the permissible limits of DOE as verified by documents made available during the on site visit to the Syarimo mill. POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations. Stack emissions and Boiler ashes were maintained and monitored at the POM. Regular reporting of twice yearly was carried out and report made available during the audit. BOD analysis was also conducted on a monthly basis and result confirmed it was below the allowable limits i.e. <20mg/l. as per DOE specifications. Water analysis, both raw and treated water, conducted once every six months, and is reported to the Dept. of Health & Dept. of Environment.	Complied
5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	Identification of significant pollutants and greenhouse gas (GHG) emissions has been done e.g. POME, diesel / fuel and fertilizer. Their usage have been recorded and documented at both the POM and PMU. GHG report calculation has also been submitted to RSPO on 4 th January 2018 using the version 3.0.1. The data submitted was also verified on-site. Management plans to reduce or minimise diesel consumption was via the planned construction of a Biogas plant scheduled to complete in end 2018 / mid 2019.	



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<p>5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are in place.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements</p> <p>Water samples were regularly taken and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at final discharge points. The water samples were sent for analysis. This was conducted by Dynakey Laboratories Sdn Bhd. Records are maintained and verified on-site to have met the permissible regulatory limits.</p>	<p>Complied</p>
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Principle 6: Responsible consideration of employees, and of individuals and communities affected by growers and mills

<p>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.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>Major Compliance</p>	<p>At the PMU, the respective Social Impact Assessment reports and Management Plans at all estates and mill were individually documented by the Sustainability Team of IOI. The SIA contains inputs from external stakeholders' consultation with the local communities and employees which was held on 20 Dec 2017 involving only Syarimo grouping. Participation of external stakeholders were verified, including 67 participants from contractors, suppliers, government agencies, police, neighbouring estate, etc.</p> <p>Internal stakeholders meetings were conducted separately by each operating unit, e.g. in Syarimo POM it was conducted on 28 Dec 2017. Workers participation in the meetings were verified through signed attendance lists, issues raised in recorded in the meeting minutes as well as through interview with workers. Among others, some of the issues raised during the meetings are issue related to cashing of payment cheques at the sundry shops available within the group. Result of the discussion was recorded and the sundry shops did not charge any fee for cashing the cheques.</p>	<p>Complied</p>
<p>6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>Major Compliance</p>	<p>The group has considered issues of social impact to employees and communities affected by their activities. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns as stated in 6.1.1.</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>	<p>Complied</p>
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation</p>	<p>A time table of activities identified was sighted with time frame on implementation plans. Site inspection carried out confirmed that the implementation was completed. Latest Social Plans sighted are for the period of May 2017-Jun 2018 at both estates audited and from</p>	<p>Complied</p>



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<p>with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>Major Compliance</p>	<p>Jan-Dec 2017 for the POM. Complaints submitted through ECC meetings, grievance book, etc., received by the management were recorded and also indicated with status either continuous, completed or pending.</p> <p>In previous NC (2017), NC: JMD-01 on social related issues raised during Safety Meetings in Syarimo 2 and Syarimo 5 estates were not listed in the action plan with time frame and responsible person for taking action.</p> <p>This non-conformance was verified to be effective closed during the audit where all social related issues raised during Safety Meetings were clearly addressed in the social action plan.</p>	
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p>Minor Compliance</p>	<p>The plans are reviewed annually together with affected parties as mentioned especially the workers were consulted during the ECC meetings, daily morning muster and individual reports made in the Grievance Books maintained.</p>	Complied
<p>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 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.2.1 Consultation and communication procedures shall be documented.</p> <p>Major Compliance</p>	<p>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>	Complied
<p>6.2.2 A management official responsible for these issues shall be nominated.</p> <p>Minor Compliance</p>	<p>Records sighted show evidence of appointed teams headed by estate managers assisted by assistant managers. For example in Syarimo 9, Mr. Roslin Bin Juling and in Syarimo 7, Mr. Jamberi Bakauh, was appointed as the Social Liaison Officer for the management of each estate.</p>	Complied
<p>6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p>	<p>The list of stakeholders, communication and actions taken were maintained in Stakeholders File. Consultations with various stakeholders held and meeting minutes have been verified during the audit.</p> <p>In previous year 2017, observation OBS:JMD-01 raised that the smallholder estate (viz; Lamag Estate) neighbouring to the PMU estates, who attended the external stakeholders' consultation conducted in Dec 2016 was not added into the stakeholders list.</p>	Complied



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Minor Compliance	Verification was made that the stakeholders list has been satisfactorily updated and complete.	
<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>		
Indicators	Findings and Objective Evidence	Compliance
<p>6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>Major Compliance</p>	<p>All estates in the PMU have established complaints and grievances procedures and they were all well implemented. Complaints and Grievances logbooks were sighted in all audited estates and actively used by workers.</p> <p>Timelines for response to complaints and grievances are either indicated in the logbook or ECC representatives are appropriately established and implemented. Generally respond time for minor requests will be within 2-3 days.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For reports which are related to private matters such as sexual harassment reports separate logbooks are prepared and always kept under lock and key locations. 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 incidents of dispute or grievance of a serious nature.</p> <p>Since Feb 2014, IOI had developed "Dasar Pemberi Maklumat (Whistleblowing)" which was approved by "Jawatankuasa Audit dan Pengurusan Risiko".</p> <p>Monitoring of complaints entered in the Grievance Book was dated and actions taken were done in a timely manner and this was properly signed off by the Managers.</p> <p>Thus previous year 2017, OBS: JMD-01 on the above was addressed and closed.</p> <p>It was verified during the audit that the dates of relevant reports were stated and with completed actions taken.</p>	Complied
<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>Major Compliance</p>	<p>The PMU have a system for handling compensation claim in an effective, timely and appropriate manner.</p> <p>So far there has not been any dispute raised which was verified during on-site interviews with the workers.</p>	Complied
<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 are no borders adjacent to any village at the estates audited in the PMU.</p> <p>No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion</p>	Complied
<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</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 PMU.</p>	Complied



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<p>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>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>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.5.1 Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	<p>Offer letters and work contracts for local staff and foreign workers are verified. The contracts met the industry minimum standards including included extra pays under the statutory fringe benefits.</p> <p>The pay slips for workers at the estates and mill were verified to contain all necessary information and can easily be understood by the workers, e.g. type and rate of works completed, days offered, days worked, days absent, total deduction, etc.</p> <p>Review of field workers' pay slips showed that the calculation of pay is clearly itemised, for example normal working day rate, normal working day overtime rate, rest day work, rest day work overtime, public holiday work, public holiday work overtime, annual leave pay in December, sick leave pay and deductions.</p> <p>All contracts between the management and the workers are in Bahasa Malaysia, even for foreign workers from Indonesian and Filipino workers. Through interviews it was verified that the contracts were clearly understood by the foreign workers when they were able to give correct responds on daily minimum rate, medical entitlement, public holiday entitlement and pay for work during public holiday, etc.</p>	<p>Complied</p>
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p>	<p>The Memorandum on Revised wages dated 20 Jun 2016 by IOI Group, was distributed to IOI PMUs in Sabah including Syarimo PMU to adhere to the Minimum Wages Order (Regulation July 2016).</p> <p>According to this memorandum monthly minimum wage is RM920/month or RM35.38/day.</p> <p>The employment contracts were revised and approved by the Sabah Human Resources Department, i.e. Jabatan Tenaga Kerja Sabah. The agreement covers all aspects 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>The obligatory Foreign Workers Compensation Scheme [FWCS] for foreign workers issued by MSIG is still valid with expiry on 30 Sep 2018 in the POM and all estates audited.</p> <p>At the estates audited, a number of field workers were still found to have achieved less than stipulated minimum wages.</p> <p>Reasons as provided by the management were absenteeism, long holidays break and low productivity i.e. not fulfilling the 8 minimum</p>	



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	<p>work hours. The said reasons were verified as being accurate which was also confirmed to be understood by the workers during interviews held with them during the audit.</p> <p>Workers receiving below minimum wages are identified, counselled and if there is no improvement in the achievement the workers will be offered to take on additional jobs or to work on less difficult tasks.</p> <p>It was evident that the majority of workers who completed their daily target without being absent for each month did achieved /received the minimum wages. It was verified that between 90% - 95% of the estate field workers had actually achieved / received above the minimum wages since July 2017 onwards.</p> <p>All relevant payments as prescribed by the laws, i.e. public holiday, annual leave, sick leave, are paid accordingly.</p> <p>Analysis done on the achievement of minimum wages for the workers for year 2017 was adequately done in-depth. Thus previous year 2017, NC: JMD-02 (Item 1) was satisfactorily addressed and effectively closed.</p> <p>At the POM, the issue on application permits to be made by the POM to allow Women Working Night Shift ("Permit Wanita Berkerja Malam") by the Sabah Labour Department (Jabatan Tenaga Kerja Sabah) was addressed.</p> <p>Since Jan 2017, the POM had ceased the practice of using women workers during night shifts as per documented Instruction dated 19 Jan 2017. This was due to potential safety issues.</p> <p>The 'Lists of night shifts workers' were checked and it was verified that instruction has been adhered. Thus previous year 2017, NC: JMD-02 (Item 2) was satisfactorily addressed and effectively closed.</p> <p>However at the Estates audited, the following was detected:</p> <ol style="list-style-type: none"> 1. In Syarimo 7, there were cases of absconded workers which were not reported to the Police Department in timely manner, i.e. the estate management only lodge the report once a year. 2. In Syarimo 9, one worker was found to have two different names. The name shown in the insurance cover is not the same as the name shown in the passport. 	<p style="text-align: center;">Major NC: JMD-01</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 PMU has provided adequate housing, water supplies, medical, educational and welfare amenities in accordance with Local - Workers' Minimum Standard of Housing and Amenities Act 1990 to the workers. This act is yet to be enforced by Sabah.</p> <p><u>Housing, electricity and water supply</u></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estates near to the Syarimo POM are provided with free electricity and treated pond water 24 hours daily. Line site inspection is conducted weekly by the RSPO Field Supervisor and once a month by Health Assistant (HA).</p> <p><u>Schools</u></p> <p>The migrant workers' children received free education in a NGO-managed school, i.e. HUMANA. Maintenance of the school building, furniture, electric and water supplied are is under the purview of the estate management. Furthermore, foreign teachers originally from Indonesia are paid by the estate management through HUMANA. Children attending the schools are provided with</p>	<p style="text-align: center;">Complied</p>



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	<p>free school bag and stationery annually. Local children from the estates are transported to government school in nearest town for free. Local children from the Syarimo POM however are sharing half of the fees for the hired school buses. Children of foreign workers between the ages of 13 and 15 are sent to Community Learning Centre [CLC] located in Syarimo 2.</p> <p>Sundry shops</p> <p>Sundry shops available outside at each estate audited. From interviews with the workers in PMU it was found that most household sundries, including frozen foodstuffs were available on sale. 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. Price in the sundry shops are still affordable and appropriate for the location of the group.</p> <p>Crèche (Rumah Asuhan Kanak-kanak)</p> <p>Crèche is available in each estate and they are well maintained. The crèche ayahs are well trained on procedures of using the first aid kits. Most of the crèche visited, the management provided condensed milk to the children. Crèche inspection is conducted weekly by the RSPO Field Supervisor and monthly by the clinic attendance.</p> <p>Medical clinics</p> <p>Two clinics are available in the group. The clinics are managed by experienced HA with sufficient number of health assistants. Medical and ambulance services for the PMU is free of charge. Record of visiting medical officer were also sighted. Medical fees for workers sent to local hospital are also covered by the management.</p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>Minor Compliance</p>	<p>IOI Syarimo group 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. It is verified that office staff were provided with transport to go shopping for sundry items in town at the end of each month i.e. after pay day upon specific request.</p>	<p>Complied</p>
<p>Criterion 6.6</p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p>Major Compliance</p>	<p>The published statements of policy which recognises employee's freedom of association, was noted to be available and widely displayed in Bahasa Malaysia.</p> <p>Each of the estates audited in the PMU had formed the ECC as a mechanism to cater the collective bargaining needs of the workers. Results of ECC meetings were minuted and available for verification. One example, of latest ECC meeting was in Syarimo 9 conducted on 19 Dec 2017. Representatives in the ECC is elected based on group categories and involving both male and female workers.</p>	<p>Complied</p>
<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>Minor Compliance</p>	<p>The PMU has published a statement (in local languages) recognizing freedom of association at the POM office.</p> <p>The representation from the different levels of workers is through the Employees Consultative Council (ECC). These representatives are elected by the workers.</p> <p>In all meetings, minutes of ECC, list of attendance and photos of the sessions were kept in file showing evidence of participation of affected parties. Inputs and request raised during ECC meetings</p>	<p>Complied</p>



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	were verified to be included in the continual improvement plans of the mill and estates.	
Criterion 6.7 Children are not employed or exploited.		
Indicators	Findings and Objective Evidence	Compliance
6.7.1 There shall be documentary evidence that minimum age requirements are met. Major Compliance	There was no evidence of any child labor being used at the PMU. The Child Labour Policy adopted by estate managements had stated that the minimum age of workers is 19 years. Site inspection of the employment records in all estates confirmed that this has been complied. HUMANA schools and 'crèche' were established to cater to the need for proper education of the foreign workers children. Children at the appropriate age for secondary school attended the Community Learning Centre (CLC) which is also managed by HUMANA but built with the help of the PMU. Inspection of the employment records including site visit to the estates confirmed that this criterion has been complied with.	Complied
Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
Indicators	Findings and Objective Evidence	Compliance
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	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 the PMU, checking of the employment records including migrant workers, pay slips and deductions of wages (according to law) confirmed that this criteria have been maintained.	Complied
6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Based on interviews and feedback from the employees, foreign workers and review of ECC meeting minutes and Grievance Book, it is verified that there has been no issue of discrimination at the PMU.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	The 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. For foreign workers, hiring is based mainly on mandore recommendations. However, it was evident that no discrimination on promotion as both male and female, local and foreign workers have equal opportunity to be promoted.	Complied
Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.		
Indicators	Findings and Objective Evidence	Compliance



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<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.</p> <p>Major Compliance</p>	<p>The policy for the Prevention of Sexual and other forms of Harassment and violence was available and basically implemented at the POM and estates audited.</p> <p>However the following finding was noted:</p> <p>In Syarimo 9, one female general worker was found to have hidden her pregnancy from the management for at least 6 months. Absence of clear guidelines on how to handle workers pregnancy caused some workers to choose this option, especially if the worker require extra income in preparation to receive the new member in the family.</p>	<p>Major NC: JMD-02</p>
<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 Policy on for the Exemption of Pregnant and breastfeeding women from work associated with potentially hazardous chemicals was available and adhered.</p> <p>Under the said circumstances, these women were given light duties such as work in and around the office and crèche.</p> <p>The above alternatives were offered to both the local and foreign female workers.</p> <p>In the case of the female foreign workers who were pregnant, they would often voluntarily resign from work and return to their home country for their child delivery.</p> <p>A letter from the Visiting Medical Officer dated 12 Mar 2015 was sighted had also recommended the resignation practice specifically for the female foreign workers as a better alternative, as there were incidences of abortion found among the female foreign workers who became pregnant.</p> <p>On the whole, the protection of female reproductive rights was adequately monitored and satisfactorily implemented.</p> <p>Free ante-natal checkup / services was provided at the estate clinics and free ambulance transport to nearest hospital, when necessary.</p> <p>In instances where the female workers wished to deliver their child at the housing quarters, the estates HA will assist by collecting all necessary data and fill in relevant forms to be submitted to the local authorities, i.e. government hospital for proper registration.</p> <p>There were records of briefings made to the female workers on basic healthcare and hygiene by qualified estates Nurses / HA.</p> <p>Clinical records were available and verified to be treated with proper Confidentiality by the HA.</p>	<p>Complied</p>
<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.</p> <p>There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and satisfactorily kept and maintained.</p>	<p>Complied</p>
<p>Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<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 estates in the PMU have no dealings with smallholders.</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>	<p>Complied</p>
<p>6.10.2 Evidence shall be available that growers/millers have explained</p>	<p>The PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price</p>	<p>Complied</p>



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<p>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>data are available to the public upon request.</p>	
<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 the PMU managements and employees) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</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>	<p>Complied</p>
<p>6.10.4 Agreed payments shall be made in a timely manner.</p> <p>Minor Compliance</p>	<p>The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of 60-day grace period.</p>	<p>Complied</p>
<p>Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate.</p>		
<p>Indicators</p>	<p>Findings and Objective Evidence</p>	<p>Compliance</p>
<p>6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated.</p> <p>Minor Compliance</p>	<p>Main contribution of the estates to the local development can be demonstrated in the provision of facilities, services and where feasible, monetary. For example, based on cooperation with Sabah Immigration Department and Indonesian consulate, IOI has been assisting and sponsoring its foreign workers and their independents to acquire proper travelling documents if they do not have any.</p> <p>With regards to HUMANA, the PMU has been replacing old HUMANA buildings with the new ones for the past few years. The Community Learning Centre (CLC) was also built by the PMU in collaboration with HUMANA management in order to provide children completing primary school to still acquire necessary education suitable for their age. These HUMANA schools are not only for children within the PMU only but also open for children from surrounding areas.</p> <p>Free transport are provided by the office management for children to the schools. Annually IOI had also donated school bags and stationery to HUMANA students. Whilst in government schools, high achievers were noted to be given cash rewards.</p> <p>The clinics available at the line sites of estates were found to be satisfactorily maintained during the audit.</p>	<p>Complied</p>
<p>6.11.2 Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity</p> <p>Minor Compliance</p>	<p>Not applicable as there are no smallholders scheme at the PMU</p>	<p>Not applicable</p>
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>		
<p>6.12.1 There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>Major Compliance</p>	<p>The IOI Group has a Policy on the Prevention of Forced or trafficked labour which is incorporated in the "IOI Sustainable Palm Oil Policy" where it stated the commitment to "Eliminate all forms of illegal, forced, bonded, and compulsory or child labour in particular, by following the responsible recruitment practices".</p>	<p>Complied</p>



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	<p>The definition used in “Anti-Trafficking In Person and Anti-Smuggling of Migrants 2007 [Act 670]” was referenced.</p> <p>For foreign workers, the recruitment / hiring is based on agents’ recommendation or proper re-application if the workers are already in Sabah.</p> <p>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.</p> <p>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>The recruitment procedures are handled by HR Dept. - IOI Lahad Datu Regional Office [LDRO]</p> <p>No restrictions made for workers to move around within or even outside IOI Syarimo group, provided their destination and duration of the journey are known to their respective superiors or Estate Manager. The workers voluntarily handed over their passports to the management for safekeeping as verified in the form signed by the workers themselves.</p> <p>Based on interviews done with workers and review of passport movement logbooks maintained, it was evident that the management did not restrict the workers from collecting their passport whenever they wanted it.</p> <p>Verified that the passports were readily available in the office, whenever needed.</p> <p><i>Note: The safekeeping of workers passports is permitted in accordance to MYNI 2014 “Passports should only be voluntarily surrendered”.</i></p> <p>In the contract of agreement i.e. item no. 13, it was stated that IOI Syarimo group will bear the transport, meal and accommodation costs for both journeys to and from the place of work regardless of whether the workers are terminated or the contracts have expired. There was no evidence of any worker termination during the audit.</p> <p>Verified that the above was implemented and proper records were made available during the audit.</p>	
<p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred.</p> <p>Minor Compliance</p>	<p>There was no evidence of the practice of contract substitution at the PMU. Interviewed workers have never mentioned on any negative comments related to this issue. It was made clear even before coming into the country i.e. Sabah state, that they will be working in plantation sector.</p> <p>The foreign workers did sign workers contract upon arriving in IOI Syarimo group. The contents of the contract were verified to be similar to the contact document provided to them earlier. Confirmed via interview that the contents were explained to them by the recruitment agents, in Bahasa Indonesia as the majority were Indonesian. Copies of the workers contract are kept at the office for safekeeping.</p>	<p style="text-align: center;">Complied</p>
<p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p>Major Compliance</p>	<p>IOI Group adopted “Policy on Foreign Workers” and it was displayed publicly in Bahasa Malaysia and English.</p> <p>The special policy on foreign workers was also mentioned in “IOI Sustainable Palm Oil Policy”. These policies clearly stated that IOI Group will “Eliminate all forms of illegal, forced, bonded, and compulsory or child labour in particular, follow responsible recruitment practices”.</p> <p>Probation period for minimum of six months serves as post-arrival orientation programme where all related aspects to the tasks</p>	<p style="text-align: center;">Complied</p>



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	<p>offered in the group, e.g. safety, good agricultural practices, wages, benefits, etc.</p> <p>Decent living conditions for all workers was also ensured in IOI Syarimo group where workers are provided with free proper accommodation at workers linesites with free electricity and treated water 24 hours daily.</p>	
<p>Criterion 6.13 Growers and millers respect human rights.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p>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</p>	<p>Clauses pertaining to Human Rights Policy were stated in the Equal Opportunity and Non-Discrimination Policy. Adoption of the Special Labour Policy and Procedures especially covering migrant workers on 01 Mar 2016 covers majority of the principles in 03 UN Guiding Principles on Business & Human Rights 2011.</p> <p>IOI Group, via its newly revised SPOP has been releasing the passports back to the workers throughout the group. The workers however were reminded they are responsible should untoward incidents happened with the passport in their custody.</p> <p>The management does still assist the workers to monitor the validity of their passports and work permit expiry dates, and in sending them for the FOMEMA tests until the final collection of work permit from the Immigration Dept.</p>	Complied

Principle 7: Responsible development of new plantings

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

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

It was verified during current on-site assessment that the PMU has declared and submitted its Land Use Change details for analysis for its plantings since Nov 2005 as per the calculations specified in the RSPO PalmGHG v 3.0.1. The record of submission made to the RSPO Secretariat for the current year was done in Jan 2018 as verified during the assessment.

See Summary of Net GHG Emissions submitted by Syarimo POM in the Tables below.

Based on the details provided in the record of submission, it is also verified that there is no potential liability under the RSPO Remediation and Compensation Procedure at this PMU.

SUMMARY OF NET GHG EMISSIONS

All information and data below as submitted by Syarimo POM was verified against the retrieved summary report generated through PalmGHG Calculator Version 3.0.1.

GHG Table 1: Summary of Net GHG Emissions (Jan-Dec 2017)

Emissions per Product	tCO2e/tProduct
CPO	1.36
PK	1.36

Production	t/yr
FFB processed	420547.76
CPO Produced	81242.13



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Extraction	%
OER	19.324
KER	4.62

GHG Table 2: Summary of Net GHG Emissions

Land use	ha
OP planted area	16352.44
OP planted on peat	150.60
Conservation (forested)	68.9
Conservation (non-forested)	386.12
Total	18,417.26

GHG Table 3: Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e
Emissions								
Land Conversion	154387.73	9.88	0	0	0	0	154387.73	9.88
*CO ₂ Emissions from Fertiliser	36172.05	2.24	0	0	0	0	36172.05	2.24
**N ₂ O Emissions	40804.12	2.56	0	0	0	0	40804.12	2.56
Fuel Consumption	7222.05	0.46	0	0	0	0	7222.05	0.46
Peat Oxidation	4805.69	0.5	0	0	0	0	4805.69	0.5
Sinks			0	0	0	0		
Crop Sequestration	-146339.09	-9.36	0	0	0	0	-146339.09	-9.36
Conservation Sequestration	-588.99	-0.04	0	0	0	0	-588.99	-0.04
Total	96463.56	6.24	0	0	0	0	96463.56	6.24

GHG Table 4a: Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions		
POME	37885.84	0.09
Fuel Consumption	2884.23	0.01
Grid Electricity	0.24	0
Utilisation		
Credits		
Export of Grid Electricity	-0.04	0
Sales of PKS	0	0



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Sales of EFB	0	0
Total	40770.27	0.1

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

Divert to compost	0 %
Divert to anaerobic digestion	100 %

GHG Table 4c: POME Diverted to Anaerobic Digestion

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

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

Criterion 8.1		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
Indicators	Findings and Objective Evidence	Compliance
<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>Continual Improvements Action Plans were established for 2017 & 2018 and reviewed at annually. The plans did consider the issues on social and environmental impacts and overall productivity which were monitored. The plans include the following:</p> <p><u>For the Palm oil mill:</u></p> <ul style="list-style-type: none"> • Continued use of Geotubes for de-sludging as additional to use of effluent ponds. • Use of kernel shells for the boiler to reduce consumption of diesel. • Construction of biogas plant / facility is still ongoing which include the proposed new 2 MW turbine. • Additional 6 units of housing for mill workers. <p>The said continual improvement plans and actions taken to date are adequately documented and monitored.</p> <p>Thus previous year Major NC (2017) OCL-03 was adequately addressed and effectively closed.</p> <p><u>For the PMU estates:</u></p> <ul style="list-style-type: none"> • Wider use of Pynfo Palm System – A more efficient handheld remote database system to keep track of FFB bunch count during harvesting and collection. • Increase planting of beneficial plants (<i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>) along estate roads 	Complied



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	<ul style="list-style-type: none"> • Fertilizer bags are to be recycled and empty pesticide containers to be returned /sold to supplier. • Domestic waste will also be segregated according to plastic and organic materials. • Housing grades and refurbishment for staff quarters • Upgrading recreational facilities such as football fields and recreational club house • Upgrading Humana schools i.e. progressive changeover from wooden to construction of new concrete buildings with better classroom facilities for students and teachers. 	
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3.1.1 Supply Chain Certification Standard Findings - on CPO Mill

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

Details of findings are as follows:

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).</p> <p>It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders.</p> <p>Therefore the CPO Mill continues to apply the Identity Preserved (IP) module as was in the previous year.</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.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded and submitted by the POM. The data is verified during the current assessment.</p> <p>This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year i.e. estimated for 2018.</p> <p>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>The PalmTrace ID: CB49654 is identified during certified products trading.</p>	<p>Complied</p>
<p>D.3 Documented procedures</p>		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for CPO Mill for Palm Products. SOP updated on '1/08/2017 (RSPO SC/SOP/IP/3 is verified on site. The 'IP module' implementation is verified.</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.</p> <p>The implementation includes controlling of 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>The Mill Manager, Mr. Hamuddin Bustamin has the overall responsibility and authority for implementation and compliance with the documented procedure.</p> <p>He and other relevant staff (e.g. Asst. Mill Manager, Mr. Kavee Reddy) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation.</p> <p>Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	<p>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 Jan – Dec 2017, the POM only received and processed FFB entirely from the PMU group estates. Verified that there is no evidence of any non-certified FFB from other sources or suppliers.</p> <p>All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.</p>	<p>Complied</p>



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	The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure. The POM has 6 CPO storage tanks that stored the IP quantities.	
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. The 3-monthly summary of incoming FFB and outgoing CPO & PK are available and checked to be accurately recorded.	Complied
D.6 Processing		
Indicators	Findings and Objective Evidence	Compliance
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. 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. The POM does not have a Kernel Crushing facility. All CPO and PK are sold to IOI Edible Oil Sdn Bhd (Refinery at Sandakan, Sabah).	Complied
D.6.2 The objective is for 100 % segregated material to be reached.	Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module was indicated as CSPO/IP and CSPK/IP on relevant documents.	Complied

3.1.2 Status on Supply Chain on POM:

Based on the documents and records presented during the on-site verifications made, it is concluded that the POM has been able to comply with the requirements of the RSPO SCCS under the 'IP' module and is thus eligible for 'IP' trading for its palm products for year 2017 and 2018.

3.1.3 CSPO and CSPK volumes traded:

Trading of the CSPO and CSPK was performed via RSPO PalmTrace by the IOI Group HQ e.g. IOI Commodity Trading Sdn Bhd. Based on the records maintained at the POM, the traded volumes relied on internal communications of the trading done by the IOI HQ, on the CSPO and CSPK delivered to IOI Edible Oils Sdn Bhd (Refinery).

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The volumes traded as verified during assessment for Jan – Dec 2017 are as follows:

Details as per RSPO Certification System Document (Note: Effective July 2017)		
	CPO (mt)	PK (mt)
Last year's (Projected) – Certified volume (RSPO Certified)	92,963.00	22,700.00
(1) Last year's Actual sold volume (RSPO Certified)	50,756.41	17,598.21
(2) Last year's Actual sold volume *(Other Schemes Certified)	34,326.70	2,515.39
(3) Last Year's Actual sold volume *Conventional	1,772.52	297.44
Total for Last Year's volume – Actual (1+2+3)	86,855.63	20,411.04
New (Projected) Certified Volume (RSPO Certified)	97,881.00	22,763.00

Notes:

- Certified volumes claimed under 'RSPO Certified' forms the bulk of the volumes traded.
- The non PalmTrace volumes under 'Other Schemes certified' is basically ISCC.
- Remaining volumes traded are not claimed under 'Certified' and traded as 'Conventional' volume.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2012	3 - Minor	1	All NCRs and OBS closed during ASA-01.
Annual Surveillance - 01	2014	0	1	OBS closed during ASA-02.
Annual Surveillance - 02	2015	1 - Minor	6	NCRs and OBS closed during ASA-03
Annual Surveillance - 03	2016	2 (1- Major, 1- Minor)	0	NCRs closed during ASA-04
Verification cum ASA - 04	2017	10 (7- Major, 3- Minor)	4	NCRs and OBS closed during Re-Certification assessment.
Re-Certification	2018	5 (3- Major, 2- Minor)	1	Next Surveillance (2 nd Cycle)

3.2.1 Year 2017: 10 NCRs (7 Major and 3 Minor)

NCR	MYNI Indicator	Details of NCR
Major	4.6.11	Date issued: 19/01/2017



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

NCR	MYNI Indicator	Details of NCR
Major	4.7.3	Date issued: 19/01/2017



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CBK-02	<p>Nonconformance:</p> <p>During field visits, it was sighted that harvesters have the eye goggles but did not wear it for eye protection -</p> <p>At Field Block 98S, Syarimo 4 Estate on 17 Jan 2017 - 1 worker</p> <p>At Field Block 95N and 95O, Syarimo 2 Estate on 18 Jan 2017 - 2 workers</p> <p>The monitoring of usage of personal protective equipment was only carried out once during the Muster and hence this is not adequate to ensure usage by the workers during field operation.</p>	
	<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>The following are the main root cause as to why the workers did not wear the safety spectacle in that particular day.</p> <ol style="list-style-type: none"> 1. The weather on that day was cloudy and darkish. This condition has caused a blurry vision to the workers if they use the safety spectacle. A blurry vision is a hazard for the harvesters. 2. With the prevailing rainy season, the likelihood of debris falling is less. Harvesters are well aware of this situation. 3. The intermittent onsite inspection by field staff could have caused a tendency among the harvesters not to wear safety spectacle. <p><u>Corrective Action:</u></p> <p>Management will provide a more suitable safety spectacle to mitigate item (1) in order to optimize the vision of the workers working in the field.</p> <p>The monitoring of the enforcement of the wearing of PPE will be enhanced by implementing the 'In-Field Book Checklist of PPE Monitoring'. This checklist will be use for the inspection of workers PPE in the field where it report immediately any event of the workers fails to wear proper and complete PPE - this will be guided by the implementation of PPE Monitoring Procedure ("<i>Prosedur Penguatkuasaan Pemakaian PPE</i>").</p> <p>A few RSPO field staff will be appointed/ recruited which the job is specifically to monitor the field implementation of the RSPO requirement.</p>	
	<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following:</p> <p>(1) Provision of a more suitable safety spectacle: Anti-fog safety spectacle (model: V20) now provided to the workers. Stock available at estate office.</p> <p>(2) Documented information provided evidence of PPE issued to workers: Records of PPEs issued to workers showing safety helmet, sickle cover, safety shoes, safety glasses, gloves issued to the harvesters. Also similar records for weedicide, fertilisers & other workers.</p> <p>(3) Checklist "In-Field Book Checklist of PPE Monitoring" implemented as a monitoring mechanism: Monitored by SPO Supervisor and status report (with photos) reviewed by Estate Manager.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>	
	NC status verified by auditor: Closed by CBK & OCL	Date closed: 10/03/2017
	<p>Verification (for effectiveness):</p> <p>Verification on effectiveness was done during assessment in 2018. The corrective actions taken were found to be consistently implemented during audit on-site over the last 12 months and considered to be effectively closed.</p>	
NC status verified by auditor: Closed by CBK & AL		Date verified: 19 Jan 2018

NCR	MYNI Indicator	Details of NCR
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Major OCL-01	5.1.1	Date issued: 19/01/2017	
		Nonconformance: The documented Environmental Aspect and Impact Assessment of Syarimo 2, 4 and 5 Estates did not include the aspect and impact of road construction and maintenance.	
		Root Cause and Corrective Action: <u>Root Cause:</u> The said aspect and impact has not yet being considered in the document. The operations of the road are currently mostly managed based on the existing SOP for the roads. <u>Corrective Action:</u> The item for the road construction and maintenance will be included in the Environmental Aspect and Impact Assessment.	
		Verification (Corrective Action): On-site verification carried out confirmed the following: (1) Environmental Aspect and Impact Assessment now include the aspect and impact of road construction and maintenance. (2) Action Plans, Monitoring and Continuous Improvement Programme identified and documented. The corrective action satisfactorily addressed the non-conformance.	
		NC status verified by auditor: Closed by OCL	Date closed: 10/03/2017
		Verification (for effectiveness): Verification on effectiveness was done during assessment in 2018. The corrective actions taken were found to be consistently implemented during audit on-site over the last 12 months and considered to be effectively closed.	
		NC status verified by auditor: Closed by SH & AL Date verified: 19 Jan 2018	

NCR	MYNI Indicator	Details of NCR
Major OCL-02	5.2.2	Date issued: 19/01/2017
		Nonconformance: At Syarimo 4 Estate (Block 98B), (a) It was found that a signage on the buffer zone (near to Syarimo 3 Estate) was incorrectly positioned very near to the stream. (b) Also, at the same location, the "belian" wooden bridge over the stream had a loose plank that is a potential risk to safety. (c) Observed that a number of wooden bridges over the drains to access the palm trees are in need of maintenance.
		Root Cause and Corrective Action: <u>Root Cause:</u> (a) The practicality of the placement of the signboard was not being emphasis prior to the issue raised. (b) & (c) Insufficient amount of monitoring mechanism to highlight the issue. <u>Corrective Action:</u> (a) The guideline/SOP for the buffer zone management will be revised and will include the placement signboard for the buffer zone area. Any of the signboard which is place at a non-suitable point will be remove and placed at a more strategic point. Buffer zone monitoring shall also include the condition of the signboard erected in the area. (b) & (c) Any of the wooden bridge with poor condition will be replaced with a proper bridge to ensure safety of the user. Evidence of the replace/repair shall be provided.



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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following:</p> <p>(a) Revised SOP for buffer zone management stated in para 4(3) that the placement of the signboard shall be done at the edge of the buffer zone area, facing outside, to ensure it is clearly visible to anyone entering the field area. Verified by field visit that the signboard has been moved about 20m away from its original position on 23/01/2017.</p> <p>(b) & (c) Evidence of repaired/replaced wooden bridges: Faulty bridge removed on 02/02/2017. Foot bridges across the drains were repaired. Records of such activities included photos.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1"> <tr> <td>NC status verified by auditor: Closed by CBK & OCL</td> <td>Date closed: 10/03/2017</td> </tr> </table>	NC status verified by auditor: Closed by CBK & OCL	Date closed: 10/03/2017
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NC status verified by auditor: Closed by SH & AL	Date verified: 19 Jan 2018			

NCR	MYNI Indicator	Details of NCR		
Major OCL-03	8.1.1	Date issued: 19/01/2017		
		<p>Nonconformance:</p> <p>The POM has implemented continual improvement activities (e.g. installation of Biogas Plant, a new 2 MW turbine, additional 6 units of housing for mill workers) with documentation and monitoring. However, the action plan for the continual improvement was not established and documented.</p>		
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>An oversight to prepare a comprehensive summary of plan for continuous improvement at the mill.</p> <p><u>Corrective Action:</u></p> <p>The 'Continuous Improvement Plan' document shall be prepared by the Syarimo Mill in accordance to the existing readily available standardize format.</p>		
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed that action taken to document the 'Continuous Improvement Plan' for the POM. Records of the improvements included photos. The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1"> <tr> <td>NC status verified by auditor: Closed by OCL</td> <td>Date closed: 10/03/2017</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 10/03/2017
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NC status verified by auditor: Closed by SH & AL	Date verified: 19 Jan 2018			

NCR	MYNI Indicator	Details of NCR
Major	6.1.3	Date issued: 19/01/2017



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JMD-01	<p>Nonconformance: Social related issues raised during Safety Meetings in Syarimo 2 and Syarimo 5 estates were not listed in the action plan with time frame and responsible person for taking action.</p>	
	<p>Root Cause and Corrective Action: <u>Root Cause:</u> An oversight in the recording system of the meeting minutes. <u>Corrective Action:</u> The social related issue raised during any type of meeting will be immediately captured in the Social Impact Assessment document where the progress and status of the issue will be monitored. For internal control of the raised issue within each operating units, RSPO Clerk and Social Liaison Officer will review all future meeting minutes to ensure no recurrence of the issue. SPO and Safety & Health Officer shall act internal audit from external department to identify any recurrence of the issue.</p>	
	<p>Verification (Corrective Action): On-site verification carried out confirmed the following: (1) Action Plan for social related issues raised during Safety Meetings included in the 'Social Impact Assessment' document. Nine issues from 2016 meetings now included in SIA Management Plan & Continuous Improvement on 24/01/2017. (2) Time frame and responsible person identified for the Action Plan. (3) Razak Sekinsah (Safety & Health Officer) & SPO personnel identified for monitoring all future meeting minutes. The corrective action satisfactorily addressed the non-conformance.</p>	
	NC status verified by auditor: Closed by CBK & OCL	Date closed: 10/03/2017
	<p>Verification (for effectiveness): Verification on effectiveness was done during assessment in 2018. The corrective actions taken were found to be consistently implemented during audit on-site over the last 12 months and considered to be effectively closed.</p>	
	NC status verified by auditor: Closed by JMD & AL	Date verified: 19 Jan 2018

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NCR	MYNI Indicator	Details of NCR
Major JMD-02 Item (1)	6.5.2	<p>Date issued: 19/01/2017</p> <p>Nonconformance: An in depth analysis to understand the causes that lead to inability of the identified group of workers to achieve the minimum wages is not available.</p> <p>Root Cause and Corrective Action: <u>Root Cause:</u> The operating units have yet to develop the in-depth analysis on the issue though all data and information are readily available. <u>Corrective Action:</u> Minimum wage monitoring forms have been implemented in all the operating units to monitor the workers earnings below RM920, offered days, working hours, work task, etc. These forms are filled up and monitored at various stage of operation, i.e. from Mandores to Managers level. Domestic Inquiry (Incomplete Task Form) is also filled up in the event of any worker failing to follow the work instructions given by the management. The data from the above said monitoring forms are translated to the analysis which is done by the Social Liaison Officer and Check Roll Clerk at operating unit level and by the Sustainability Team at the Regional level. The analysis includes identifying the root cause of the problem and the proactive action to be taken by the management. This is done on monthly basis, right after the salary payment of the preceding month. It was identified from the analysis that the root cause of workers unable to achieve RM920 is due to the workers did not turn up to work for complete offered days per month as stipulated in the Sabah Labour Ordinance (i.e. absence from work, going for unpaid leave) and/or not completing 8 working hours per day as stated in the Contract of Service. For this group of workers, counselling have been given at least on monthly basis to remind/encourage/ motivate them to improve their work etiquette so that they can earn more in the subsequent months. IOI practices piece-rate wage system as provided in Sabah Labour Ordinance (SLO), and in case this is not possible the workers are paid by normal daily wage system. By referring to the Minimum Wage Order (MWO) 2012/2016, piece rate is a wage system where the workers who are not paid by daily rate, are being paid based on production, be it by tonnage, assignment, trip, commission etc. The monthly salary paid to the workers must not be lower than the minimum wage. The MWO has the provision for the minimum wages to be paid hourly, daily or monthly. If the employer is not able to provide any piece-rate work, the workers will be paid on daily rate of RM35.38 (starts from July 2016 onwards). This system has been communicated to the workers via a Memo dated 20th June 2016 issued by the Lahad Datu Regional General Manager as part of the efforts towards complying with the Minimum Wage Order 2016. This system does not limit the worker's wages to only RM920 per month (also called as fixed salary). IOI Sabah has set RM1200 as the target salary. The company also provides opportunities for its worker to earn more than the decided minimum wage. At the same time, the employer also can benefit from the productivity of the workers. This shows that the system would be beneficial for both the workers and the employer. The workers are regularly encouraged and motivated to earn the minimum wages, which can be achieved with an average effort. The rate for the piece-rate work is proposed based on the 'time motion study' conducted by the estate managements. The time motion study is a method used to study the performance of the workers by looking into the details of how much work can be completed in one-day 8-hours working time. It also considers the minimum productivity that can be achieved by the worker within the period. Effectively, this also means that even though the capability of the workers differs, all workers would be able to achieve the minimum wages and the workers that put more effort will be able to achieve much higher than the minimum wages. To ensure continuity of the practice and overall conformance to the sustainability requirements, the company has also engaged a total of 9+1 (Mill) SPO Field Supervisors. In addition to that, the Sustainability Team has also been beefed up from 6 to 8 personnel.</p>

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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following: Analysis of workers not receiving minimum pay carried out for Oct to Dec 2016.</p> <p>The analysis identify the root cause of workers not achieving the minimum pay and a system has been implemented to ensure that the monthly salary paid to the workers must not be lower than the minimum wage. Noted that this system does not limit the worker's wages to only RM920 per month (also called as fixed salary). IOI Sabah has set RM1200 as the target salary. Even though the capability of the workers differs, effectively the system is to ensure that all workers achieve the minimum wages and the workers that put more effort will be able to achieve much higher than the minimum wages.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 10/03/2017
		<p>Verification (for effectiveness):</p> <p>Verification on effectiveness was done during assessment in 2018. The corrective actions taken were found to be consistently implemented during audit on-site over the last 12 months and considered to be effectively closed.</p>	
		NC status verified by auditor: Closed by JMD & AL	Date verified: 19 Jan 2018

NCR	MYNI Indicator	Details of NCR	
Major JMD-02 Item (2)	6.5.2	Date issued: 19/01/2017	
		<p>Nonconformance:</p> <p>Permit for Women Working Night Shift ("Permit Wanita Berkerja Malam") issued by Sabah Labour Department (Jabatan Tenaga Kerja Sabah) expired on 1 Oct 2015 but permission was not obtained in lieu of the delay in renewal of the permit from Sabah Labour Department.</p>	
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u></p> <p>Delay on the issuance of the new permit by JTK even though the applicant for renewal was sent on time. An oversight by the management to stop the women working in the night shift in lieu of the new permit issuance and since it is an annual affair to renew the permit.</p> <p><u>Corrective Action:</u></p> <p>The women who work at night shift are immediately transferred to the day shift. In the event of the company is permitted to give women to work at night, the company policy is to comply with the term and condition spelt out in the permit which covers the risk avoidance measure for women working at night shift.</p> <p>In view of the mill will still require to have women working at night shift, especially for the reception of FFB, the company will still have to continue applying for the <i>Permit Wanita Berkerja Malam</i>. Therefore, in the future during the period when the permit has expired or under application process, no female workers will be allowed to work in the night shift.</p> <ol style="list-style-type: none"> 1) Memo issued by Mill management to stop female workers to work at night. 2) Flowchart for application of permit for female workers to work at night. 	
		<p>Verification (Corrective Action):</p> <p>On-site verification carried out confirmed the following: Correction done to transfer the women from night shift to day shift. In accordance with the Flowchart for Application of Permit, female worker will not be allowed to work at night unless a permit has been obtained.</p> <p>The corrective action satisfactorily addressed the non-conformance.</p>	



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		<p>Verification (for effectiveness):</p> <p>Verification on effectiveness was done during assessment in 2018. The corrective actions taken were found to be consistently implemented during audit on-site over the last 12 months and considered to be effectively closed.</p>		
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NCR	MYNI Indicator	Details of NCR
Minor CBK-01	4.1.2	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>The process implemented was not able to adequately ensure that:</p> <ul style="list-style-type: none"> (a) FFB contractor's drivers have the necessary driving licenses. (b) FFB contractor's lorries have the valid road taxes and are insured. (c) the FFB contractor pay their drivers promptly. (d) the FFB contractors provide proper PPEs to their drivers. <p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u> Inadequate monitoring process to observe the compliance status of the contractors working with the company.</p> <p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> (a) Reference to be made from Road Transport Act: There is no explicit requirement under the Act that requires the driver to have driving license while operating on private off-road. (b) There is no explicit requirement that requires vehicle on private off-road to have road tax. On this matter, clarification has been made with the Road Transport Department, Lahad Datu Branch to confirm that lorries on private off-road do not require road tax. <p>As for the insurance, corrective action has been taken to ensure FFB lorries operating in the plantation are all provided with insurance. This shall be monitored closely by all the operating units using the lorries. A list shall be provided to list down all contractors lorries in the field with specific reference to the insurance information.</p> <ul style="list-style-type: none"> (c) For monitoring mechanism, a list has been prepared listing the name of the contractors' workers with reference to the date of salary paid to them. A check on the pay slips made to confirm that the contractors paid their drivers salary on and before the 7th of the following month. Estate management shall issue a warning notice for any deviation. (d) The estate management shall provide the PPE to contractor's driver in the event of the contractor fails to provide. Record of issuance shall be kept by the estate/mill management. Daily PPE Checklist/Workplace Inspection Record shall be prepared to monitor the PPE usage among the drivers.



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		<p>Verification (Corrective Action):</p> <p>On-site verification carried out and the outcome is that the PMU contested items (a) & (b) of the finding:</p> <p>(a) & (b) The PMU submitted the argument with supporting documents that the Road Transport Act does not require driver to have a valid driving license while operating on private off-road and off-road vehicle does not require road tax. These issues shall be referred to ASI and RSPO for interpretation of the requirement.</p> <p>On-site verification carried out confirmed the following:</p> <p>(b) Monitoring implemented included</p> <ul style="list-style-type: none"> - maintaining a List of Contractor Vehicles, - copies of contractor's vehicle registration cards - copies of vehicle insurance policy (Insurance coverage by Lonpac) - particulars of contractors and their drivers - driver's Sijil Pemanduan Berhmat from Pusat Memandu Selasih Ria dated 02/12/2016. <p>(c) Monitoring mechanism implemented for prompt salary payment to drivers by FFB Contractors:</p> <ul style="list-style-type: none"> - Salary Payment To Contractor Driver shows amount paid based on pay vouchers - Noted to be over RM920 per month since Dec 2016. <p>(d) Implementation of "Daily PPE Checklist/Workplace Inspection Record" for monitoring PPE usage by contractor/drivers:</p> <ul style="list-style-type: none"> - Daily Checklist for PPE implement since Jan 2017. - Records showed checks during muster by Supervisor and verified by Manager and also random checks at the field by SPO Supervisor. <p>The corrective action satisfactorily addressed the non-conformance <u>except</u> for the issues of driver license and road tax for private off-road vehicles stated in (a) and (b).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by CBK & OCL</td> <td style="width: 30%;">Date closed: 10/03/2017</td> </tr> </table> <p>Verification (for effectiveness):</p> <p>Verification on effectiveness was done during assessment in 2018. The corrective actions taken were found to be consistently implemented during audit on-site over the last 12 months and considered to be effectively closed.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by CBK & AL</td> <td style="width: 30%;">Date verified: 19 Jan 2018</td> </tr> </table>	NC status verified by auditor: Closed by CBK & OCL	Date closed: 10/03/2017	NC status verified by auditor: Closed by CBK & AL	Date verified: 19 Jan 2018
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NCR	MYNI Indicator	Details of NCR
Minor OCL-01	5.2.3	Date issued: 19/01/2017
		<p>Nonconformance:</p> <p>The Syarimo 4 Estate Map indicated a wildlife sanctuary right next to the northern border of this estate. However, the actual situation is that wildlife sanctuary is further up to the north and is separated from the Syarimo 4 Estate northern border.</p>
		<p>Root Cause and Corrective Action:</p> <p><u>Root Cause:</u> Error made on the GIS Department side and the estate management has not request for amendment sooner.</p> <p><u>Corrective Action:</u> Official amendment request on the map to the GIS Department has been made and now in progress to be corrected.</p>

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		<p>Verification (Corrective Action): On-site verification carried out confirmed the availability of the correct Syarimo 4 Estate Map. The corrective action satisfactorily addressed the non-conformance.</p>		
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NCR	MYNI Indicator	Details of NCR		
Minor OCL-02	5.3.3	Date issued: 19/01/2017		
		<p>Nonconformance: It was found that there were some plastic bottles at the bank of the stream near the bridge at Block 98H of Syarimo 5 Estate. The plastic bottles were washed up onto banks during the recent heavy rainfall.</p>		
		<p>Root Cause and Corrective Action: <u>Root Cause:</u> Recent flash flood had wash out all the rubbish from the neighbouring higher ground estates. Lack of monitoring at the bridge area to address the issue. <u>Corrective Action:</u> All patrolling record shall include the condition at the bridge - whether it is in good condition, is there rubbish underneath it, etc.). Estate management shall take a prompt action to start addressing the issue at least in weekly basis.</p>		
		<p>Verification (Corrective Action): On-site verification carried out confirmed the following: (1) The removal of the plastic bottles at the bank of the stream near the bridge. (2) Patrolling record included checking by SPO Supervisor on the condition of bridges and the cleanliness of the surrounding areas. The corrective action satisfactorily addressed the non-conformance.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 40%;">Date closed: 10/03/2017</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 10/03/2017
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3.2.2 Year 2017: 4 Observations

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Follow up remarks (if any)
OBS # OCL-01	5.2.2	Syarimo 2 and 4 Estates	The weekly patrol logbook of the Syarimo 2, 4 and 5 contained photos as evidence of the monitoring of the buffer zone and reporting of any sighting of wildlife. However, the photos in the patrol logbooks of Syarimo 2 and 4 Estates did not	19 Jan 2017	19 Jan 2018	Adequate actions taken



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			include a caption to describe the respective photo.			
OBS # OCL-02	5.3.2	POM	The Schedule 2 form completed by the Mill Manager at quarterly interval listed the types and quantities of Scheduled Waste stored for disposal. However, two of these forms signed by the Mill Manager did not indicate the date. The last Schedule 2 form was dated 25/5/2015.	19 Jan 2017	19 Jan 2018	Adequate actions taken
OBS: JMD-01	6.2.3	Syarimo 4 and 5 Estates	However, it was found that the smallholder estate (viz; Lamag Estate) neighbouring to the PMU estates, who attended the external stakeholders' consultation conducted in Dec 2016 was not added into the stakeholders list.	19 Jan 2017	19 Jan 2018	Adequate actions taken
OBS: JMD-02	6.3.1	Syarimo 2, 4 and 5 Estates	Time frame for social action plan developed based on reports made in the Grievance Book did not indicate the dates of the reports.	19 Jan 2017	19 Jan 2018	Adequate actions taken

3.2.3 Year 2018: 5 NCs (3 Major, 2 Minor)

NCR	MYNI Indicator	Details of NCR
Minor CBK-01	4.2.4	Date issued: 19 Jan 2018
		Nonconformance: At Syarimo 9 Estate, it was noted that Empty Fruit Bunches delivered to field block 2N had not been levelled for a period of time as vegetation were seen growing out of these heaps of EFB.
		Root Cause and Corrective Action(s): Root cause: The EFB is not mulched/ levelled due to the shortage of the workers. To address the issue, management is planning to send backhoe machine to level the heaps of EFB. However, due to multiple breakdowns, unskilled operator (for EFB levelling work) and other work commitment of the vehicle, the levelling of the EFB programme we found being delayed. Corrective Action: The identified spot of EFB heaping have been leveled immediately. FFB Checker have been appointed to monitor the placement of the EFB on daily basis. A work programme of the backhoe has been developed to ensure the EFB dumped in the field is leveled. Base on the checkers report and the backhoe's work programme, further action to arrange the necessary work will be carried out by the management to level the identified EFB heaps once detected.
		Verification on Corrective Action(s): by Lead Auditor / Auditor



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		<p><u>MAJOR NC:</u> On-Site / Off-site Verification on dates: N.A Corrective actions taken: N.A Supportive evidences: N.A Conclusion: N.A <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): N.A</p>	
		<p><u>Minor NC:</u> On-site Off-site Verification on date: 26 Feb 2018 Corrective Actions taken: As stated above Supportive evidences: As received are: 1) Training given to all backhoe on application of EFB 2) Copy of checker's Employee Identification Cum Input Document with their job class. 3) Work programme of backhoe which synchronize with the field block which the EFB is applied. 4) Map of programme and actual application of EFB Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached photographs at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
		NC status verified by auditor: Closed by CBK & AL	Date closed: 26 Feb 2018
		Verification of effectiveness: Next Assessment	
		NC status verified by auditor: -	Date verified: -

NCR	MYNI Indicator	Details of NCR
Major SH-01	4.4.2	Date issued: 19 Jan 2018
		Nonconformance:
		At Syarimo 3 estate, during field inspection made to Blok 95K, it was observed that the extent of the buffer zone at the small streams were not clearly demarcated or maintained. Some of the buffer markings were found to have faded. Also, there seemed to be two colouring system used to mark the buffer area i.e. Red colour alone and the red/white markings.
		Root Cause and Corrective Action(s):



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	<p>Root cause: The management are currently in progress of re-marking all the palm in the riparian reserve. As there is only a small number of designated workers to cover such a big area of riparian reserve in the estate, it took some time for the them to complete all the re-marking work.</p> <p>The guideline/SOP for the maintenance of the buffer zone clarifies that the marking of the buffer zone should be in red ring markings at the palm. The estate come out with their own initiative to add the white marking so as to further contrast the red marking color. Though the workers are clearly being aware on purpose of the marking, the management however is unaware of the risk having different clouring system may cause confusion for 3rd parties, or potentially if they have new recruits.</p> <p>Corrective Action: The identified riparian reserve area is marked immediately with red marking. For the existing red-white marking on palms, the white paint will be left to be faded over time. Red zone (zon merah) system is implemented to further enforce the purpose of buffer zone.</p>		
	Verification on Corrective Action(s): by Lead Auditor / Auditor		
	<p>MAJOR NC: On-site / Off-site Verification on date: 26 Feb 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Pictorial evidence of marked riparian reserve (Blok 95K). 2) Record of programme and work done in re-marking the riparian reserve. 3) List of names of workers for the work involved. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>		
	<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
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NCR	MYNI Indicator	Details of NCR
Minor	5.1.2	Date issued: 19 Jan 2018
		Nonconformance:



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SH-02	<p>1. In most estates visited (e.g. at Syarimo 1, Syarimo 7 and Syarimo 9), there are several ponds identified and their existence is to serve several purposes of domestic use e.g. drinking water.</p> <p>Some of the ponds was observed to have accumulated some unwanted vegetation etc. This is also happening at the ponds near the guest house.</p> <p>The management and action plan implemented was found not to be sufficiently comprehensive for the intended purpose of their existence.</p> <p>The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately documented or followed up by the Estate personnel.</p> <p>2. At Syarimo 9 estate, there exist a seasonal waterfall. The existence of this waterfall was however not taken into consideration and reported Environmental Management Plan and review, although certain measures to manage the area was undertaken. It was also not indicated in the estate map.</p> <hr/> <p>Root Cause and Corrective Action(s):</p> <p>Root cause: Lack of awareness of the management on maintaining the cleanliness of the water pond.</p> <p>Due to the seasonal nature of the waterfall, the management had little to none specific management plan for that area. However, the actual implementation on ground had been carried out which is by providing buffer zone to that area.</p> <p>Corrective Action: The water ponds will be clean up immediately. A more detail and comprehensive management of the water pond will be included in the Internal High Conservation Value document and Internal Environment Impact Assessment document. A schedule of cleaning is developed for cleaning to ensure that the water pond is clean and free from unwanted vegetation. This issue will be included in the SPO supervisor report as well.</p> <p>Prohibition signboard will be erected near the waterfall. A documented management plan on it will be included in the internal EIA. The location of the waterfall will be indicated in the field map. Training will be given to the workers on the waterfall once a year while briefing will be conducted once quarterly during muster call. SPO supervisor will patrol to the waterfall as part of monitoring process.</p> <hr/> <p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p><u>MAJOR NC: N.A</u></p> <p>On-Site / Off-site Verification on dates: N.A Corrective actions taken: N.A Supportive evidences: N.A Conclusion: N.A</p> <p>[] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <p>[] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure.</p> <p>Subject to further follow-up verification on (dates): N.A</p>
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	<p>Minor NC: On-site Off-site Verification on date: 26 Feb 2018 Corrective Actions taken: As stated above Supportive evidences: As received are:</p> <ol style="list-style-type: none"> 1) Pictorial evidence of water pond. 2) Revised of EIA document regarding on the management of water ponds. 3) Schedule of the cleaning of the ponds 4) Addition checklist in the of SPO supervisor report on the cleanliness of the water pond 5) Pictorial evidence of the erected signboard at the waterfall. 6) Training record and briefing record. 7) Letter to GIS Department to indicate in the field map with location of waterfall. 8) Record of SPO supervisor patrolling record. 9) Review of EIA document with addition of waterfall management <p>Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
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Verification of effectiveness: Next Assessment							
NC status verified by auditor: -	Date verified: -						

NCR	MYNI Indicator	Details of NCR
Major JMD-01	6.5.2	Date issued: 19 Jan 2018
		Nonconformance:
		<ol style="list-style-type: none"> 1. In Syarimo 7 estate, there were cases of absconded workers which were not reported to the Police Department in timely manner, i.e. the estate management only lodge the report once a year. 2. In Syarimo 9 estate, one worker was found to have two different names. The name shown in the insurance cover is not the same as the name shown in the passport.
		Root Cause and Corrective Action(s):
		Root cause: <ol style="list-style-type: none"> 1. In Syarimo 7, the reason of long lapses in the estate's police report for the absconded workers (which was supposed to be at 3 monthly basis) was due to a few changes in the management personnel in the estate. The current management was only able to lodge the police report a year after the previous one, which had include all the absconded worker cases in one year time. 2. The management had overlooked to ensure the name list in the insurance cover and the official name of the worker in the passport are matched. <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. Plantation Controller office (PC office) have issued out the memo or circular for Syarimo Grouping referring to the memo from Human Resources Department (HRD) to lodge the police report for every three months. A specific section at the estate office's notice board will be provided to indicate the last police report on the abscondment cases to ensure it will be not more than 90 days. 2. To provide the confirmation letter from the MSIG regarding of changes of name of workers in the insurance list which match the name in the passport.
		Verification on Corrective Action(s): by Lead Auditor / Auditor



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	<p><u>MAJOR NC:</u> On-site / Off-site Verification on date: 26 Feb 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Memo/circular from Plantation Controller Office for Syarimo Grouping's operating units dated on 22/01/2018 2) Confirmation letter from MSIG dated on 19/01/2018 3) Pictures of the last 'police report for abscondment' section at the estate notice board. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>		
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NCR	MYNI Indicator	Details of NCR
Major JMD-02	6.9.2	Date issued: 19 Jan 2018
		Nonconformance:
		In Syarimo 9 estate, one female general worker was found to have hidden her pregnancy from the management for at least 6 months. Absence of clear guidelines on how to handle workers pregnancy caused some workers to choose this option, especially if the worker require extra income in preparation to receive the new member in the family.
		Root Cause and Corrective Action(s):



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		<p>Root cause: Memo from Dr. Rajah Krishnanathan, Visiting Medical Officer (VMO) dated on 13th March 2015 stated that all pregnancy workers must send back to hometown as soon as pregnancy is discovered. This memo was distributed to all operating units in the region. The estate's clinic had to adhere to this memo without exception. However, at the moment there is no clear guideline for the operating unit on the implementation of the said memo, which had caused some of workers were assuming that they have to resign once the pregnancy is detected.</p> <p>Corrective Action: Clear guideline on the pregnancy workers is released containing the following:</p> <ul style="list-style-type: none"> (a) Pregnancy test for general workers (b) Once the workers are detected to be pregnant, they will be terminated to do heavy work in field including work that exposed to the chemicals. (c) Another alternative work for pregnancy workers (d) Workers husband will not be effected/terminated due to the pregnancy <p>The guideline will be distributed to all operating unit for IOI Syarimo Grouping for implementation. Training will be provided to the estate management, including the EHA on the new established guideline. The SPO Supervisor in the operating units will monitor the continuous implementation of the guideline with the guidance from the regional sustainability team.</p>						
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>MAJOR NC: On-site / Off-site Verification on date: 26 Feb 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1) Memo from Dr. Rajah dated on 12th March 2015 2) Draft of Guideline for the pregnancy workers from IOI 3) Draft of Procedural Guidance for new and expectant pregnant foreign worker in Plantation from VMO- Dr. Fikri</p> <p>Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>						
		<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by JMD & AL</td> <td style="width: 30%;">Date closed: 3 Mar 2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next Assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	NC status verified by auditor: Closed by JMD & AL	Date closed: 3 Mar 2018	Verification of effectiveness: Next Assessment		NC status verified by auditor: -	Date verified: -
NC status verified by auditor: Closed by JMD & AL	Date closed: 3 Mar 2018							
Verification of effectiveness: Next Assessment								
NC status verified by auditor: -	Date verified: -							

3.2.4 Year 2018: 1 Observation

Ref No:	Location	Details of Observation	Status
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	MYNI Indicator			Opened date	Closed date	Remarks (if any)
OBS: SH-01	5.2.1	Estates audited	At Syarimo 1, 7 and 9 estates, the landfill location was not adequately indicated on the maps for monitoring.	19 Jan 2018	Next Assessment	-

3.2.5 Identified Positive Elements

- 1) Planned construction and installation of Biogas Plant for the reduction of GHG.
- 2) The PMU has contributed towards the education of children of estate migrant workers. IOI Corporation has provided has education assistance for more than 2000 children under the HUMANA programme.
- 3) The PMU has contributed towards the local economy and provided proper infrastructure such as more access roads, better housing, sports and recreational facilities.
- 4) Employment opportunities for the local community and other youths in the State of Sabah
- 5) Improved rapport with the local authorities such as the Sabah Forestry Dept. and Sabah Wildlife Protection Dept.

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

3.3.1 Feedback Raised by Stakeholders (Year 2017)

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

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 18 Jan 2017. A total of 10 stakeholders (2 government agencies, 2 transporters, 1 local communities, 1 Humana, 2 contractors and 2 suppliers) were present at the			



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<p>consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. HUMANA students should be fetched to and from the school on time. 2. Organize introductory tour for relevant and interested stakeholders to some interesting locations within IOI Syarimo group, e.g. boundaries, streams, rivers, irrigation, line site, etc. This tour should include Municipal Council, JPAS/JAS, DID, Perhilitan, AASK, police, etc. 3. Prioritize local communities in any vacancy available in the PMU. 4. Better rapport between local communities and the PMU. 5. Reconsider not to increase toll fee for villagers transporting their fruits from their fields to the mill outside IOI Syarimo group. 6. Keep the main gate open for villagers who are transporting their FFB to the mill outside IOI Syarimo group. 7. Flash floods can be managed if the palm fronds can be prevented from entering the drain. 	<p>The PMU will consider the concerns and suggestions from the stakeholders briefed by the auditors during the closing meeting.</p>	<p>To be followed up during the next Assessment.</p>	<p>Verified that appropriate actions were taken during the audit in 2018.</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 16 to 19 Jan 2017 at the PMU:</p> <p>Staff/Workers sampling: POM = 18 males, 11 females Estate Offices = 25 males, 22 females Field/sites visit = 34 males, 41 females</p> <p>No issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>



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Other Interested parties: No feedback received.	No response needed.	No response needed.	Nil
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3.3.2 Feedback Raised by Stakeholders (Year 2018)

Communication done via email on 13 Dec 2017 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p>Government Agencies: Feedback received: Sabah Forestry Dept. (SFD). via faxed letter on 20 Jan 2018. Recommendations made on: a) Environmental Protection b) Biodiversity Conservation c) Community development Conclusion: SFD supports the Syarimo PMU to be re-certified under the RSPO Scheme.</p> <p>Malaysian Palm Oil Board (MPOB) via email on 24 Dec 2017. Statement: There are no outstanding enforcement actions to be taken against PMU Syarimo grouping – Unit Pengurusan Ladang Syarimo.</p>	<p>As in previous years, recommendations made are considered for continual improvement. Ongoing consultations with SFD will be maintained.</p> <p>Ongoing consultations with MPOB will be maintained.</p>	<p>Verified during on-site assessment that most of the SFD recommendations were implemented under the findings made under RSPO Principles 1, 2, 3, 4, 5 and 6.</p> <p>Verified that there were no outstanding issues under the MPOB license.</p>	<p>Monitoring to continue during next surveillance</p>
<p>Non-Governmental Organizations: No feedback received for Syarimo PMU.</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: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 18 Jan 2018. A total of 12 stakeholders: 3 governmental representatives, 2 transporters, 1 local communities, 2 Humana, 2 contractors and 2 suppliers were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations include:</p>			

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<p>Sabah Wildlife Officials would like to hold more presentations for better understanding of Orang Utan behaviour and Elephant re-location programs.</p> <p>HUMANA school facilities to be further improved e.g. better tables & chairs, toilets and teacher accommodations.</p> <p>CLC to be given separate building facility and additional classrooms rather than just sharing with HUMANA.</p> <p>More introductory tour for Teachers and students and interested stakeholders to some interesting locations within IOI Syarimo group, e.g. boundaries, streams, rivers, irrigation, line sites etc. on the conservation efforts made.</p> <p>More gatherings to foster better rapport between local communities and the PMU.</p> <p>Assistance needed during flash floods and estate road access.</p>	<p>The PMU has taken some actions as earlier suggested.</p> <p>Further consideration on the concerns and suggestions from the stakeholders as briefed by the auditors during the closing meeting.</p>	<p>To be followed up during the next Assessment.</p>	<p>Monitoring to continue during next surveillance</p>
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 15 to 19 Jan 2018 at the PMU:</p> <p>Staff/Workers sampling: POM - 18 males, 11 females Estate Offices = 25 males, 22 females Field/sites visit = 34 males, 41 females</p> <p>All complaints & issues has been allowed, properly recorded and attended to by the Mill & Estate management.</p> <p>No further new issues raised by the sampled staff and workers.</p>	<p>Ongoing consultations via ECC, Safety & Health, Gender committee meetings etc. will be maintained.</p>	<p>Findings were reported during the current audit. No further response needed.</p>	<p>Monitoring to continue during next surveillance.</p>
<p>Other Interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>



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4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

Based on the findings above, IOI Syarimo Grouping had been able to demonstrate its continued compliance with the RSPO Principles and Criteria (Apr 2013), Malaysian National Interpretation (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

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

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Augustine Loh
Lead Assessor
Date: 12 Mar 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings

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

Signed for and on behalf of
IOI Corporation Berhad

Mr. Peter Wong
Plantation Controller (Syarimo PMU)
Date: 13 Mar 2018



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

Certificate No:	RSPO 928388
Original Certification Issue date: (1 st cycle)	20 Mar 2013
New Certification expiry date: (2 nd cycle)	19 Mar 2023
New PalmTrace License issue date:	20 Mar 2018
New PalmTrace License expiry date:	19 Mar 2019
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
Parent Company RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Syarimo Sdn Bhd (Syarimo POM & Estates in Grouping)
Address of POM:	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model for POM	Identity Preserved (IP)

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

Name	Address	GPS Reference		Certified (Titled) Area (ha)
		Latitude	Longitude	
Syarimo Sdn Bhd - Syarimo Palm Oil Mill (Capacity: 90 MT/hour)	MDLD 5123, KM 3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	05°20.001'N	117°46.875'E	18,417.26
Syarimo 1 estate	Sg. Pin, Kinabatangan, Sabah	05°19.742'N	117°49.510'E	
Syarimo 2 estate	Sg. Pin, Kinabatangan, Sabah	05°19.642'N	117°47.077'E	
Syarimo 3 estate	Sg. Pin, Kinabatangan, Sabah	05°19.769'N	117°46.561'E	
Syarimo 4 estate	Sg. Pin, Kinabatangan, Sabah	05°23.041'N	117°45.877'E	
Syarimo 5 estate	Sg. Pin, Kinabatangan, Sabah	05°21.065'N	117°42.938'E	
Syarimo 6 estate	Sg. Pin, Kinabatangan, Sabah	05°18.919'N	117°45.707'E	
Syarimo 7 estate	Sg. Latangan, Kinabatangan, Sabah	05°17.792'N	117°42.124'E	
Syarimo 8 estate	Sg. Latangan, Kinabatangan, Sabah	05°19.235'N	117°41.489'E	
Syarimo 9 estate	Sg. Latangan, Kinabatangan, Sabah	05°15.714'N	117°42.546'E	

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

Syarimo POM	Annual Tonnages (MT)
Certified FFB	455,260
Certified CPO	97,881
Certified PK	22,763
Supply chain module	Identity Preserved (IP)

Appendix A:**Qualifications of Lead Assessor and Assessment Team****Mr. Augustine Loh (AL) – Lead Assessor / Technical Expert**

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

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

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

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

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

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

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

Mr. Jumat Majid has over 15 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 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 successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is a member of the RSPO Assessment team which audited several RSPO certified Plantation Management Units since 2010. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

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

(Good Agriculture Practice, Integrated Pest Management and Social)
– BSc in Food Technology, University of Reading, UK

Mr. Chin Bit Kee has more than 20 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He has successfully completed training in the RSPO P&C, MYNI Lead Assessor course. He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014. He is also an Auditor in the Malaysian Sustainable Palm Oil (MSPO) certification.

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Appendix B:

Assessment Plan (Actual)

Date	Time (Note 3)	Assessors and Assessment Activity			
		Assessment Team			
15 Jan 2018 (Day 1)	7.00 am – 1.00 pm	Travel to Syarimo Desa POM			
	1.00 pm - 2.00 pm	Lunch Break			
	2.00 pm – 2.30 pm	Opening Meeting and Briefing at 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			
		AL	CBK	SH	JMD
		Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement • SCC for POM 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Mill <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at 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"> • 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			
		AL	CBK	SH	JMD
16 Jan 2018 (Day 2)	8.30 am – 12.30pm	Site assessment at Syarimo 9 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Syarimo 9 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Syarimo 9 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Syarimo 9 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
		Lunch Break			
	1.30 pm - 5.00 pm	Continue site assessment at Syarimo 9 Estate			
	5.00 pm – 6.00 pm	Travel to Hotel & Break			
	6.00 pm – 7.00 pm	Team Meeting and Discussion			

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Date	Time	Assessors and Assessment Activity			
17 Jan 2018 (Day 3)	8.30 am – 12.30pm	AL	CBK	SH	JMD
		Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Syarimo 7 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 - 5.00 pm	Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • P8 Continual Improvement 	Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Estate • P7 New Plantings • P8 Continual Improvement 	Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Syarimo 7 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement
	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			
18 Jan 2018 (Day 4)	8.30 am – 12.30pm	AL	CBK	SH	JMD
		Site assessment at Syarimo 3 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Site assessment at Syarimo 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Syarimo 3 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Syarimo 3 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 - 5.00 pm	Site assessment at Syarimo 1 Estate <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Site assessment at Syarimo 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P4 Best Practices at Mill • P8 Continual Improvement 	Site assessment at Syarimo 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P5 Environmental, Conservation & HCV • P8 Continual Improvement 	Site assessment at Syarimo 1 Estate <ul style="list-style-type: none"> • P2 Laws & regulations • P6 Employees, Individuals & Communities incl. Gender Issues • P8 Continual Improvement 	

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	5.00 pm – 6.00 pm	Travel to Hotel & Break
	6.00 pm – 7.00 pm	Team Meeting and Discussion

Date	Time	Assessors and Assessment Activity						
		AL	CBK	SH	JMD			
19 Jan 2018 (Day 5)	8.30 – 10.30 am	Site assessment at Mill <ul style="list-style-type: none"> • P1 Transparency • P2 Laws & regulations • P3 Economic & Financial Viability • SCC for POM 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community Notes 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 prior to the assessment. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement					
	10.30 – 11.00 am							
	11.00 – 12.30 pm					Site assessment at POM or estates to follow up on any specific criteria/areas		
	12.30 – 1.30 pm					Lunch Break		
	1.30 – 3.00 pm					Team Meeting and Discussions with POM Management Representative		
	3.00 – 4.00 pm					Closing Meeting & Briefing at Palm Oil Mill Office		
	4.00 pm onwards					Travel to Hotel		

Date	Time	Assessors and Assessment Activity			
20 Jan 2018	8.30 am – onwards	AL	CBK	SH	JMD
		Travel and flight back to Kuala Lumpur			

Appendix to Audit Plan: Assessment Team Competency Matrix

P&C	Areas	Assessors (A) / Technical Experts (TE)			
		AL (LA/TE)	CBK (A/TE)	SH (A/TE)	JMD (A/TE)
1.	Transparency	√			
2.	Laws & Regulations	√	√	√	√
3.	Economic & Financial Viability	√			
4.	Best Practices at Estates & Mill	√	√	√	√
5.	Environmental, Conservation & HCV	√		√	
6.	Social - Employees, Individuals & Communities incl. Gender issues	√			√
7.	New Plantings	√	√		
8.	Continual Improvement	√	√	√	√
	Supply Chain Certification (SCC) for POM	√			

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Appendix C-1:

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



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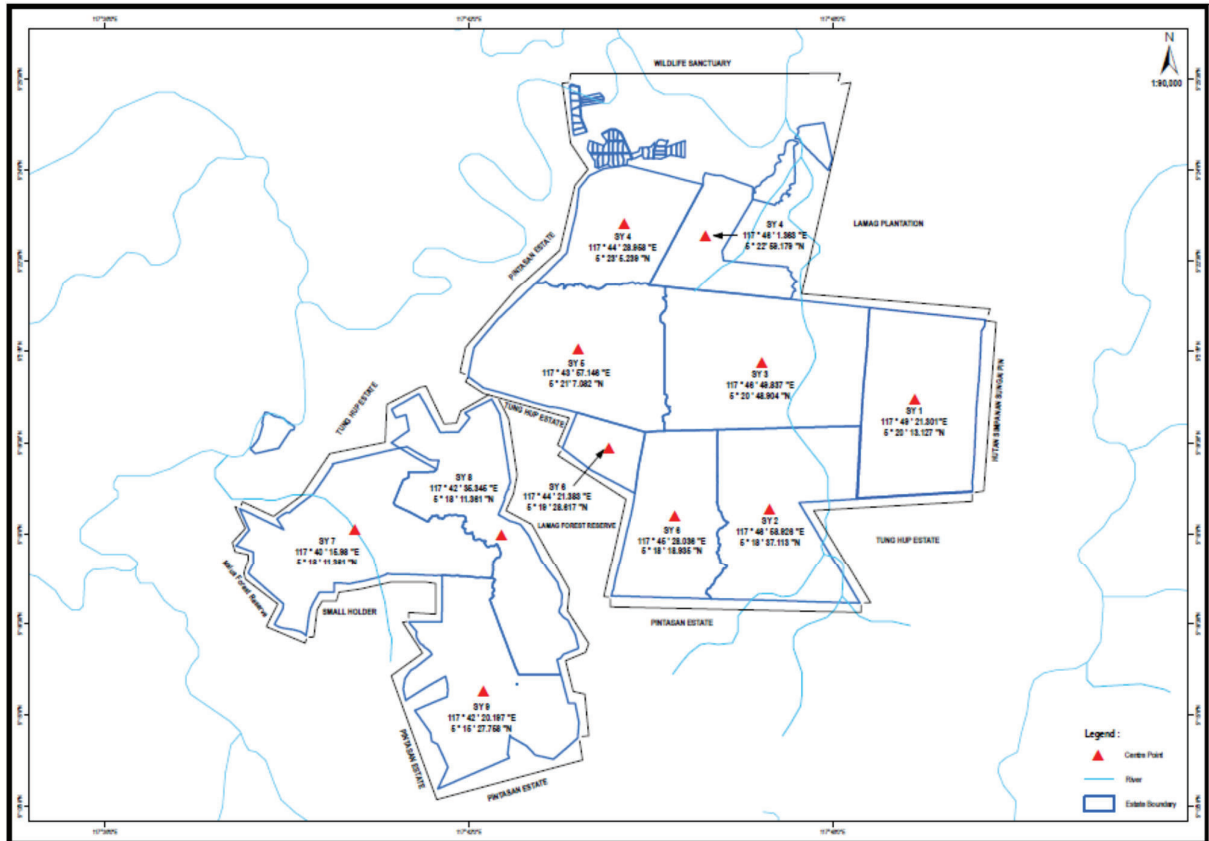
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Appendix C-2:

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

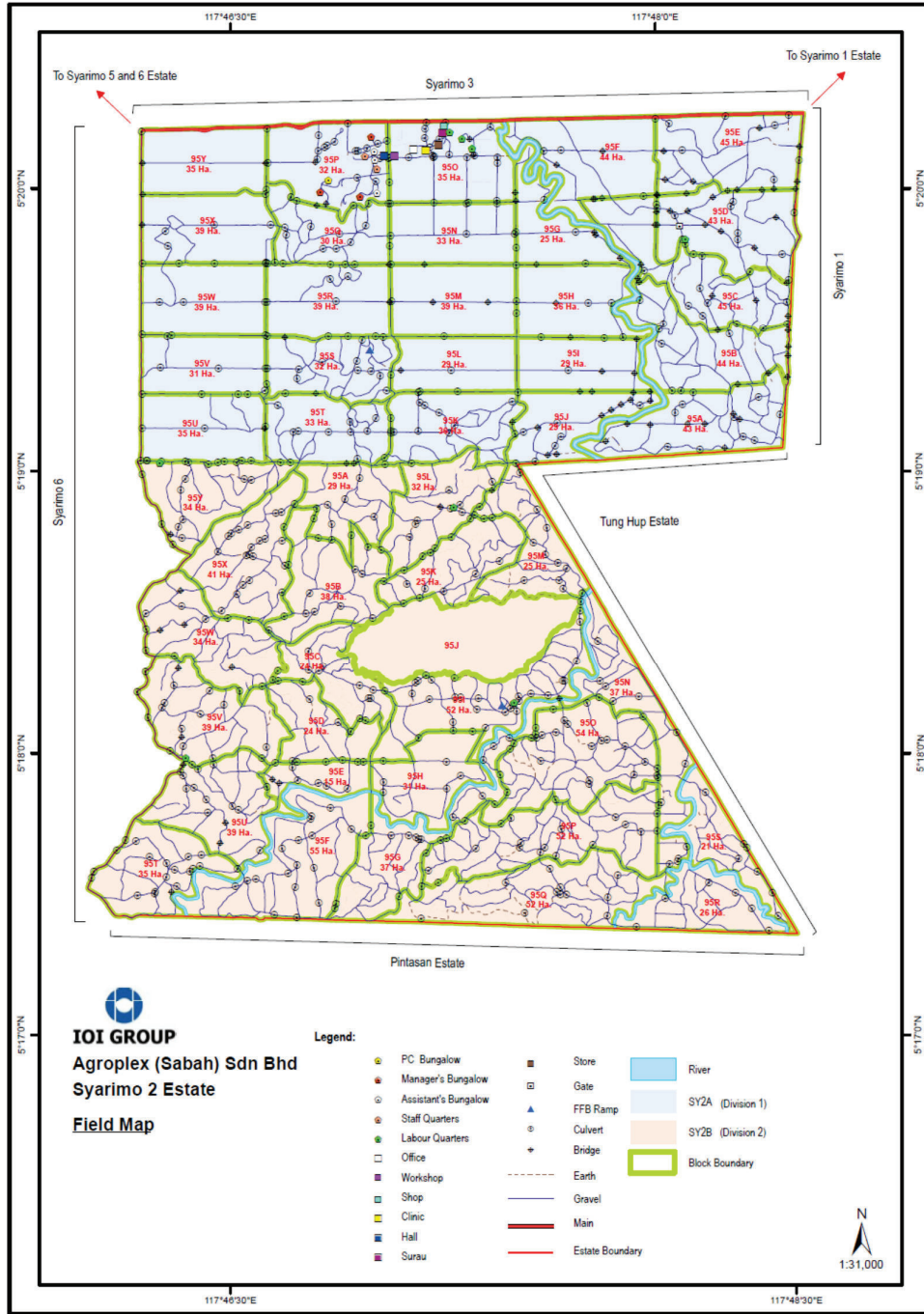


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Appendix C-2-1: Map of Syarimo 2 Estate

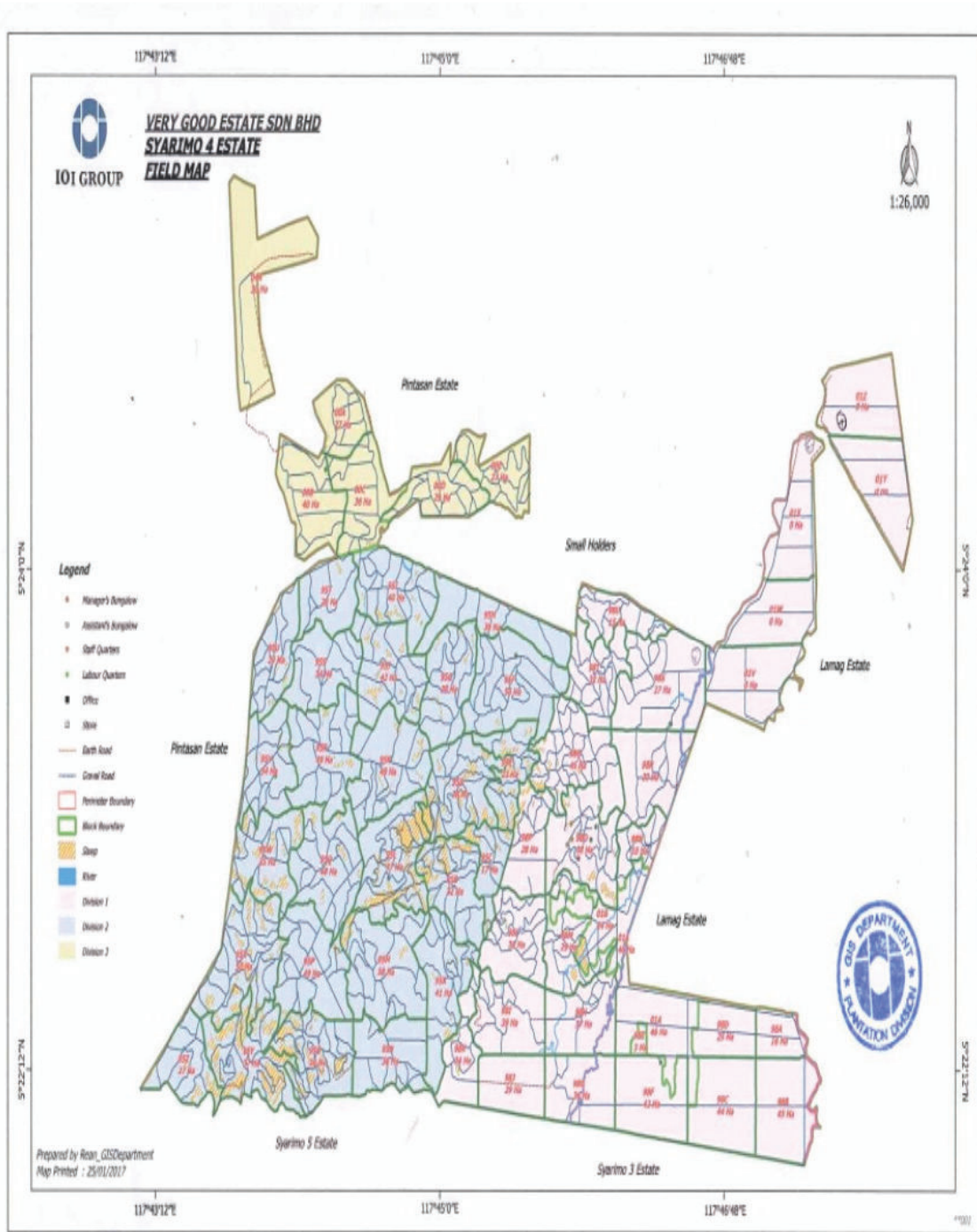


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Appendix C-2-2: Map of Syarimo 4 Estate



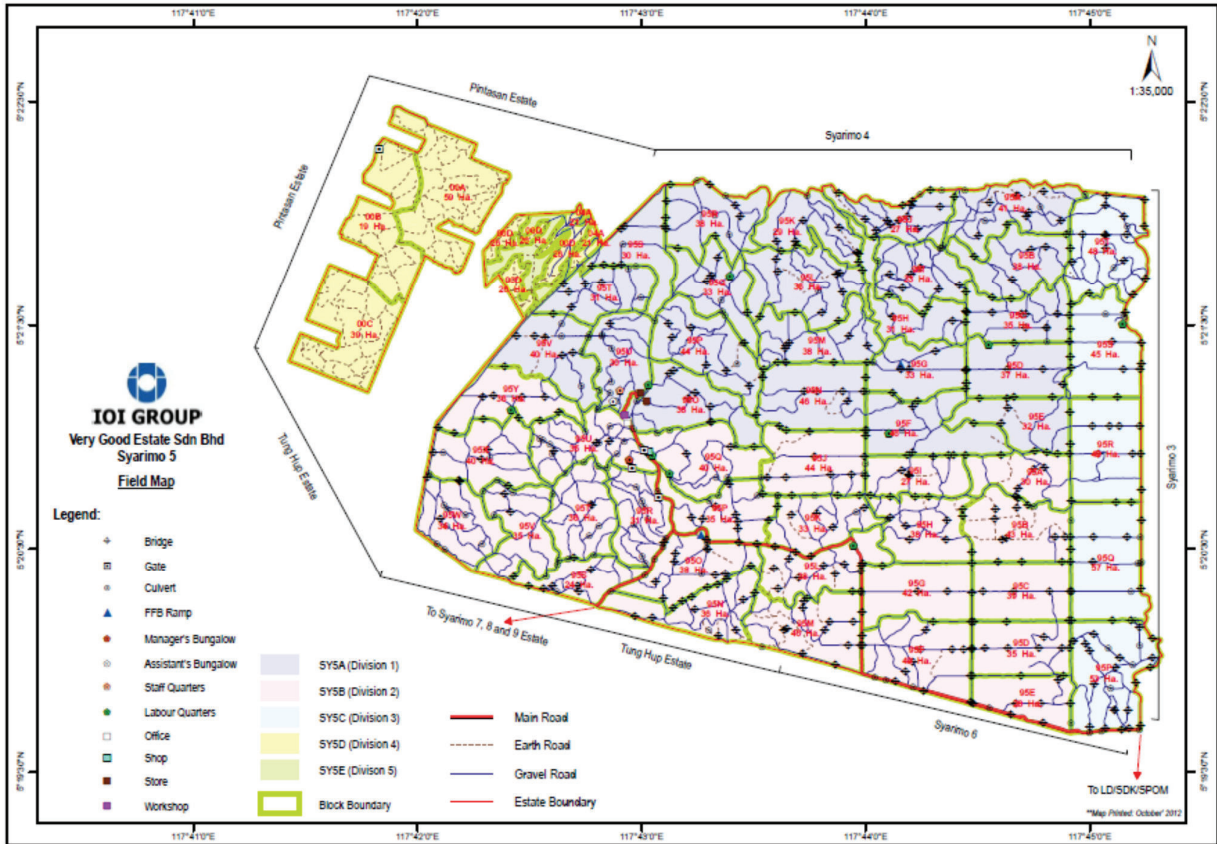
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Appendix C-2-3: Map of Syarimo 5 Estate



Appendix D:

Photographs of Assessment findings at Syarimo PMU - 2018



New Transport trailer for Field workers at Syarimo Estates.



New Water Treatment plant installed near linesites at Syarimo estates.



Stakeholders consultation and presentation by Sabah Wildlife Dept. officials at Syarimo POM



Presentation by Sabah Wildlife Dept. for the successful rescue and re-location of an Orang Utan found wandering into Syarimo estate.



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Appendix E:

Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (20 Jan 2018)

No	PMU	Main Assessment	Certification Status	Current Status	Updated Information for Multiple Management Units as per RSPO Certification Systems for Principles & Criteria (approved on 14 th June 2017) - revised clause 4.5.3 & 4.5.4 for Certified and Uncertified Units.
1.	Pamol (Sabah) POM, Sabah	May 2008	Re-Certified in Dec 2016	ASA-01 cum extension completed in Sept 2017	Sugut estate (uncertified) has been included for audit into the Pamol (Sabah) grouping. The estate is now certified under the PMU. No outstanding issues
2.	Sakilan POM	Nov 2008	Re-Certified in Mar 2015	ASA-02 completed in Dec 2016	No outstanding issues
3.	Pamol Kluang POM	Mar 2009	Re-Certified in 2015	ASA-02 is completed in Dec 2016	No outstanding issues
4.	Gomali POM	Aug 2009	Re-Certified in Aug 2015	ASA-02 completed for Jun 2017	No outstanding issues
5.	Baturong POM	Sept 2009	Re-Certified in Oct 2015	ASA-02 completed in Jul 2017	No outstanding issues
6.	Bukit Leelau POM	Apr 2010	Re-Certified in Nov 2015	ASA-01 completed in Sept 2016	No outstanding issues
7.	Mayvin POM	Aug 2010	Re-Certified in Dec 2015	ASA-02 completed in Oct 2017	No outstanding issues
8.	Pukin POM, Johor	Dec 2010	Certified in June 2012	ASA -01 completed in Mar 2017	No outstanding issues
9.	Leepang (Sabah) POM	Aug 2012	Certified in Dec 2013	ASA-04 completed in Oct 2017	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	Re-Cert audit done in Jan 2018	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	Re-Cert planned in Jan 2018	Transferred to new CB (BSI) in Jan 2018. Certification in progress
12.	Morisem POM, Sabah	Sept 2013	Certified in Dec 2013	ASA-04 completed in Sept 2017	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.	Settlement Discussion with local community is presently still ongoing. On 26 th May 2017, the complaints Panel's response to IOI and Grassroots joint letter was published; stating their response on the three main issues raised – "Mediation" process, Capacity Building Proposal submitted by Grassroots and Community Support.



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14.	Unico POM-1, Sabah	Planned - 2018	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base do consists of External / Independent smallholders.	Certification preparations in progress.
15.	Unico Desa POM-2, Sabah	Audited in Dec 2017	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base comprised of own estates.	Certification in progress.
16.	PT SKS, Indonesia	Planned - 2017	Uncertified Unit	Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) application in progress	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 has lifted the Suspension effective 8th August 2016.</p> <p>Latest posted update was on 20th June 2017</p> <p>Landscape approach been initiated with our stakeholder, regency and local government and Aidenvironment on 27-28 July 2017), as a part of recommendation by RSPO verification team. Training for following areas has been done to estate and SNA top management.</p> <ul style="list-style-type: none"> (a) Sustainable Peatland Management including peat measurements, monitoring and protection. (b) Management of HCV areas and buffer zones (c) Water management (d) Fauna and flora monitoring (e) Fire Prevention and Control <p>Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS</p> <p>Certification preparations in progress. Pending issuance of HGU.</p> <p>Further reference : http://www.rspo.org/members/complaints/status-of-complaints/view/80</p>

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17.	PT BNS, Indonesia	Planned - 2017	Uncertified Unit	<p>Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental HGU application in process.</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 has lifted the Suspension effective 8th August 2016.</p> <p>Latest posted update was on 20th June 2017</p> <p>Landscape approach been initiated with our stakeholder, regency and local government and Aidenvironment on 27-28 July 2017), as a part of recommendation by RSPO verification team. Training for following areas has been done to estate and SNA top management.</p> <ul style="list-style-type: none"> (a) Sustainable Peatland Management including peat measurements, monitoring and protection. (b) Management of HCV areas and buffer zones (c) Water management (d) Fauna and flora monitoring (e) Fire Prevention and Control <p>Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS</p> <p>Certification preparations in progress. Pending issuance of HGU.</p> <p>Further reference : http://www.rspo.org/members/complaints/status-of-complaints/view/80</p>
18.	PT BSS, Indonesia	Planned - 2019	Uncertified Unit	<p>Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 has lifted the Suspension effective 8th August 2016.</p> <p>Latest posted update was on 20th June 2017</p> <p>Landscape approach been initiated with our stakeholder, regency and local government and Aidenvironment on 27-28 July 2017), as a part of recommendation by RSPO verification team. Training for following areas has been done to estate and SNA top management.</p> <ul style="list-style-type: none"> (a) Sustainable Peatland Management including peat measurements, monitoring and protection. (b) Management of HCV areas and buffer zones (c) Water management (d) Fauna and flora monitoring (e) Fire Prevention and Control <p>Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS</p> <p>Certification preparations in progress. Pending issuance of HGU.</p> <p>Further reference : http://www.rspo.org/members/complaints/status-of-complaints/view/80</p>



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19.	PT KPAM, Indonesia	Planned - 2020	Uncertified Unit	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	HCV Assessment completed and the SEIA in progress. The report on HCV assessment was received from Aksenta and the peer review for HCV assessment will be carried out by Deameter as recommended by Proforest. A decision on when the new planting will commence will only be taken after the two phases have been completed. The data for the HCS assessment has been sent to Proforest in early December 2016 and NPP will be conducted upon completion of all reports and will be posted on the RSPO website for Public consultation. Further reference : http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=82
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Appendix F:

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

1) Monitoring by RSPO Complaints Panel (CP)

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

Latest updates (according to RSPO complaint case tracker) as follows:

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

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

24 January 2018 (CP Meeting):

The verification exercise is taking place on 25 – 29 January 2018. Secretariat to follow up with the verification team. The Secretariat will also be having a post verification meeting with the team on 31st January 2018.

ii) RSPO Case Tracker on: IOI Pelita Sdn Bhd, Sarawak

Weblink: <https://www.rspo.org/members/complaints/status-of-complaints/view/4>

24 January 2018 (CP Meeting):

Secretariat to proceed with a meeting with the Company and Grassroots to discuss the revision to the Action Plan.

2) Updated IOI Group Newsletters and Corporate Communications

Weblink: http://www.ioigroup.com/Content/NEWS/N_Archive

8 Aug 2016: IOI Launches Revised Palm Oil Sustainability Policy and Sustainability Implementation Plan

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

IOI Corporation further updates its Sustainability Palm Oil Policy

12/06/2017, Corporate Communications

<http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845>

IOI Corporation Berhad (IOI) has further revised its Sustainability Palm Oil Policy (SPOP) to reflect their serious intent towards sustainability and sustainability practices.

Revised SPOP: <http://www.ioigroup.com/Content/S/PDF/IOISPOPwithTPSAnnex.pdf>

Sept 2017: IOI submitted its Sustainability Report

http://www.ioigroup.com/Content/S/S_Policy

IOI uploaded the Social Responsibility report by BSR

<http://www.ioigroup.com/Content/S/PDF/BSR%20Summary%20Report.pdf>

31 Oct 2017: IOI Group Revised Policies on Human Rights at Workplace.

<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=856>

12 Jan 2018: IOI Group on Pelita Sdn Bhd, Sarawak

<http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=869>

29 Jan 2018: IOI Group – Sustainability Progress Update (Oct-Dec 2017) Quarterly Report

http://www.ioigroup.com/Content/S/PDF/20180126_Quarterly%20Sustainability%20Update_F.pdf

- End of Report -