

# IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

**Leepang (Sabah) Grouping**

Lahad Datu, Sabah, Malaysia



Valued Quality. Delivered.

## Assessment Report

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

**Report No.:** R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 2 of 82

**ANNUAL SURVEILLANCE ASSESSMENT REPORT  
ON RSPO CERTIFICATION**

**PUBLIC SUMMARY REPORT**

**IOI CORPORATION BERHAD**  
RSPO Membership No: 2-0002-04-000-00  
  
**PLANTATION MANAGEMENT UNIT**  
**Leepang (Sabah) Grouping**  
Lahad Datu, Sabah, Malaysia

<b>Certificate No:</b>	<b>RSPO 930888</b>
Original issued date (by previous CB):	16 Dec 2013
Issued date:	16 Dec 2016 (by Intertek)
Expiry date:	15 Dec 2018

<b>Assessment Type</b>	<b>Assessment Dates</b>
Annual Surveillance Assessment (ASA-03) (Transfer CB)	10-14 Oct 2016
Annual Surveillance Assessment (ASA-04) Re-Certification	09-13 Oct 2017



# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 3 of 82

## TABLE OF CONTENTS

Section	Content	Page No
<b>1.0</b>	<b>SCOPE OF ASSESSMENT</b>	4
1.1	Introduction	4
1.2	Location (address, GPS and map) mill, estates and hectarage	4
1.3	Description of supply base (fruit sources)	5
1.4	Year of plantings and cycle	5
1.5	Summary of Land Use – Conservation and HCV Areas	6
1.6	Other certifications held and Use of RSPO Trademarks	7
1.7	Organizational information/contact person	7
1.8	Tonnages Verified for Certification	8-9
1.9	Time Bound Plan	9
1.10	Abbreviations Used	10
<b>2.0</b>	<b>ASSESSMENT PROCESS</b>	11
2.1	Assessment Methodology, Plan & Site Visits	11
2.2	Date of next scheduled visit	11
2.3	Qualifications of the Lead Assessor and Assessment Team	11
2.4	Certification Body	11
2.5	Process of Stakeholder consultation	12-13
<b>3.0</b>	<b>ASSESSMENT FINDINGS</b>	14
3.1	Summary of findings	14-53
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	54-61
3.3	Summary of Feedback Received from Stakeholders and Findings	61-63
<b>4.0</b>	<b>ASSESSMENT CONCLUSION AND RECOMMENDATION</b>	64
4.1	Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings	64
4.2	Intertek RSPO Certification Details for Leepang (Sabah) Grouping	65
<b>APPENDICES</b>		
Appendix A	Qualifications of the Lead Assessor and Assessment Team	66
Appendix B	Assessment Plan	67-69
Appendix C	Maps of location – Mill and Estates	70-77
Appendix D	Photographs of Assessment findings at Leepang (Sabah) Grouping	78
Appendix E	Time Bound Plan for Other Plantation Management Units	79-81
Appendix F	Summary of RSPO Complaints Panel Case Tracking and Decisions on IOI	82

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 4 of 82

## 1.0 SCOPE OF ASSESSMENT

### 1.1 Introduction

This Annual Surveillance Assessment (ASA-04) was conducted on the Plantation Management Unit (PMU) Leepang (Sabah) Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **10-13 Oct 2017**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Jun 2017) for Palm Oil Mill.

Note 1: 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 Leepang (Sabah) Grouping consists of one (1) palm oil mill, namely Leepang (Sabah) Palm Oil Mill and 7 estates as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The 7 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
Leepang (Sabah) POM (Capacity: 40 MT/hour)	Morisem Pam Oil Mill Sdn Bhd, (Leepang Palm Oil Mill), MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.864'	E 118°26.216'
1) Leepang 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°33.954'	E 118°26.629'
2) Leepang 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.778'	E 118°26.113'
3) Morisem 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.525'	E 118°26.142'
4) Permodalan 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.419'	E 118°27.909'
5) Permodalan 2 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.467'	E 118°29.023'
6) Permodalan 3 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°28.099'	E 118°28.847'
7) Permodalan 4 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°26.943'	E 118°28.121'

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 5 of 82

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

The supply base i.e. FFB sources to the POM at Leepang (Sabah) Grouping PMU are from the abovementioned 7 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 Leepang (Sabah) Grouping are as shown in Table 2 below.

**Table 2: Estate Area Summary**

Estate	Area Summary (ha) – Previous Jul 2015 / Jun 2016		Area Summary (ha) – Current Jul 2016 / Jun 2017	
	Certified Area	Planted Area	Certified Area	Planted Area
Leepang 1 Estate	2,364.04	2,098	2,364.04	2,098
Leepang 5 Estate	1,690.67	1,461	1,690.67	1,461
Morisem 5 Estate	1,889.00	1,548	1,889.00	1,548
Permodalan 1 Estate	2,253.63	2,125	2,253.65	2,125
Permodalan 2 Estate	2,141.52	1,974	2,141.52	1,974
Permodalan 3 Estate	2,150.31	2,043	2,150.31	2,043
Permodalan 4 Estate	2,063.75	1,945	2,063.75	1,945
<b>Total:</b>	<b>14,552.94</b>	<b>13,194</b>	<b>14,552.94</b>	<b>13,194</b>
<b>Percentage:</b>	<b>100%</b>	<b>90.66%</b>	<b>100%</b>	<b>90.66%</b>

**Notes:**

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the selected estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.
3. There has been no significant change in the current size of the certified land areas in comparison with the previous year data.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 6 of 82

### 1.4 Summary of plantings and cycle

The estates had been developed and planted from 1995 onwards and are currently in the 1<sup>st</sup> and 2<sup>nd</sup> cycle of planting for the oil palms. The age profile is as shown in Table 3.

**Table 3: Age Profile of Planted Oil Palm (FY Jul 2016 / Jun 2017)**

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Leepang 1	1995 - 2002	1 <sup>st</sup>	2,098	0	2,098
Leepang 5	1996 - 2008	1 <sup>st</sup>	1,461	0	1,461
Morisem 5	1993	1 <sup>st</sup>	754	-	1,548
	2013 - 2014	2 <sup>nd</sup>	421	373	
Permodalan 1	1995 - 1997	1 <sup>st</sup>	1,775	-	2,125
	2015	2 <sup>nd</sup>	-	350	
Permodalan 2	1995 - 1996	1 <sup>st</sup>	1,974	0	1,974
Permodalan 3	1996 - 1997,	1 <sup>st</sup>	2,043	0	2,043
	2006 - 2008	2 <sup>nd</sup>			
Permodalan 4	1996 - 1997	1 <sup>st</sup>	1,945	0	1,945
<b>Total</b>			<b>12,471</b>	<b>723</b>	<b>13,194</b>

Note: There has been no New Planting in any of the 7 estates at the certified areas.

### 1.5 Summary of Conservation and HCV Areas

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

**Table 4: Conservation and HCV Areas**

#	Statement of Land Use (Ha)	FY 2015 / 2016 Hectarage – Ha	FY 2016 / 2017 Hectarage – Ha
<b>1</b>	<b>Planted Area (ha) – Oil Palm</b>		
	- Mature	12,148	12,471
	- Immature	1,046	723
<b>2</b>	<b>Conservation Area (ha)</b>		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	55.29	55.29
<b>3</b>	<b>HCV Area (ha)</b>		
	- comprising riparian / buffer zones near forest reserves, water catchments, burial & religious sites	385.48	385.48



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 7 of 82

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

Currently, the other certification held by IOI Leepang (Sabah) 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:  
Mr. Dickens Mambu  
Sustainability Manager  
IOI Plantation Services Sdn Bhd  
Level 8, Two IOI Square,  
IOI Resort, 62502, Putrajaya  
Tel: 603-89478888  
Fax: 603-89478988  
Email: [dickens.mambu@ioigroup.com](mailto:dickens.mambu@ioigroup.com)

At Leepang (Sabah) Grouping - PMU:  
Mr. S.S Ragupathy,  
General Manager (Sabah Region)  
IOI Plantation Services Sdn Bhd  
Tel: 089 509101/102  
Fax: 089 509100  
Email: [ioi.ldro.sabah@gmail.com](mailto:ioi.ldro.sabah@gmail.com)

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 8 of 82

### 1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Leepang (Sabah) Grouping based on the actual for FY Jul 2016 / Jun 2017 is shown in Table 5 below:

**Table 5: Tonnages Verified for Certification**

#	Estate /Supplier	FFB Processed (MT)	Main Processing Mill	Certified By
1.	Leepang 1 Estate	52,126.29	Leepang POM	Intertek
2.	Leepang 5 Estate	34,164.80	Leepang POM	Intertek
3.	Morisem 5 Estate	18,494.84	Leepang POM	Intertek
4.	Permodalan 1 Estate	41,040.39	Leepang POM	Intertek
5.	Permodalan 2 Estate	47,612.89	Leepang POM	Intertek
6.	Permodalan 3 Estate	48,691.20	Leepang POM	Intertek
7.	Permodalan 4 Estate	41,949.05	Leepang POM	Intertek
	<b>PMU certified estates</b>	<b>284,079.46</b>		
	<b>Other certified estates</b>	<b>0</b>		
	<b>Non-certified supply / OCP</b>	<b>0</b>		
	<b>Grand total</b>	<b>284,079.46</b>		

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

**Table 6: Annual Tonnages of FFB**

Estate / Supplier	FFB Processed in FY July 2015 / June 2016 - Actual		FFB Processed in FY July 2016 / June 2017- Actual		FFB Processed for FY July 2017 / June 2018 - Projected	
	MT	%	MT	%	MT	%
Leepang PMU estates - Certified	295,063.82	100	284,079.46	100	339,670	100
Other Suppliers (OCP) - Non-certified	0	0	0	0	0	0
<b>Total</b>	<b>295,063.82</b>	<b>100</b>	<b>284,079.46</b>	<b>100</b>	<b>339,670</b>	<b>100</b>
SCCS Model for POM	IP		IP		IP	

Note. The decrease in FFB processed in FY2016/2017 as compared to previous year was due to replanting activities at the estates. Output is expected to increase in FY 2017/2018 as the young palms mature.

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





# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 9 of 82

Table 7: Certified Tonnages

Leepang POM	FY July 2015 / June 2016 - Actual		FY July 2016 / June 2017 - Actual		FY July 2017 / June 2018 - Projected	
<b>Total certified FFB Processed (MT)</b>	<b>295,063.82</b>		<b>284,079.46</b>		<b>339,670</b>	
<b>Total certified CPO Production (MT)</b>	61,137.191	OER: 20.72%	56,467.766	OER: 19.88%	71,331	OER: 21.00%
<b>Total certified PK Production (MT)</b>	15,457.304	KER: 5.24%	14,347.374	KER: 5.05%	17,833	KER: 5.25%
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.

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

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

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

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

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

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

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

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

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



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 10 of 82

### 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

**2.0 ASSESSMENT PROCESS****2.1 Assessment Methodology, Plan and Site Visits**

Since 4 Sept 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 Leepang (Sabah) Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 9-13 Oct 2017, the Assessment team of Intertek conducted the Assessment in which 3 out of the 7 estates of the PMU, namely Leepang 5, Permodalan 1 and Permodalan 3 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 and biodiversity 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, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Assessment team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the assessment and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

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

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

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

**2.2 Date of next scheduled visit**

The next scheduled visit will be the Re-Certification Assessment which will be carried out within a 12-month period of the certificate anniversary date / 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 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, IOI and Intertek. E-mails were sent to applicable stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual assessment and stakeholder's response and feedback received were followed up accordingly.

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

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

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

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

Statutory Bodies (by emails)

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

NGOs and others (by emails)

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



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 13 of 82

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

### Local community (On-site interviews)

65. Consultative Committee & Gender representatives
66. Workers & Workers representatives
67. Village Heads & representatives
68. Suppliers & Contractors representatives

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 14 of 82

## 3.0 ASSESSMENT FINDINGS

### 3.1 Summary of findings

#### Principle 1: Commitment to transparency

<b>Criterion 1.1</b> Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
Indicators	Findings and Objective Evidence	Compliance
<b>1.1.1</b> There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. <b>Minor Compliance</b>	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. IOI had provided a detailed response to the Greenpeace report "A Deadly Trade-Off" dated 27 Sep 2016 concerning policy violations in IOI's third-party supply chain – for more details, please refer to: <a href="http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819">http://ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=819</a> On 28 Apr 2017, Greenpeace announced their decision to suspend their campaign against IOI Corporation and re-engage with the company. <a href="http://www.greenpeace.org/international/en/press/releases/2017/Palm-oil-giant-IOI-moves-to-eliminate-deforestation-and-human-rights-abuses-from-supply-chain/">(http://www.greenpeace.org/international/en/press/releases/2017/Palm-oil-giant-IOI-moves-to-eliminate-deforestation-and-human-rights-abuses-from-supply-chain/)</a> . Date of public notification of this assessment of the PMU was made on 4 Sept 2017. As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.	Complied
<b>1.1.2</b> Records of requests for information and responses shall be maintained. <b>Major Compliance</b>	The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc. The POM and estates had conducted its internal and external stakeholders' consultations for year 2017. Records of participants and feedback given were maintained and appropriate actions taken. The POM and estates had conducted their respective internal stakeholders' consultations between 28 Aug and 26 Sep 2017.	Complied
<b>Criterion 1.2</b> Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Indicators	Findings and Objective Evidence	Compliance
<b>1.2.1</b> Management documents that are made available to the public shall include, but are not necessarily limited to: <b>Major Compliance</b>	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.	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 15 of 82

	<p>On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society. IOI Corp. Bhd. further revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. <a href="http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845">http://www.ioigroup.com/Content/News/NewsroomDetails?intNewsID=845</a>.</p> <p>During this current assessment at IOI Leepang Grouping, the revised policy was verified to have been communicated to all levels of the workforce.</p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> <li>• land titles/user rights,</li> <li>• occupational health and safety plan,</li> <li>• plans and impact assessments relating to environment and social impacts,</li> <li>• pollution prevention plans,</li> <li>• details of complaints &amp; grievances,</li> <li>• negotiation procedures</li> <li>• continuous improvement plan</li> <li>• Public summary of certification assessment report.</li> <li>• Human Rights Policy.</li> </ul> <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates. Continual Improvement Action Plans include budgets approved and progress implementations for social, environmental improvements and crop productivity.</p>	
<ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> </ul>	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> <li>• Occupational health and safety plans (Criterion 4.7);</li> </ul>	<p>Occupational Safety and Health Plan has been established. Annual review was conducted by the Group Safety &amp; Environmental Manager (Sabah region) together with the respective Safety Officers for POM and estates. Safety Policy and HIRAC documented was reviewed for the POM and estates.</p> <p>The OSH Programme 2017 include the following:</p> <ul style="list-style-type: none"> <li>• Safety &amp; Health Committee meetings 4x/year,</li> <li>• Annual medical surveillance,</li> <li>• Accident Reporting &amp; Investigation,</li> <li>• Workplace inspection,</li> </ul>	<p style="text-align: center;">Complied</p>



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 16 of 82

	<ul style="list-style-type: none"> <li>• CHRA assessment,</li> <li>• Air compressors annual inspection,</li> <li>• Warning signs,</li> <li>• Chemical Register,</li> <li>• SOP for safe work,</li> <li>• PPE usage,</li> <li>• MSDS/CSDS,</li> <li>• JKPP 8 reporting of accidents annually,</li> <li>• Emergency Response Plan (ERP),</li> <li>• Emergency drills,</li> <li>• Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection),</li> <li>• Monthly KPI Report on HSE performance,</li> <li>• Monthly Safety inspection &amp; audit by Safety Officer,</li> </ul> <p>CHRA report of Feb 2015 was maintained with validity till 2020. Surveillance programmes for protecting workers' health and safety were satisfactorily implemented.</p>	
<ul style="list-style-type: none"> <li>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</li> </ul>	<p>Environmental aspect and impact assessment (EIA) conducted for the POM and estates were annually reviewed. The Environmental Compliance Reports (done every 4 months by the PMU EIA Consultant) for Pollution Monitoring and Mitigation for Replanting are available (report of Mar-June 2017 sighted). Management Plan and Continual Improvement Plan documented and implemented.</p> <p>Social Impact Assessment carried out. Positive and negative impacts identified. Action plans were documented and implemented.</p>	<p>Complied</p>
<ul style="list-style-type: none"> <li>• HCV documentation (Criteria 5.2 and 7.3);</li> </ul>	<p>The Internal "HCV and Conservation Areas" Assessment were reviewed between 15 and 21 Sept 2017 at the estates audited. Management plans for HCV and Conservation areas were updated. The Management Action Plans were monitored and progressively implemented at the respective Estates.</p>	<p>Complied</p>
<ul style="list-style-type: none"> <li>• Pollution prevention and reduction plans (Criterion 5.6);</li> </ul>	<p>Pollution Prevention Management Plans were reviewed annually for FY2016/2017.</p> <p>Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals,</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 17 of 82

	hydraulic oil, filters, obsolete electrical and electronic equipment) and domestic wastes disposal, reuse and recycling (scrap iron, paper, plastic and glass).	
• Details of complaints and grievances (Criterion 6.3);	<p>The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order.</p> <p>Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.</p> <p>Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:</p> <p>(1) RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group          Weblink: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/80">http://www.rspo.org/members/complaints/status-of-complaints/view/80</a></p> <p>(2) RSPO Case Tracker on: IOI Pelita Sdn Bhd          Weblink: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/4">http://www.rspo.org/members/complaints/status-of-complaints/view/4</a></p>	Complied
• Negotiation procedures (Criterion 6.4);	<p>Presently, there is no conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained.</p> <p>The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link:  <a href="http://www.rspo.org/members/status-of-complaints">http://www.rspo.org/members/status-of-complaints</a>          Refer also to details in <b>Section 1.9: Time bound Plan.</b></p>	Complied
• Continual improvement plans (Criterion 8.1);	<p>Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented. The plans include the Integrated Pest Management (IPM) program for pest control and reduction in the consumption of chemical pesticides, the use of direct bio-control methods such as the cultivation of beneficial plants, environmental and social programs such as recycling and providing new housing quarters for the workers, assistance in the HUMANA schools for children of foreign workers and better medical facilities and benefits for all employees.</p>	Complied
• Public summary of certification assessment report;	<p>Public summary of certification assessment reports are available from the company upon request.</p>	Complied
• Human Rights Policy (Criterion 6.13).	<p>The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised on 08 Aug 2016 and signed by the Group CEO.</p> <p>IOI Corp. Bhd had revised its Sustainable Palm Oil Policy (SPOP) and this was uploaded in the company website on 12 Jun 2017. Web link:  <a href="http://www.ioigroup.com/Content/News/NewsroomDetails?inNewsID=845">http://www.ioigroup.com/Content/News/NewsroomDetails?inNewsID=845</a> . See also <b>Appendix F, item (3)</b></p>	Complied
<p><b>Criterion 1.3</b>          Growers and millers commit to ethical conduct in all business operations and transactions.</p>		



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 18 of 82

Indicators	Findings and Objective Evidence	Compliance
<p><b>1.3.1</b> There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p><b>Minor Compliance</b></p>	<p>IOI Group has a documented policy “Code of Business Conduct and Ethics” signed by the CEO and Head of Sustainability (Malaysia/Indonesia) on 11 May 2015. The following are included:</p> <ul style="list-style-type: none"> <li>- Diversity and Respect in the workplace,</li> <li>- Equal Opportunity Employment,</li> <li>- Protecting the Environment,</li> <li>- Safety, Health and Security at Work,</li> <li>- Managing Documents,</li> <li>- Intellectual Property and Information,</li> <li>- Management and Security in our Computing Environment,</li> <li>- Data Privacy</li> <li>- Employee Privacy in the Communication and Computing Environment</li> <li>- Gifts, Benefits or Entertainment,</li> <li>- Bribes and Kickbacks,</li> <li>- Employment of Family Members and Relatives.</li> </ul> <p>Verified that copies of the policy were found to be displayed at prominent locations in the POM and estates and easily viewed by the workers.</p>	<p>Complied</p>

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

<p><b>Criterion 2.1</b>                      There is compliance with all applicable local, national and ratified international laws and regulations.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>2.1.1</b> Evidence of compliance with relevant legal requirements shall be available.</p> <p><b>Major Compliance</b></p>	<p>The Legal Register covering the applicable local and international laws and regulations is available at the mill and estates and was verified to be reviewed for the POM and estates on 11 Jan 2017 for any relevant updates.</p> <p>The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage &amp; storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Sabah Labour Ordinance (Chapter 67). FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines.</p> <p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol &amp; Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 19 of 82

	<p>(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.</p> <p>Noise Monitoring Report is available.</p> <p>Annual Audiometric testing of workers exposed to high noise levels were done on-site on 12 May 2017 at the POM. Total 104 workers were checked. Noted that 2 workers initial found with potential hearing impairment was retested on 8 Sept 2017 (3 months later) and found to be have met the normal baseline level as per the medical report of 11 Sept 2017.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p>	
<p><b>2.1.2</b>  A documented system, which includes written information on legal requirements, shall be maintained.  <b>Minor Compliance</b></p>	<p>The Register of Legal requirements for identifying, determining, reviewing and updating of applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 20 of 82

	Occupational Safety and Health), DID (Dept. of Irrigation and Drainage), Forestry Dept. and Wildlife Dept. were maintained.	
<p><b>2.1.3</b> A mechanism for ensuring compliance shall be implemented. <b>Minor Compliance</b></p>	<p>The mechanism for ensuring compliance involved updating (when necessary) and an annual review with the compliance status indicated in the Legal Register (Flowchart on mechanism of tracking) was implemented.</p> <p>The PMU had conducted the annual internal audit on 14-15 Sept 2017 using the RSPO Generic Checklist for determining compliance of its operations with legal requirements and records were maintained. Management review on implementation was conducted on 4 Oct 2017 and minuted.</p>	Complied
<p><b>2.1.4</b> A system for tracking any changes in the law shall be implemented. <b>Minor Compliance</b></p>	<p>The listing of all the relevant laws applicable included the international laws and conventions ratified by the Malaysian government are documented in the Legal register.</p> <p>Tracking of changes in the relevant laws are communicated and received from the IOI Group HQ. Monitoring of changes to the applicable laws and regulations was carried out through periodical review in accordance with the documented procedure. Noted that change had included the Minimum Wage Order 2016 which came into effect in 1 July 2016 was implemented.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	Complied
<p><b>Criterion 2.2</b> The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>2.2.1</b> Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. <b>Major Compliance</b></p>	<p>Copies of the land titles of all estates were maintained and noted to be legally owned by the IOI Group.</p> <p>The original copies are maintained by the Corporate Head office in Putrajaya. The legal use of the land confirmed to be for cultivation of oil palms and agricultural use.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.</p> <p>There has been no recorded dispute over the ownership during the tenure of the land.</p>	Complied
<p><b>2.2.2</b> There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. <b>Minor Compliance</b></p>	<p>It was verified that there has been no change to the stated land titles and designated use for cultivation of agricultural crop of economic value.</p> <p>Locations of several boundary stones and markers were visited and verified to be within the perimeters of the estate land titled boundaries.</p> <p>On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.</p>	Complied

<p><b>2.2.3</b> Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).</p> <p><b>Minor Compliance</b></p>	<p>Verified that 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><b>2.2.4</b> There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</p> <p><b>Major Compliance</b></p>	<p>There were reported instances of any land conflicts in this PMU.</p>	<p>Not applicable</p>
<p><b>2.2.5</b> For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable).</p> <p><b>Minor Compliance</b></p>	<p>There was no land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	<p>Not applicable</p>
<p><b>2.2.6</b> To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p> <p><b>Major Compliance</b></p>	<p>There was no evidence to suggest that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	<p>Not applicable</p>
<p><b>Criterion 2.3</b> Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>2.3.1</b> Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p> <p><b>Major Compliance</b></p>	<p>Maps showing the extent of the legal boundary of the Estates were available.</p> <p>The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas.</p> <p>There is no dispute on the land rights in this PMU.</p> <p>The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping is not required.</p>	<p>Complied</p>
<p><b>2.3.2</b> Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the</p>	<p>The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 22 of 82

<p>steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p><b>Minor Compliance</b></p>		
<p><b>2.3.3</b> All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p><b>Minor Compliance</b></p>	<p>No cases of land claims in this PMU. As such this process is not applicable for verification.</p>	<p>Not applicable</p>
<p><b>2.3.4</b> Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p><b>Major Compliance</b></p>	<p>This process is not applicable as at current assessment.</p>	<p>Not applicable</p>

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

<p><b>Criterion 3.1</b> There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>3.1.1</b> A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p><b>Major Compliance</b></p>	<p>The 5-year Business Management Plan for 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> <ul style="list-style-type: none"> <li>(1) Staff and Labour requirements;</li> <li>(2) Crop projection; FFB yield/ha trends;</li> <li>(3) Mill extraction rates; OER trends;</li> <li>(4) Cost of Production; Cost/mt FFB trends;</li> <li>(5) Cost of Production; Cost/MT CPO trends;</li> <li>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.);</li> <li>(7) Budget for Environmental, Social, Safety &amp; Health, Training and Promotions.</li> </ul> <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>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 23 of 82

	Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.	
<p><b>3.1.2</b> An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p><b>Minor Compliance</b></p>	<p>Verified that the 5-year replanting program for estates are available at the estates audited.</p> <p>The replanting programs were reviewed annually by the respective Estate Managers together with the GM.</p> <p>There is no replanting is noted during the current audit at the estates audited.</p> <p>Replanting is planned to be conducted from year 2018 onwards to year 2022 at Leepang 5, Permodalan 1 and Permodalan 3 estates.</p>	Complied

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

<p><b>Criteria 4.1</b> Operating procedures are appropriately documented, consistently implemented and monitored.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>4.1.1</b> Standard Operating Procedures (SOPs) for estates and mills shall be documented.</p> <p><b>Major Compliance</b></p>	<p>POM has documented SOPs for the following :</p> <ol style="list-style-type: none"> <li>1. Palm Oil Mill Operation from reception of FFB until the delivery of processed oil and POME management.</li> <li>2. Laboratory Operation Manual (Issue 1 dated 01/02/2008)</li> <li>3. Quality, Environmental and Occupational Health &amp; Safety Manual and Procedures of Palm Oil Mill - The SOP for pollution prevention includes measuring and monitoring mill effluents and waste disposal / recycling.</li> <li>4. Procedure for Safe Work and Management of Safety and Health for Workers - The SOP for safe working practices in the POM includes hazards identification, risk assessment and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and "permit to work system" for the mill.</li> <li>5. SOP for Mill RSPO Supply Chain Certification System using the Identity Preserved (IP) module.</li> </ol> <p>The estates have the following SOPs:</p> <ol style="list-style-type: none"> <li>1. Sustainable Oil Palm Estate Operation Manual - The manual describes operational procedure of nursery practices, land preparation, planting practices, ground cover maintenance, roads, immature stage, harvesting, collection of bunches, manuring, pesticide application, pests &amp; diseases control. The SOP for pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators.</li> <li>2. SOP for riparian zone management with specified buffer zones.</li> </ol> <p>Copies of the SOPs were found displayed at the work stations in the mill and the office, while at the estates, these were also displayed at the muster ground, chemical mixing area, stores, gen-set room, and workshop.</p> <p>Key Performance Indicators (KPIs) were specified for quality, environment, safety and cost control.</p>	Complied
<p><b>4.1.2</b> A mechanism to check consistent implementation of procedures shall be in place.</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</p>	

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 24 of 82

<p><b>Minor Compliance</b></p>	<p>and these records were checked by the respective Assistant Managers and Managers regularly.</p> <p>This included the annual Internal Audit conducted by the SPO team to ensure consistency in implementation at the POM and estates.</p> <p>These records were verified to be satisfactorily maintained during the on-site visit.</p> <p><b>However, an observation (OBS: CBK-01) was raised as follows:</b></p> <p><b>At the fertilizer store at Permodalan 1 Estate, more suitable pallets can be used to protect the fertilisers from the wet patches on the cement floor.</b></p>	<p><b>OBS: CBK-01</b></p>
<p><b>4.1.3</b> Records of monitoring and any actions taken shall be maintained and available, as appropriate.  <b>Minor Compliance</b></p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates and actual field activities were verified during on-site field inspection.</p> <p>Verified that spraying, manuring and harvesting activities were carried out as stated in the Muster chits.</p>	<p>Complied</p>
<p><b>4.1.4</b> The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB).  <b>Major Compliance</b></p>	<p>The mill did not source any FFB from third-party. Weighbridge records of receipt of FFB at POM was verified to show FFB were from Leepang Group estates only.</p>	<p>Complied</p>
<p><b>Criteria 4.2</b>  Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.2.1</b> There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible.  <b>Minor Compliance</b></p>	<p>Annual fertilizer inputs had been monitored through fertilizer recommendations made by Agronomist of IOI Research Centre, Sabah.</p> <p>Good Agricultural Practice (GAP) for minimization of soil erosion and maintenance of soil fertility are maintained via the frond stacking and fertilizer application as per the recommendations provided by the Agronomist.</p> <p>These had been verified through the records for fertilizer application. Estates provided the evidence of GAP and was verified during the audit.</p> <p>Fertilizer application at the estate fields for FY 2016/2017 had adhered to the recommendations at all estate levels.</p>	<p>Complied</p>
<p><b>4.2.2</b> Records of fertiliser inputs shall be maintained.  <b>Minor Compliance</b></p>	<p>Records of fertilizer application at the estates were maintained and had been verified to be satisfactory.</p>	<p>Complied</p>
<p><b>4.2.3</b> There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status.  <b>Minor Compliance</b></p>	<p>Leaf sampling and analysis had been carried out annually. Soil sampling and analysis were carried on a 5-7 year cycle to determine the nutrient levels.</p> <p>Fertilizer recommendations by the Agronomist for identified estate blocks to sustain the long term soil fertility and nutrient efficiency.</p> <p>Records of the sampling and analysis had been verified to be satisfactory.</p>	<p>Complied</p>
<p><b>4.2.4</b> A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues.</p>	<p>Geotubes used to filter the solid from the POME and the solid were used by the estates for field application as organic fertilizer.</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 25 of 82

<b>Minor Compliance</b>	<p>All the EFB from the POM are delivered to the estates as evidenced by the "Daily/Monthly Summary Report of EFB" maintained by the POM.</p> <p>Land application of POME was carried out through gravitation flow into the field in Leepang 1 estate, which is nearest to the POM.</p> <p>EFB mulching was carried out by eight workers at Block 6E at Permodalan 5 Estates along the inter-rows of the palms.</p> <p>EFB Mulching Application and field maps indicate the amounts and locations of EFB application in the estates.</p> <p>Records of EFB delivery, mulching quantities and field locations were well maintained.</p>	
<b>Criteria 4.3</b>		
Practices minimise and control erosion and degradation of soils.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>4.3.1</b> Maps of any fragile/marginal soils shall be available.</p> <p><b>Major Compliance</b></p>	<p>Soil maps for all the estates were available.</p> <p>At Morisem 5 Estate, peat soil was present in north-western corner of the estate in Fields 93K and 93L with 22 ha and 25 ha respectively. At Leepang 5 Estate, peat soil was present in Fields 96I, 96J, 96K, 96L, 96M. The peat soil areas were small considering the extent of the plantation sizes.</p> <p>Verified that the areas were sufficiently well managed.</p>	Complied
<p><b>4.3.2</b> A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP.</p> <p><b>Minor Compliance</b></p>	<p>Planting terraces had been constructed along contours on slopes of &gt;10°. There were stop bunds to control water flow along terraces.</p> <p>Verified at estates and field audited that the terraces were made and that fields were generally covered with soft grasses, ferns, and herbaceous plants in the mature area while leguminous cover crop had been maintained in the immature area.</p> <p>Generally, the Best Management Practices was followed to control and minimize soil erosion and degradation during replanting activities.</p> <p><b>Note: Previous NCR (2016): CFK-01 was adequate addressed and hence closed.</b></p>	Complied
<p><b>4.3.3</b> A road maintenance programme shall be in place.</p> <p><b>Minor Compliance</b></p>	<p>Road maintenance programme and maintenance records had been verified on the estates.</p> <p>During field visits, it was observed that scupper drains were constructed to lead water from the road onto the terraces in order to reduce soil erosion on the road.</p> <p><b>Note: Previous NCR (2016): CFK-02 had been adequately addressed and hence closed.</b></p>	Complied
<p><b>4.3.4</b> Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.</p> <p><b>Major Compliance</b></p>	<p>In Leepang 5 Estate, peat soil was present in Fields 97Y, 96I, 96J, 96K, 96L and 96M. The peat soil area was small considering the extent of the plantation size.</p> <p>Verified that water table management was implemented as follows:</p> <p>Pegs for measuring the soil subsidence and water level had been put up in the field and in the water collection drain.</p> <p>Sandbags were being used in the water collection drains to</p>	Complied

	<p>maintain the water level between 50 cm. and 70 cm. below ground surface, and records of monitoring had been verified.</p> <p>The water level had been monitored twice a month.</p> <p>Ground cover consists mainly of <i>Nephrolepis ferns</i> as was the policy of the company to ensure ground cover maintenance.</p> <p>It was further confirmed during assessment on site that there are no other peat soil areas at the other estates within the PMU.</p>	
<p><b>4.3.5</b> Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. <b>Minor Compliance</b></p>	<p>Verified that the peat area in Leepang 5 estate was rather small and there has been no recorded experience of any flood in the area.</p> <p>As the environmental impact is deemed to be insignificant, it is confirmed that there is no necessity for a drainability assessment.</p>	Complied
<p><b>4.3.6</b> A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). <b>Minor Compliance</b></p>	<p>The Management practices for soil conditions at Leepang 5 estate was considered to be adequate.</p> <p>Based on the estates soil maps and visit to the estates, there were no other fragile and problematic soils on the other estates.</p>	Complied
<p><b>Criteria 4.4</b> Practices maintain the quality and availability of surface and ground water.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>4.4.1</b> An implemented water management plan shall be in place. <b>Minor Compliance</b></p>	<p>Documented Water Management Plan verified to be in place for the palm oil mill and respective estates audited. The plan was respectively reviewed between 28 and 30 September 2017.</p> <p>The plan included steps such as soil stabilization, run-off control, water level control in peat areas, waste water management and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There are water ponds in the POM and estates. Water samples were collected and analysis carried out at least twice a year as part of Environmental Compliance Reporting.</p> <p>The water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p> <p>Rainfall data was monitored as part of the water management plan and rain water harvesting was practiced for washing and cleaning purposes.</p>	Complied
<p><b>4.4.2</b> Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. <b>Major Compliance</b></p>	<p>Buffer zones had been generally maintained for streams passing in the estates as verified during on-site field inspection.</p> <p>During field inspection, there was no evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone.</p> <p>There was no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p> <p><b>Note: Previous NCR (2016): CFK-03 had been addressed and hence closed.</b></p>	Complied
<p><b>4.4.3</b> Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall</p>	<p>In palm oil mill, water samples were taken at monthly interval at the discharge point of effluent pond. The BOD level from</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 27 of 82

<p>be in compliance with national regulations (Criteria 2.1 and 5.6). <b>Minor Compliance</b></p>	<p>July 2016 to June 2017 had been in the range of 11.7 ppm (lowest) to 22.2 ppm (highest).  It was noted that the BOD level in April 2017 had slightly exceeded BOD maximum limit permitted of 20 ppm i.e. at 22.2 ppm. Actions were noted to have been taken to reduce the BOD levels in the subsequent months.  The current upper limit specified by D.O.E. Sabah is stated at 20 ppm which was found to be complied from May 2017 till the time of audit.</p>	
<p><b>4.4.4</b> Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. <b>Minor Compliance</b></p>	<p>Water usage in the POM over past 12 months were monitored. From July 2016 to June 2017 usage ranged from 1.36 to 1.53 m<sup>3</sup>/MT FFB with an average of 1.43 m<sup>3</sup>/MT FFB. Verified that the slightly higher usage was age of mill and higher maintenance needed.</p>	Complied
<p><b>Criteria 4.5</b> Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.5.1</b> Implementation of Integrated Pest Management (IPM) plans shall be monitored. <b>Major Compliance</b></p>	<p>Verified that IPM Plans were monitored at the estates audited and that pest infestation was minimal. Programmes for planting of beneficial plants such as <i>Cassia cobanensis</i>, <i>Turnera subulata</i>, and <i>Antigonon leptopus</i> were established and records on areas planted had been verified together with the respective maps.  Rat baiting would be carried out based on the census of rat attack on FFB. The threshold limit was set at 5% prior to any rat baiting, which was found to have occasionally occurred. Under such incidences, rat baiting was applied and the records of the rat baiting performed were verified to have been properly maintained.</p>	Complied
<p><b>4.5.2</b> Training of those involved in IPM implementation shall be demonstrated. <b>Minor Compliance</b></p>	<p>IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactorily maintained.</p>	Complied
<p><b>Criteria 4.6</b> Pesticides are used in ways that do not endanger health or the environment.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.6.1</b> Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. <b>Major Compliance</b></p>	<p>Written justification in Standard Operating Procedures of all agrochemicals use had been reviewed and found acceptable. The PMU has an Approved List of Pesticides registered under the Pesticide Board of Malaysia. The types of chemicals used are as follows: (1) Glyphosate isopropyl amine (41% a.i.) (2) Metsulfuron methyl (20% a.i.) (3) Triclopyr butoxy ethyl ester (32.1% a.i.) (4) 2, 4 Dimethylamine (60% a.i.) (5) Glufosinate ammonium (13.5% a.i.)  Specific pesticides had been used to deal with the respective target pest, weed, or disease.  Verified that the pesticides were selected to deal with specific species of weeds or pests as listed in the SOP.  These were reflected in the weed and pest control records maintained.</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 28 of 82

<p><b>4.6.2</b> Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. <b>Major Compliance</b></p>	<p>Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that the records of monitoring were satisfactorily maintained.</p>	<p>Complied</p>
<p><b>4.6.3</b> Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. <b>Major Compliance</b></p>	<p>The policy to minimize the use of pesticides in accordance with IPM plan is maintained at the Estates. Verified that no prophylactic use of pesticides had been carried out at the estates. It was noted at Permodalan 1 Estate data, that there was a higher usage of Metsulfuron methyl as this was used for selective spraying and removing parasitic plants on the older mature palms.  Overall, the total pesticide usage per hectare on a year to year basis had decreased at the rest of estates.</p>	<p>Complied</p>
<p><b>4.6.4</b> Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). <b>Minor Compliance</b></p>	<p>The company had a complete list of WHO class 1A and class 1B and Stockholm or Rotterdam conventions pesticide. Paraquat had been eliminated since end of year 2011 for IOI Group Estates. Verified that alternatives such as Glyphosate Isopropyl amine, Metsulfuron Methyl, and Triclopyr Butoxyethyl Esther had been used with the elimination of Paraquat.</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 29 of 82

<p><b>4.6.5</b> Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). <b>Major Compliance</b></p>	<p>All pesticide operators have been provided training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974. Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves and overalls) were provided to the field workers. Verified that pesticides operators had worn the proper PPE during field inspection. Precautions attached to the pesticides (MSDS) have been generally understood and followed by the workers. Training programmes were planned and training records verified to be satisfactorily maintained/ The training included spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. The emergency shower and eye wash were verified to be available and in proper working order at the pesticide mixing area. The PMU has adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE. Equipment such as spraying pumps were maintained to be in proper functioning condition. First Aid Kits found to be available during pesticides spraying in the fields (as per 4<sup>th</sup> Schedule). Verified that portable signboards were displayed at areas of spraying activity (as per 5<sup>th</sup> Schedule).</p>	<p style="text-align: center;">Complied</p>
<p><b>4.6.6</b> Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. <b>Major Compliance</b></p>	<p>Storage of pesticides found to be kept under lock and key and its use in accordance with the Occupational Safety and Health Laws and Regulation 9 of the Pesticides Act 1974. Emergency shower and eye wash are available near the pesticides store. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are noted to be in English and Bahasa Malaysia version. Used chemical containers were mainly reused as containers for mixing of spraying solution and extras were disposed as scheduled waste for disposal by an approved DOE contractor. Verified that prior disposal the empty pesticide containers were triple rinsed and pierced at the bottom. Verified that there was no improper reuse of the chemical containers by the workers at the fields.</p>	<p style="text-align: center;">Complied</p>
<p><b>4.6.7</b> Application of pesticides shall be by proven methods that minimise risk and impacts. <b>Minor Compliance</b></p>	<p>Pesticides had been applied using the Best Management Practices that minimize risk and impacts. During interview with workers at field visits to all the estates, it was observed spraying operators had demonstrated knowledge and understanding of using correct nozzle, spray drift, spray quality and run-off. Proper technique for spraying was demonstrated by the workers. It was verified that the workers had been trained on safe handling and application of chemicals, and information of chemicals through MSDS and CSDS. <b>Note: Previous NCR (2016): CFK-04 was adequately addressed and hence closed.</b></p>	<p style="text-align: center;">Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 30 of 82

<p><b>4.6.8</b> Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. <b>Major Compliance</b></p>	<p>The policy of the company was not to carry out any aerial application of pesticides. This was verified to be maintained during on-site field inspection.</p>	<p>Complied</p>
<p><b>4.6.9</b> 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). <b>Minor Compliance</b></p>	<p>Verified that the Annual Training Plan has included training on pesticides handling. Noted that all new pesticides operators were trained before being assigned to work with pesticides. Existing pesticide operators were also given continual training to enhance their knowledge and skills on pesticides particularly in the handling of new spraying equipment.</p> <p>Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store were found to be satisfactorily maintained.</p>	<p>Complied</p>
<p><b>4.6.10</b> Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). <b>Minor Compliance</b></p>	<p>Used pesticides containers were triple-rinsed and punctured at the bottom and stored in a designated store before being disposed of through a licensed contractor approved by the Department of Agriculture.</p>	<p>Complied</p>
<p><b>4.6.11</b> Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. <b>Major Compliance</b></p>	<p>The CHRA recommendations has been followed in accordance with OSHA USECHH 2000 requirements Schedule 1 and 2 as follows:</p> <ol style="list-style-type: none"> <li>1) Annual Medical Surveillance for all pesticide handlers due to toxicity and highly hazardous nature of the pesticides.</li> <li>2) Monthly Health checks at the estate clinics were conducted for workers who handled agrochemicals and fertilisers.</li> </ol> <p>Based on the above recommendations, it was verified that the following was carried out over the past 12 months:</p> <p>Records of Annual medical surveillance for pesticide handlers were maintained.</p> <p>The medical reports had showed that there was no case of low blood cholinesterase levels for any of the workers. No abnormalities were stated in the reports and the workers were individually found to be fit for the work with pesticides.</p> <p>Other health issues such as hypertension, diabetic or poor eyesight are occasionally noted in the report of several individuals. When these are reported, the individual worker is closely monitored in the monthly health checks done at the Estates clinics by the Estate Health Assistants (EHA).</p> <p>Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Verified that monthly clinical tests were carried out by the Estate Health Assistant on all sprayers and manurers.</p> <p>Records of the health checks were maintained. Verified that there were occasional cases of mild illness in which workers were accordingly given medical leave and rest. In more</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.:** R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 31 of 82

	<p>severe cases, the workers were sent to the nearest Hospital for the proper medical treatment.</p> <p>It is also verified that there were no reported cases of any blood poisoning amongst the workers at the PMU estates over the past 12 months.</p>	
<p><b>4.6.12</b> No work with pesticides shall be undertaken by pregnant or breast-feeding women. <b>Major Compliance</b></p>	<p>No pregnant or breast-feeding woman had been offered work as pesticide operator.</p> <p>List of pesticide operators (with female workers identified) was available on the estates.</p> <p>Female workers found pregnant were notified of the condition and approved to go on leave until delivery.</p> <p>Verified that there were no pregnant female workers involved in handling pesticides on-site.</p>	<p>Complied</p>
<p><b>Criteria 4.7</b> An occupational health and safety plan is documented, effectively communicated and implemented.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>The occupational health and safety plan shall cover the following:</p> <p><b>4.7.1</b> An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. <b>Major Compliance</b></p>	<p>Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented.</p> <p>The Safety and health policy, approved by the Group Plantation Director dated 11 Nov 2011, had been verified to be maintained. This policy had been explained to the foreign workers (Indonesian) by Field Supervisors in Indonesian language.</p> <p>Confirmed during site interviews of sample field workers that they do have basic understanding of the Safety and Health policy.</p> <p>Records on training and analysis on understanding of training provided by the Safety &amp; Health Officers for the workers were available and verified.</p>	<p>Complied</p>
<p><b>4.7.2</b> All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. <b>Major Compliance</b></p>	<p>Risk assessment carried out on operations where health and safety is an issue which determine the significant hazards at the various activities at the POM and Estates. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire etc. Procedures and actions were implemented to mitigate the hazards. Risk assessment was reviewed in Jan 2016.</p> <p>Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>Precautions as attached to the products via the MSDS had been observed to be complied by the workers.</p> <p>Assessment of noise levels in the POM was carried out in Feb 2016 as per the Consultant Report. Work areas 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 muffers.</p> <p>Annual audiometric test conducted for all mill staff and workers in Feb 2016. The audiometric reports revealed that 6 workers had mild to moderate hearing impairment and were</p>	



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 32 of 82

	<p>recommended to wear hearing protector. No worker had severe hearing impairment. Baseline audiogram and occupational and medical history records of workers were maintained. Sample of employees exposed to high noise levels were interviewed and they are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers are also aware of the complaints process and mechanism available.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided and being used by the workers.</p> <p>Internal Safety audit was done to ensuring compliance with the minimum standards needed for the types of PPE used.</p> <p>Fire extinguishers and hose reels found to be located at strategic locations and noted in functioning conditions. Location map of fire extinguishers is available at POM.</p> <p>First Aid equipment was available at POM, estates and at worksites and weekly checked. Samples of First Aid boxes checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estates and records maintained.</p> <p>The POM and estates have established their accident reporting KPI and incident monitoring implemented. Yearly reporting of JKKP8 regulations was submitted to JKKP on Jan 2017.</p> <p>Verified that records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps as maintained by the Safety Officer is up-to-date.</p> <p><b>However, the following non-compliance was raised (NC: CBK-01):</b></p> <p><b>At the Palm Oil Mill workshop and store, there were three bottles containing liquid in the respective first aid boxes that were not labeled.</b></p> <p><b>At Permodalan 3 Estate, at Block 6E, a container was found to be containing liquid that the Mandore informed was clean water for emergency use only. However, the container did not have any identification or label indicating what it was containing or the purpose of the content.</b></p>	<p><b>Major NC: CBK-01</b></p>
<p><b>4.7.3</b> All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. <b>Major Compliance</b></p>	<p>Awareness and training programme had been carried out, and training records had been verified.</p> <p>All workers involved had been adequately trained in safe working practices.</p> <p>Appropriate PPE had been provided at the place of work to cover all potentially hazardous operations, and all workers had been noted to be wearing the appropriate PPE.</p> <p>When sickle was not in use during harvesting, it was noted that it was placed in a sheath.</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 33 of 82

	<p>Fire-fighting training and fire drills were carried out with the attendance of workers and other residents including crèche caretakers and HUMANA teachers.</p> <p><b>Note: Observations (2016) OBS: CFK-01 &amp; OBS: JMD-01 were adequately addressed.</b></p>	
<p><b>4.7.4</b> The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p><b>Major Compliance</b></p>	<p>The persons nominated to be responsible for health, safety and welfare were Mill Manager and Estate Managers. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p>	Complied
<p><b>4.7.5</b> Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.</p> <p><b>Minor Compliance</b></p>	<p>Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites. Records on all accidents had been verified to be maintained satisfactorily. The respective Safety &amp; Health Committees chaired by the Mill Manager and the Estate Managers reviewed accident cases during the Safety Committee meeting every three months.</p>	Complied
<p><b>4.7.6</b> All workers shall be provided with medical care, and covered by accident insurance.</p> <p><b>Minor Compliance</b></p>	<p>Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG Insurance.</p>	Complied
<p><b>4.7.7</b> Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics.</p> <p><b>Minor Compliance</b></p>	<p>Records on Lost Time Accident (LTA) metrics had been maintained and verified. Verified that JKPP8 reports had been sent to JKPP before end Jan of each year.</p>	Complied
<p><b>Criteria 4.8</b> All staff, workers, smallholders and contract workers are appropriately trained.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>4.8.1</b> A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.</p> <p><b>Major Compliance</b></p>	<p>The formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.</p>	Complied
<p><b>4.8.2</b> Records of training for each employee shall be maintained.</p> <p><b>Minor Compliance</b></p>	<p>Records of training for each employee, including new employees hired to date in year 2017 were maintained.</p>	Complied

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

<b>Criteria 5.1</b>
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## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 34 of 82

<p>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>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>5.1.1</b> An environmental impact assessment (EIA) shall be documented.</p> <p><b>Major Compliance</b></p>	<p>The PMU had submitted a new Environmental Aspect and Impacts Assessment (EIA) in Aug 2015 in accordance with the DOE &amp; NREB requirement for Proposed Replanting Programme for all the estates under the grouping.</p> <p>The annual review of the approved EIA for the POM and estates was done in Sept 2017 for the current year.</p> <p>The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. The report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones such as relevant conservation activities applicable to the PMU.</p>	<p>Complied</p>
<p><b>5.1.2</b> Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons.</p> <p><b>Minor Compliance</b></p>	<p>There were no major changes to the identified impacts since the establishment of the documents above.</p> <p>Impacts such as smoke emissions, noise levels, POME and EFB management were verified at the POM.</p> <p>A comprehensive action plan has also been developed and implemented to mitigate the negative effect. The estate manager and his assistant has been identified as the person responsible.</p>	<p>Complied</p>
<p><b>5.1.3</b> This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p><b>Minor Compliance</b></p>	<p>The monitoring of the documented environmental improvement plans is ongoing. Data is being collected, documented and the result is being monitored.</p> <p>Implementation and monitoring of the documented environmental improvement plans were reviewed on an annual basis. The review has taken into consideration the mitigation of negative impacts and promotion of positive ones such as the proper demarcation of buffer zone, clearing of overgrown natural vegetation and debris along the streams.</p>	<p>Complied</p>
<p><b>Criteria 5.2</b></p> <p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>5.2.1</b> Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p><b>Major Compliance</b></p>	<p>The HCV assessment conducted by the IOI Sustainability Team (Lahad Datu region) was documented and reviewed for the POM and all the estates between 15 and 21 Sept 2017.</p> <p>Verified that the review had considered all aspects of environmentally sensitive areas such as riparian areas, buffer zones near Forest reserves, water catchments near hills, natural watercourses such as streams, potential wildlife and the perimeter boundaries of the PMU.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. The estates audited which were confirmed to have boundaries with environmentally sensitive areas were:</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 35 of 82

	<p>Leepang 5 (bordered with the Kinabatangan Wildlife Sanctuary on the NW with steep hills at the vicinity). Permodalan 3 (bordered with Trusan Kinabatangan Wetlands / Mangrove Swamps at NE and Sg. Simpang Forest Reserve at S &amp; SW). Permodalan 1 (bordered slightly with the Sg. Gologop Forest Reserve on the NE) Perimeter boundaries bordering the estate areas were visited and found to be properly demarcated with signages maintained. Conservation buffer zones along the stretches of streams which pass through the estates were identified and being monitored.</p>	
<p><b>5.2.2</b> Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p><b>Major Compliance</b></p>	<p>Regular patrols within the POM and PMU were being carried out and findings recorded by the respective Estate Executives/Auxiliary Police to monitor the conservation and buffer zone areas. Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented. Signages that prohibit hunting, fishing and water polluting activities were verified on-site at all Leepang 1 and Permodalan 2 and Morisem 5 estates and found to have been satisfactorily maintained.</p>	<p>Complied</p>
<p><b>5.2.3</b> There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be 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><b>Minor Compliance</b></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. IOI Group had sent 29 personnel which i.e. Estate managers and assistants (which included personnel from Leepang PMU) for the Honorary Wildlife Warden training held on 15-17 Nov 2016 and these personnel were qualified and authorised as listed in the Sabah Government Gazette (Warta Kerajaan, Sabah) of 9 Feb 2017. Thus action was taken on the programme to regularly educate the workforce on the awareness of RTE species to ensure that field workers are better able to identify some of species of wildlife which are encountered near boundaries with the Forest Reserves and Conservation areas during ongoing monitoring. Records of training programme to regularly educate on RTE species and the monitoring done were maintained. <b>Thus, previous OBS AL-01 (2016) was closed.</b></p>	<p>Complied</p>
<p><b>5.2.4</b> Where an action plan has been created there shall be ongoing monitoring: • 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> <p><b>Minor Compliance</b></p>	<p>The overall management plan on the status of HCV/RTE of the Leepang PMU as reviewed in Sept 2017 was verified to be collated, reviewed and monitored by the Sustainability team. Management plans were established and monitoring outcomes were reviewed by the Estate managers. Verification were also made during on-site assessment and found to be satisfactory implemented at both Leepang 5, Permodalan 1 and Permodalan 3 estates.</p>	<p>Complied</p>
<p><b>5.2.5</b> Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement</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 PMU. Thus negotiated agreement of such nature is not applicable.</p>	<p>Not Applicable</p>

<p>that optimally safeguards both the HCVs and these rights. <b>Minor Compliance</b></p>		
<p><b>Criteria 5.3</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>5.3.1</b> All waste products and sources of pollution shall be identified and documented.  <b>Major Compliance</b></p>	<p>Visits made to the POM and estates audited showed that all waste products and sources of pollution were identified and documented.  The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials, e.g. EFB, POME, stack emissions and boiler ash were maintained and monitored at the POM.  Scheduled Waste identified included the following categories: Spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers / drums and contaminated rags/materials (SW 409), used filters (SW 410), Electrical waste (SW 119), clinical waste (SW 404) and used batteries (SW 102). Records on the quantity stored as per 5<sup>th</sup> Schedule, and disposal were properly recorded and documented. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the POM and estates. Proper storage areas were identified for the storage of the recyclable wastes at the mill and estates including at the workshops.</p>	<p>Complied</p>
<p><b>5.3.2</b> All chemicals and their containers shall be disposed of responsibly.  <b>Major Compliance</b></p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.  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). Latest disposal was carried out on 23 Sept 2017, as noted in the e-consignment records. Documentation relating to disposal and inventory of the schedule waste was satisfactorily documented.</p>	<p>Complied</p>
<p><b>5.3.3</b> A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.  <b>Minor Compliance</b></p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required and is being carried out responsibly. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the mill and estates.  Waste disposal was done by an appointed contractor that is licensed by the Department of Environment.  Recycling of crop residues / biomass, i.e. EFB and POME had been implemented. Management EFB application plans and progress reports were verified to be satisfactory recorded.</p>	

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 37 of 82

	<p>Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.</p> <p>The waste management and disposal plan was found to have been satisfactorily implemented at the mill.</p> <p>Records of disposal of recyclable waste such as scrap metals and plastic bottles were available.</p> <p>The domestic waste disposal plan via the use of landfills was available estates. However, the landfill management at the estates audited was found to be not satisfactorily managed. Thus a NC was issued as follows.</p> <p><b>Landfill Management</b>  <b>Presently, the disposal of domestic waste at designated landfill plots are implemented at estates audited. However at Leepang 5 and Permodalan 3 estates, more suitable location site for the landfill areas should be identified in order to ensure sufficient capacity for use over a minimum 5-year period.</b></p>	<p><b>Minor NC:</b> <b>AL-01</b></p>
<p><b>Criteria 5.4</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>5.4.1</b> A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p><b>Minor Compliance</b></p>	<p>Verified that the POM has maintained records and data on fuel and energy consumption. Monthly data on energy consumption for both renewable and non-renewable sources were available and trends on consumption monitored to ensure improvements towards the optimal use of renewable energy sources such as palm fiber and kernel shells for electricity and steam generation for turbine and boiler operations.</p> <p>Verified that the trends on consumption data for CPO production and housing supply was reviewed and plans for more efficient use were documented.</p>	<p>Complied</p>
<p><b>Criteria 5.5</b> Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>5.5.1</b> There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p><b>Major Compliance</b></p>	<p>IOI Group had adhered to the policy of 'Zero open burning' for any replanting activities at the estates.</p> <p>This was verified during field inspections made at Permodalan 1 estate which had undergone replanting in 2015.</p> <p>At the time of current assessment, there has been no evidence of any open burning in the ongoing replanting activities at the fields.</p>	<p>Complied</p>
<p><b>5.5.2</b> Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p><b>Minor Compliance</b></p>	<p>Verified that there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment.</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 38 of 82

<b>Criteria 5.6</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.6.1</b> An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p> <p><b>Major Compliance</b></p>	<p>The POM stack emission levels were monitored via the online Continuous Emissions Monitoring System (CEMS) and supported by the Ringelmann Smoke recorders and charts.</p> <p>Based on the recorded data available, the emission levels were found to be within the permissible limits as set by the DOE.</p> <p>POME treatment, monitoring and land application were monitored with records maintained which were verified to be have complied with the DOE regulations.</p>	Complied
<p><b>5.6.2</b> Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p><b>Major Compliance</b></p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified e.g. POME, diesel / fuel and fertilizer. Their usage have been recorded and documented at both the POM and estates.</p> <p>GHG report calculation has also been submitted to RSPO in 3 Oct 2017 using the correct version PalmGHG. The submission was acknowledged by RSPO.</p> <p>The plan for the construction of a Biogas facility at the Leepang POM has been approved and tentatively the site area has been identified and construction works are expected to complete by mid-2018.</p>	Complied
<p><b>5.6.3</b> A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p><b>Minor Compliance</b></p>	<p>Verified that the 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 online CEMS monitoring for air emissions, scheduled waste disposal and water quality at discharge points (as per DOE regulations).</p> <p>Monitoring tools for stack emissions such via DOE online CEMS is being used. Back up monitoring and recording done via the continuous Smoke Recorder which was printable and attached to record book.</p> <p><b>Thus previous OBS AL-02 (2016) was closed.</b></p> <p>The monthly water quality analysis reports at the final discharge points performed by Permalab Sdn Bhd (Sandakan) were available and maintained. Verified that the results had met the permissible limits set by DOE (e.g. BOD levels &lt; 20 ppm).</p>	Complied

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

<b>Criterion 6.1</b> Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 39 of 82

<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented.</p> <p><b>Major Compliance</b></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 28 Aug 2017 involving Morisem grouping, Unico grouping, Permodalan as well as Leepang grouping held in LDRO. 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 Leepang POM it was conducted on 29 Sep 2017, in Leepang 5 Estate on 14 Sep 2017 and in Permodalan 3 Estate on 24 Sep 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 sighting of crocodiles in the nearby river tributaries where warning signs was immediately erected, maintenance of linesites where more line sweepers were appointed to keep the linesites clean and some clearing work of the drainage systems were also sighted.</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><b>Major Compliance</b></p>	<p>The group has considered issues of social impact to employees and communities affected by their activities. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns 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 &amp; Grievance Book in POM and estates and interviews made, it was clear that the workers are well informed of issues related to their rights.</p>	<p>Complied</p>
<p>6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p><b>Major Compliance</b></p>	<p>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 2016-Jun 2017 at both estates audited and from 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>Complied</p>
<p>6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p><b>Minor Compliance</b></p>	<p>The plans are reviewed annually together with affected parties as mentioned especially the workers were consulted during the ECC meetings, daily morning muster and individual reports made in the Grievance Books maintained.</p>	<p>Complied</p>
<p>6.1.5 Particular attention shall be paid to the impacts of smallholder schemes</p>	<p>There are no smallholders at the PMU. Thus this is not applicable.</p>	<p>Not applicable</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 40 of 82

(where the plantation includes such a scheme).		
<b>Minor Compliance</b>		
<b>Criterion 6.2</b>		
There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.2.1 Consultation and communication procedures shall be documented.	IOI's Group consultation and communication procedures are available via website link: <a href="http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm">http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm</a>	Complied
<b>Major Compliance</b>	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.	
6.2.2 A management official responsible for these issues shall be nominated.	Records sighted show evidence of appointed teams headed by estate managers assisted by assistant managers. E.g. Mr. Rosli Mohd Amin, Assistant Manager is identified in the SIA as Social Liaison Officer for the POM. In Leepang 5 Estate Mr. Mohd Fazrin Mansur, Assistant Manager is identified in the SIA as Social Liaison Officer and similarly, Mr. Saraila Salama, Assistant Manager in Permodalan 1 Estate.	Complied
<b>Minor Compliance</b>		
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.	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.	Complied
<b>Minor Compliance</b>		
<b>Criterion 6.3</b>		
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
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.	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.  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.  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 they make the report personally or through nominated workers' representatives.  It is verified during on-site interviews that there were no incidents of dispute or grievance of a serious nature.	Complied
<b>Major Compliance</b>		



	Since Feb 2014, IOI had developed “Dasar Pemberi Maklumat (Whistleblowing)” which was approved by “Jawatankuasa Audit dan Pengurusan Risiko”.	
6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. <b>Major Compliance</b>	The PMU have a system for handling compensation claim in an effective, timely and appropriate manner. So far there has not been any dispute raised which was verified during on-site interviews with the workers.	Complied
<p><b>Criterion 6.4</b> Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. <b>Major Compliance</b>	There are no borders adjacent to any village at the estates audited in the PMU.  No changes in status as of audit day hence no negotiation or compensation pertaining to this criterion	Complied
6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups’ proof of legal versus communal ownership of land. <b>Minor Compliance</b>	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.	Complied
6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. <b>Major Compliance</b>	To date, there has been no dispute by any parties reported. Therefore the process and outcome of compensation could not be observed.	Complied
<p><b>Criterion 6.5</b> Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.5.1 Documentation of pay and conditions shall be available. <b>Major Compliance</b>	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.  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.  Review of field workers’ pay slips showed that the calculation of pay is clearly itemised, for example: <ul style="list-style-type: none"> <li>• Normal working day rate</li> </ul>	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 42 of 82

	<ul style="list-style-type: none"> <li>• Normal working day overtime rate</li> <li>• Rest day work</li> <li>• Rest day work overtime</li> <li>• Public holiday work</li> <li>• Public holiday work overtime</li> <li>• Annual leave pay in December</li> <li>• Sick leave pay</li> <li>• Deductions</li> </ul> <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>In ASA-03 observation OBS: JMD-02 found some workers agreements to have a difference in the date of births when checked with the dates indicated in the system. The management responded to this observation by conducting training on data entry to relevant staff conducted by the estates Chief Clerks.</p> <p><b>Thus OBS (2016) is adequately closed.</b></p>	
<p>6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p><b>Major Compliance</b></p>	<p>On 20 Jun 2016, a memorandum has been distributed to IOI PMUs in Sabah including Leepang PMU with regards to the revised wages in accordance with Minimum Wages Order 2016. According to this memorandum monthly minimum wage is RM920/month or RM35.38/day. The employment contracts used are 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 were issued by MSIG and will expire on 30 Sep 2017 in the POM and all estates audited.</p> <p>At the estates audited a number of field workers found to have received less than stipulated minimum wages and reasons provided by the management were absenteeism, long holidays and low productivity. These reasons were verified as sufficiently accurate during the audit. E.g. harvester PP16244 in Permodalan 1 Estate was found to work one full month in Aug 2017 but only worked half a day for at least eight days with very minimal number of fruit bunches harvested.</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>However, evidence is clear that the workers who reached the daily target and working the whole month without absent received the minimum wages or much more.</p> <p>All relevant payment as prescribed by the laws, i.e. public</p>	



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 43 of 82

	<p>holiday, annual leave, sick leave, are paid accordingly.</p> <p><b>In Leepang POM, a worker LPM1012 was entitled for three-day medical sick leave, i.e. on 26-28 Aug 2017. The POM management understands the purpose of medical sick leave is for the worker to have sufficient rest. However, it has omitted payment for the second day of the sick leave which happened to fall on a rest day, i.e. Sunday.</b></p> <p><b>This is not in accordance with the Sabah Labour Ordinance, Section 104B(1) which states that rest day regulation shall not apply, among others, on employees which are on sick leave as provided under section 104E. Thus a NC was issued.</b></p>	<p><b>Major NC: JMD-01</b></p>
<p>6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p><b>Minor Compliance</b></p>	<p>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><b><u>Housing, electricity and water supply</u></b></p> <p>Workers are given a small patch of land to grow vegetables/ fruit trees and keep poultry around their houses in order to reduce the cost of living. The workers staying in the estates near to the Leepang 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><b><u>Schools</u></b></p> <p>The migrant workers' children received free education in a NGO-managed school, i.e. HUMANA. Maintenance of the school building, furniture, electric and water supplied are under the purview of the estate management. Furthermore, foreign teachers originally from Indonesia are paid by the estate management through HUMANA. Children attending the schools are provided with free school bag and stationery annually. Local children from the estates are transported to government school in Kunak town for free. Local children from the Leepang POM however are sharing half of the fees for the hired school buses. Children of the foreign workers between the ages 13-15 are sent to Community Learning Centre located in Permodalan 3 for secondary schooling.</p> <p><b><u>Sundry shops</u></b></p> <p>Sundry shops available outside at each estate audited. From interviews with the workers in PMU it was found that most household sundries, including frozen foodstuffs were available on sale. 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><b><u>Crèche ( Rumah Asuhan Kanak-kanak)</u></b></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</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 44 of 82

	<p>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><b><u>Medical clinics</u></b></p> <p>Clinic Leepang 1 Estate is also serving workers from nearby estates and Leepang POM. 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>In ASA-03 observation OBS: JMD-03 stated linesite inspection reports for the earlier 12 months are noted to be conducted appropriately. However the status of the findings from the previous inspections were still insufficiently stated in the subsequent linesite inspection reports.</p> <p>Current audit verified that the issues found in earlier linesite inspection were sufficiently reassessed in the subsequent linesite inspection reports to ensure the issues raised are appropriately addressed by the management.</p> <p><b>Thus the OBS (2016) is adequately closed.</b></p>	
<p>6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p><b>Minor Compliance</b></p>	<p>The PMU has ensured that the workers have access to adequate, sufficient and affordable food by providing the workers with local sundry shops within their compounds.</p> <p>The estates visited such as Leepang 3, are considered to be far from the main town such as Lahad Datu and Kota Kinabatangan though still reachable by local transportations.</p> <p>Based on the workers requests, Leepang 3 Estate had allowed mobile food trucks to enter its estates land in order to supply its workers with fresh fish, chicken and vegetables more regularly.</p>	<p>Complied</p>
<p><b>Criterion 6.6</b></p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>6.6.1 A published statement in local languages recognising freedom of association shall be available.</p> <p><b>Major Compliance</b></p>	<p>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. Latest ECC meetings in Leepang 5 was on 21 Aug 2017 and Permodalan 1 Estate on 19 Aug 2017.</p> <p>Representatives in the ECC is elected based on group categories and involving both male and female workers.</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 45 of 82

<p>6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p><b>Minor Compliance</b></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 were verified to be included in the continual improvement plans of the mill and estates.</p>	<p>Complied</p>
<p><b>Criterion 6.7</b> Children are not employed or exploited.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.7.1 There shall be documentary evidence that minimum age requirements are met.</p> <p><b>Major Compliance</b></p>	<p>There was no evidence of any child labor being used at the PMU.</p> <p>The Child Labour Policy adopted by estate managements had stated that the minimum age of workers is 19 years. Site inspection of the employment records in all estates confirmed that this has been complied.</p> <p>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.</p> <p>Verified that the youngest worker intake of a foreign worker 18 years old joined in 4 Apr 2017. Date of birth 5 Mar 1999 and work offer as a general worker in Leepang 5 Estate.</p> <p>Inspection of the employment records including site visits to the estates confirmed that the minimum age requirement has been complied with.</p>	<p>Complied</p>
<p><b>Criterion 6.8</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p>6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.</p> <p><b>Major Compliance</b></p>	<p>The policy statements which recognize Equal Job Opportunity were widely available and displayed in local languages and English. Inspections including interviews in the estates of 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.</p>	<p>Complied</p>
<p>6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p><b>Major Compliance</b></p>	<p>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.</p>	<p>Complied</p>
<p>6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p>	<p>The PMU demonstrated that staff are hired and promoted based on specific criteria. However, promotion to higher positions may take a longer period due to the position sought is not yet vacant.</p> <p>For foreign workers, hiring is based mainly on mandore</p>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 46 of 82

<b>Minor Compliance</b>	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.	
<b>Criterion 6.9</b> There is no harassment or abuse in the work place, and reproductive rights are protected.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.  <b>Major Compliance</b>	The established social policy covered aspects on sexual harassment, gender and women reproductive rights.  There are gender committees specifically to address areas of concerns to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept. For example, in Permodalan 1 Estate, latest Gender Consultative Committees (GCC) meeting, was conducted on 22 Mar 2017. Latest GCC meeting in Permodalan 3 was conducted on 1 Oct 2017 chaired by Rubiana Andi Umar.  The policy statements on prevention of sexual harassment, protection of gender and women reproductive rights were widely available and displayed in local languages and English. Briefing sessions were conducted together with the GCC meetings in all estates audited as well at the POM for both male and female workers.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.  <b>Major Compliance</b>	Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche. However, in most cases based on the advice from the management, female workers found to be voluntarily resigned from work due to her pregnancy. Letter from the Visiting Medical Officer dated 12 Mar 2015 also recommended the same practice as high occurrences of habitual abortion were found. The letter stated these incidents were found exceptionally high in Cantawan Estate in Baturong grouping but also true in all other IOI groupings in Sabah as well.  Protection of reproductive rights also carried out by providing free ante-natal services at the estate clinics and ambulance ride to nearest hospital. If the workers delivered their child at the quarters, the estate HA will collect all necessary data and fill in relevant forms to be submitted to the authorities, i.e. government hospital.	Complied
6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.  <b>Minor Compliance</b>	The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There are gender committees specifically to address areas of concern to women. These committees headed by the managers and members are representatives from all areas of work. The minutes of meetings were documented and kept.	Complied
<b>Criterion 6.10</b> Growers and millers deal fairly and transparently with smallholders and other local businesses.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.	All estates in the PMU have no dealings with smallholders.  No changes with regards to dealing with smallholders since last year and no evidence to suggest of any unfair business	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 47 of 82

<b>Minor Compliance</b>	practices with the local businesses.	
6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).  <b>Major Compliance</b>	The PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.	Complied
6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. <b>Minor Compliance</b>	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.  Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate parties and reviewed by Tender Committee before approval. The contractors are monitored during work in progress to follow safety requirements.	Complied
6.10.4 Agreed payments shall be made in a timely manner. <b>Minor Compliance</b>	The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments are made on time according to common practice of 60-day credit period.	Complied
<b>Criterion 6.11</b>		
Growers and millers contribute to local sustainable development where appropriate.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. <b>Minor Compliance</b>	Main contribution of the 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.  With regards to HUMANA, the PMU has been replacing old HUMANA buildings with the new ones for the past few years. Latest Humana building is in Permodalan 3 Estate where it has just been completed two weeks before the audit. 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. Free transport are provided by the office management for children to the schools. Annually IOI also donated school bags and stationery to HUMANA students. Whilst in government schools, high achievers were given cash rewards.  Clinics are available in the line sites of both estates audited. Measles immunisation programme was conducted together between Permodalan 3 clinic and the Government Klinik Kesihatan Sukau in first in Jul 2017 and second on 8 Aug 2017.	Complied
6.11.2 Where there are scheme smallholders, there shall be evidence	The PMU had no scheme smallholders.	Not applicable



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 48 of 82

<p>that efforts and/or resources have been allocated to improve smallholder productivity</p> <p><b>Minor Compliance</b></p>		
<p><b>Criterion 6.12</b></p> <p>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><b>Major Compliance</b></p>	<p>Estate workers are sourced by the IOI appointed agents and handled via IOI Lahad Datu Region office [LDRO].</p> <p>All procedures of bringing in foreign workers are with the approval from the Immigration Office. Based on records verified and interviews with some of the workers, it is confirmed that there has been no occurrence of forced nor trafficked workers in IOI estates.</p> <p>In fact, IOI through 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. The management however, would still assist the workers to monitor the passport and work permit expiry dates, sending them for FOMEMA test until collecting work permit from the Immigration. This temporary transfer of custody is recorded in log books available in the POM and in the estates audited. Latest release of the workers passports in Leepang POM was on 8 Apr 2017 to 36 workers, in Leepang 5 estate on 5 Oct 2017.</p> <p>In ASA-03 observation OBS: JMD-03 stated passports are noted to be voluntarily handed by the foreign workers to management for safekeeping. However, no log book was maintained to keep track of the movement of the passports. During the current audit, it was found the managements of the estates and POM have been returning foreign workers passports for their own safekeeping. The logbook is still maintained to record temporary transfer of custody from the workers to the managements during renewal process. Thus this observation is considered as sufficiently closed.</p>	Complied
<p>6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred.</p> <p><b>Minor Compliance</b></p>	<p>No issue of contract substitution has been found and this was confirmed through interviews mainly with internal stakeholders.</p>	Complied
<p>6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p><b>Major Compliance</b></p>	<p>A policy on Equal Opportunity was adopted and implemented by the PMU and verified to have covered all necessary aspects of migrant workers related issues.</p>	Complied
<p><b>Criterion 6.13</b></p> <p>Growers and millers respect human rights.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<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).</p> <p><b>Major Compliance</b></p>	<p>IOI had adopted revised "Group Sustainable Palm Oil Policy" in June 2017 signed by Group CEO, Dato' Lee Yeow Chor which covered the necessary aspects of human rights related issues.</p> <p>This is confirmed to have been explained and understood by the different levels of personnel interviewed during the assessment.</p>	Complied
<p><b>6.13.2</b> As long as children of plantation workers of Sabah and Sarawak are not</p>	<p>The mill and estates had contribute towards the setting up of the Humana schools with CLC for children of Indonesian</p>	Complied





## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 49 of 82

secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation. <b>Minor Compliance</b>	workers, both for their primary and secondary level educations.  It was verified that the school building, premises and basic utilities has been adequate maintained and transport has been provided free for children of the workers.	
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**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 GHG Calculation Report was submitted to RSPO Secretariat on 25 Jul 2017.

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

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

<b>Criterion 8.1</b>		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
Indicators	Findings and Objective Evidence	Compliance
<p><b>8.1.1</b> The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> <li>• Encourage optimising the yield of the supply base.</li> </ul> <p><b>Major Compliance</b></p>	<p>The POM has identified and implemented the following Continual Improvement Action Plans: 2017</p> <ul style="list-style-type: none"> <li>• Planned construction of a Biogas facility which has commence in mid-2017 and expected to complete for commissioning in mid-2018.</li> <li>• New Laboratory building by 2018</li> <li>• Upgrade of the Scheduled Waste store</li> <li>• Refurbishment of workers quarters and improvement of drainage systems</li> <li>• Better collection and recycling of plastic bottles and materials</li> <li>• Conversion of a proper ECC Hall.</li> <li>• Newly completed Multipurpose Store</li> <li>• Planned Concreting of EFB offloading area</li> </ul> <p>The estates have identified and implemented the following Continual Improvement Action Plans:</p> <ul style="list-style-type: none"> <li>• Permodalan 1 estate: 1 unit new Kindergarten,</li> <li>• 12 units of workers quarters,</li> <li>• Replace wooden ramp with new metal ramp (2 bays),</li> <li>• Humana – CLC completed with Teacher quarter in Sept 2017.</li> <li>• EFB mulching in mature area and immature palms</li> <li>• Planting of beneficial plants to reduce the attack by caterpillars and bag worm, thereby reducing the use of pesticides.</li> </ul>	<p>Complied</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 50 of 82

	<ul style="list-style-type: none"> <li>Improving signages to enable easier understanding by the workers.</li> <li>Recycling of domestic waste had been practiced.</li> <li>Safety reflector for vehicles and trailers were installed.</li> <li>Use of 'Palm Top' equipment had been introduced in July 2016 for more effective FFB record keeping.</li> <li>Purchase of additional trucks for FFB &amp; EFB transport</li> </ul> <p>Social improvements:</p> <ul style="list-style-type: none"> <li>Building of new workers quarters i.e. 1 Block x 6 units' and 2 Blocks x 6 units' at P2 and M5 estates respectively.</li> <li>Started new building of Humana Schools in June and August 2016 at M5 and P2 estates.</li> <li>Construction of a new Church in April 2016, which is expected to complete by end 2016 at LP 1 estate.</li> <li>Providing teacher to teach reciting Al-Quran to children staying in the workers quarters.</li> <li>Providing necessary assistance to workers during celebrations/festivities, e.g. wedding.</li> <li>Free or minimal fee to workers belong to the contractors for medical services.</li> <li>Providing financial assistance to government school as and when requested.</li> <li>Annual school donation to HUMANA students, especially school bags.</li> <li>Measles immunisation programme was conducted together between Permodalan 3 clinic and Government - Klinik Kesihatan Sukau in first in Jul 2017 and second on 8 Aug 2017.</li> <li>Returning all travelling documents belong to all foreign workers and continue assisting the workers with their renewal process.</li> <li>Plastic recycling programmes commencing Sept 2017</li> </ul> <p>Evidence of results was available for the above continuous improvement action plans.</p>	
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### 3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

The Supply Chain model applied at IOI Leepang (Sabah) 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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 51 of 82

<p>D.1.1</p> <p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>The POM only processed FFB from its own supply base (see <b>Section 1.3</b>). It was verified that there was no sources of FFB from any outgrowers or independent suppliers / smallholders. The CPO Mill is therefore applying the Identity Preserved (IP) module.</p>	<p>Complied</p>
<p><b>D.2 Explanation</b></p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<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&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the POM is recorded in this Assessment Report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced has been recorded in each annual surveillance report (see <b>Section 1.8.2 Table 6 and Section 1.8.3 Table 7</b>).</p>	<p>Complied</p>
<p>D.2.2</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The POM meets all registration and reporting requirements for the appropriate supply chain through the RSPO Supply Chain managing organization (RSPO IT platform or book and claim).</p>	<p>Complied</p>
<p><b>D.3 Documented procedures</b></p>		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for IP Module is available. RSPOSC/SOP/IP/3 was further revised on 01 Aug 2017 (Rev.1). The procedure had covered the implementation of all elements of IP Module.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements</p>	<p>The documented procedure and its implementation confirmed to have complied with all the specified requirements of Identity Preserved (IP) Module D that include controlling the FFB receipt, processing, sales, CPO and PK dispatch, and records keeping.</p>	<p>Complied</p>
<p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's</p>	<p>Mill manager, Mr. Kanny @ Paul Sitip has the overall responsibility and authority for implementation and compliance with the documented procedure. He and other relevant staff (e.g. Asst. Mill Manager, Rosli Mohd Amin) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 52 of 82

<p>procedures for the implementation of this standard.</p>	<p>Certification Standard Module D requirements and its implementation.                      Refresher training on the RSPO SCC standard was conducted on 26 Sept 2017 with total 21 personnel in attendance which included the Weighbridge, Store and Lab personnel.                      Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.                      The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	
<p>D.3.2                      The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>For the period FY 2016/2017, the POM only received and processed FFB entirely from the PMU estates.                      The PMU did not receive any non-certified FFB from other sources or suppliers.                      All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.                      The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure.                      The POM has 4 CPO storage tanks that stored the IP quantities.</p>	Complied
<p><b>D.4 Purchasing and goods in</b></p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>D.4.1                      The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.</p>	<p>The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional office and weekly to the Head Office at Putrajaya.</p>	Complied
<p>D.4.2                      The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The Mill monitors FFB reception, CPO and PK production. IOI HQ and POM has an internal monitoring and reporting mechanism for advising the CB of production variations such as projected overproduction situation, when such issue arises.                      So far, there is no projected overproduction.</p>	Complied
<p><b>D.5 Record keeping</b></p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>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.</p>	<p>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible.                      Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily.                      As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.</p>	Complied
<p><b>D.6 Processing</b></p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p>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.</p>	<p>Confirmed from records that the POM only received and processed certified FFB from its own estates and estates in other certified IOI PMUs for FY2016/2017.                      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</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 53 of 82

	<p>module requirements at the mill, including transport and storage. Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office. A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months. The POM does not produce PKO. The PK is sold to IOI Edible Oil and there is no outsourcing of the PK crushing to an independent palm kernel crusher.</p>	
<p>D.6.2 The objective is for 100 % segregated material to be reached.</p>	<p>Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents.</p>	Complied

### 3.1.2 Status on Supply Chain on POM:

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

### 3.1.3 Monitoring of Certified Sustainable Products traded:

Trading of the certified products was monitored by the POM via RSPO Palm Trace including RSPO GreenPalm and ISCC. The records maintained at the POM relied on internal communications of the trading done by the HQ, Kuala Lumpur. The volumes of traded certified products as verified during assessment are as follows:

	CSPO - Actual Jul 2015-Jun 2016 (MT)	CSPK - Actual Jul 2015-Jun 2016 (MT)	CSPO-Actual Jul 2016-Jun 2017 (MT)	CSPK-Actual Jul 2016-Jun 2017 (MT)	CSPO - Actual Jul 2017 till current (MT)	CSPK - Actual Jul 2017 till current (MT)
<b>RSPO IP</b>	47,942.02	15,148.52	39,652.35	14,110.58	6,688.10	1,906.81
<b>Book &amp; Claim (GreenPalm)</b>	0	0	0	0	0	0
<b>ISCC</b>	10,979.88	0	13,488.79	0	0	0
<b>Total Traded</b>	<b>58,921.90</b>	<b>15,148.52</b>	<b>53,141.14</b>	<b>14,110.58</b>	<b>6,688.10</b>	<b>1,906.81</b>
<b>Actual Produced</b>	<b>61,137.19</b>	<b>15,457.30</b>	<b>56,467.64</b>	<b>14,347.37</b>	<b>8,730.32</b>	<b>2,192.08</b>

Notes:

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



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 54 of 82

### 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
Annual Surveillance-02 (by previous CB-SGS)	2015	2 (2 Minor)	2	Actions taken on the NCRs and OBS were verified and noted to be effective during ASA-03.
Annual Surveillance-03 (by Intertek)	2016	4 (1 Major, 3 Minor)	7	Actions taken on the NCRs and OBS were verified and noted to be effective during ASA-04.
Annual Surveillance-04 (by Intertek)	2017	3 (2 Major, 1 Minor)	1	Next assessment (Re-Certification)

#### 3.2.1 Year 2016: ASA-03 (1 Major, 3 Minor NCRs)

NCR	MYNI Indicator	Details of NCR	
<b>Minor NC: CFK-01</b>	<b>4.3.2</b>	Date issued: 14 Oct 2016	
		Nonconformance:  Construction of terraces: Morisem 5 Estate	
		<ol style="list-style-type: none"> <li>1. In F 14B (M), almost all the terraces were not having stop bund to control water flow along the terrace, and some terraces were not constructed along the contour. As a result, erosion had taken place at the lower section of the terrace.</li> <li>2. In F 14B (E), there was a small area where the gradient of land was more than 10°, but no terrace (conservation or planting terrace) had been constructed.</li> </ol>	
		Root Cause and Corrective Action(s): <u>Root Cause</u> <ol style="list-style-type: none"> <li>1. There are insufficient amount of monitoring and maintenance from the management side to ensure the bund is properly constructed during and after the terracing work being carried out by the contractors.</li> <li>2. There are also lacks of awareness with regards to the terracing requirement at the slope area to ensure the contractors carrying out the work properly and sufficiently.</li> </ol>	
		<u>Corrective Action</u> <ol style="list-style-type: none"> <li>1. The stop bund will be constructed in the area where it was found not available and re-established in the area where it was found has not been in proper condition.</li> <li>2. Training will be given to all responsible field staffs and executives for the replanting area to ensure they are equipped with sufficient amount of knowledge and awareness on the requirement on terracing work.</li> </ol>	
Verification (Corrective Action):		Evidences submitted i.e. copy of corrective actions done with attached photographs of constructed stop bunds at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
		NC status verified by auditor: Closed by AL	Date closed: 7 Nov 2016



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 55 of 82

		<p>Verification (for effectiveness):          During ASA-04 Assessment: Verified that the implementation of the planting terraces included the proper construction of stop bunds at the estates during replanting is according with best practices and the company's procedures. The implementation was effective for closure.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Accepted by CBK</td> <td style="width: 40%;">Date verified: 13 Oct 2017</td> </tr> </table>	NC status verified by auditor: Accepted by CBK	Date verified: 13 Oct 2017
NC status verified by auditor: Accepted by CBK	Date verified: 13 Oct 2017			

NCR	MYNI Indicator	Details of NCR		
<b>Minor NC: CFK-02</b>	<b>4.3.3</b>	Date issued: 14 Oct 2016		
		<p>Nonconformance:            Mitigation of soil erosion:            Morisem 5 Estate            In F14B (M), no scupper drain, where possible, had been constructed to lead the water from the road onto the terrace in order to reduce soil erosion on the road.</p>		
		<p>Root Cause and Corrective Action(s):  <u>Root Cause</u></p> <ol style="list-style-type: none"> <li>1. Lack of awareness on the requirement on the construction of the scupper drains along the road to reduce the soil erosion on the roads.</li> </ol> <p><u>Corrective Action</u></p> <ol style="list-style-type: none"> <li>1. The scupper drains will be provided in the strategic required areas along the roads within the estates.</li> <li>2. Monitoring of the scupper drain shall be carry out as part of the road maintenance programme to ensure it will always be kept in a working condition.</li> </ol>		
		<p>Verification (Corrective Action):            Evidences submitted i.e. copy of corrective actions done with attached photographs of constructed scupper drains 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%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL</td> <td style="width: 40%;">Date closed: 7 Nov 2016</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 7 Nov 2016
		NC status verified by auditor: Closed by AL	Date closed: 7 Nov 2016	
		<p>Verification (for effectiveness):            During ASA-04 Assessment: Verified that proper scupper drains were constructed at estates road and any potential erosion is controlled and monitored. The planting terraces done for the estates during replanting is according with best practices and the company's procedures. The implementation was effective for closure.</p>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Accepted by CBK</td> <td style="width: 40%;">Date verified: 13 Oct 2017</td> </tr> </table>	NC status verified by auditor: Accepted by CBK	Date verified: 13 Oct 2017		
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NCR	MYNI Indicator	Details of NCR
<b>Major NC: CFK-03</b>	<b>4.4.2</b>	Date issued: 14 Oct 2016
		<p>Nonconformance:            Buffer zones along water courses:            Morisem 5 Estate:            In F14A (F), there was no buffer zone being marked along the stream, and some palms were planted next to the stream.</p>



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 56 of 82

	<p>Root Cause and Corrective Action(s):</p> <p><u>Root Cause</u></p> <ol style="list-style-type: none"> <li>1. Buffer zone has already been provided for the natural stream in the estate, however it was previously does not covered the tributary waterways that goes into the stream, which are mostly formed as a result of running water from the hilly area of the estate. The waterways are also actually found dry most of the time except during the raining season.</li> <li>2. Buffer zone in the estate was previously deemed to be sufficient as it was provided in accordance to the map of rivers from the state map as defined in the estate's EIA for replanting activities.</li> </ol> <p><u>Corrective Action</u></p> <ol style="list-style-type: none"> <li>1. The tributary waterways to the stream running through the estate has been identified and mapped out in the estate map for reference of the estate management towards future maintenance of the area.</li> <li>2. The buffer zone for the tributary waterways has been provided in accordance to the DID requirement on the width of buffer zone.</li> </ol>	
	<p>Verification (Corrective Action):</p> <p>Off-site verification is done. The corrective actions taken which are supported by photographs taken at audited sites and proposed implementation of the Buffer zones for replanting at all the estates are considered to be acceptable for the closure. This is subject to follow-up verification during next assessment.</p>	
	NC status verified by auditor: Closed by AL	Date closed: 8 Nov 2016
	<p>Verification (for effectiveness):</p> <p>During ASA-04 Assessment: Verified that the implementation of the buffer zones has been mapped at the estates and markings made on the palms near steams and tributaries. Buffer area is noted to be in accordance with the DID regulations. Adequate buffer areas were maintained and monitoring was noted at the replanted areas at the estates. The implementation was effective for closure.</p>	
	NC status verified by auditor: Accepted by CBK	Date verified: 13 Oct 2017

NCR	MYNI Indicator	Details of NCR
Minor NC: CFK-04	4.6.7	Date issued: 14 Oct 2016
		<p>Nonconformance:</p> <p>Permodalan 2 Estate In F 96E, when the spraying operators were doing strip and circle spraying, they were swinging the spraying lance left and right, sometime up to shoulder height. This is against the procedure of strip and circle spraying as stipulated in the SOP.</p> <p>Leepang 1 Estate The strip and circle spraying operators were holding the spraying lance with the trigger control up-side-down.</p>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 57 of 82

		<p>Root Cause and Corrective Action(s):</p> <p><u>Root Cause</u></p> <ol style="list-style-type: none"> <li>1. Lack of awareness among the workers on the correct way of handling fan jet spraying pump. There are also lack of monitoring from the supervision session from the management to ensure proper handling of the pump.</li> </ol> <p><u>Corrective Action</u></p> <ol style="list-style-type: none"> <li>1. Training has been given to the spraying workers to train them on the proper handling of the fan jet spraying pump when carrying out their work in the field.</li> <li>2. Proper handling of the pump will be included in the future workplace inspection session to identify any potential recurrence of the issue in the future.</li> </ol>		
		<p>Verification (Corrective Action):</p> <p>Evidences submitted i.e. copy of Training records for workers which are supported by attached photographs were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Closed by AL</td> <td style="width: 40%;">Date closed: 7 Nov 2016</td> </tr> </table>	NC status verified by auditor: Closed by AL	Date closed: 7 Nov 2016
NC status verified by auditor: Closed by AL	Date closed: 7 Nov 2016			
		<p>Verification (for effectiveness):</p> <p>During ASA-04 Assessment: Verified that the training provided to sprayers were effective as proper handling of the various spraying equipment was observed during field inspection and interview of workers. The implementation was effective for closure.</p>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">NC status verified by auditor: Accepted by CBK</td> <td style="width: 40%;">Date verified: 13 Oct 2017</td> </tr> </table>	NC status verified by auditor: Accepted by CBK	Date verified: 13 Oct 2017
NC status verified by auditor: Accepted by CBK	Date verified: 13 Oct 2017			

### 3.2.2 Year 2016: ASA-01 (7 Observations)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark (if any)
<b>OBS: CFK-01</b>	<b>4.7.3</b>	Permodalan 2 Estate	At field block F96W, a harvester, while resting, was observed to have hung the harvesting pole with sickle onto a frond of the palm.	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.
<b>OBS: AL-01</b>	<b>5.2.3</b>	Permodalan 2, Morisem 5 and Leepang 1 estates	The programme to regularly educate the workforce on the awareness of RTE species is to be improved so that field workers are better able to identify some of species of wildlife which are encountered near boundaries with the Forest Reserves and Conservation areas during ongoing monitoring.	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.
<b>OBS: AL-02</b>	<b>5.6.3</b>	Leepang POM	Monitoring tools for stack emissions such via DOE online CEMS is being used. However, there was no back up monitoring and recording done during recent breakdown in the CEMS system since Sept 2016.	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.
<b>OBS: JMD-01</b>	<b>4.7.3</b>	Permodalan 2 and Leepang 1	Training on firefighting are conducted regularly for workers in the estates. However certain groups of workers or residents in the said estates e.g. Crèche caretakers and HUMANA	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 58 of 82

			teachers were not present. The management should consider involving them in these trainings.			
<b>OBS: JMD-02</b>	<b>6.5.1</b>	Leepang 1	Employment agreements between the management and the workers are available. However two workers agreements were found to have a difference in the date of births when checked with the dates indicated in the system.	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.
<b>OBS: JMD-03</b>	<b>6.5.3</b>	Permodalan 2	The linesite inspection reports over the past 12 months are noted to be done. Previous year NCR m21 (2015) was addressed. However the status of the findings from the previous inspections were still insufficiently stated in the inspection reports. Therefore a new observation is issued.	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.
<b>OBS: JMD-04</b>	<b>6.12.1</b>	Morisem 5	Passports are noted to be voluntarily handed by the foreign workers to management for safekeeping. However, no log book was maintained to keep track of the movement of the passports.	14 Oct 2016	13 Oct 2017	Adequate actions taken for closure.

### 3.2.3 Year 2017: ASA-04 (2 Major, 1 Minor NCRs)

NCR	MYNI Indicator	Details of NCR
<b>Major NC: CBK-01</b>	<b>4.7.2</b>	Date issued: 13 Oct 2017
		<p><b>Nonconformance:</b></p> <p><b>At the Palm Oil Mill workshop and store, there were three bottles containing liquid in the respective first aid boxes that were not labeled.</b></p> <p><b>At Permodalan 3 Estate, at Block 6E, a container was found to be containing liquid that the Mandore informed was clean water for emergency use only. However, the container did not have any identification or label indicating what it was containing or the purpose of the content.</b></p>



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 59 of 82

	<b>Root Cause and Corrective Action(s):</b>	
	<u>Root Cause</u> a) Leepang Palm Oil Mil: The label for bottles containing liquid in the respective first aid box were overlook by Medical Assistant and management. b) At Permodalan 3 Estate, the water container has not been labelled due to overlook of the person in charge on the matter	
	<u>Corrective Actions</u> a) Leepang Palm Oil Mill: The medicine bottle was labelled with details such as type of medicine and expiry date. First aider assigned to check once a month on the items in the first aid kit. b) Permodalan 3 Estate: All water containers for all operations are collected and labelled with ' <i>Air Bersih Bukan Untuk Diminum</i> '. Training given to the operation to label the bottle. A person in-charge (SPO supervisor) to check on the label during his daily inspection.	
	Verification (Corrective Action): Off-site verification is done. The corrective actions taken by the POM and Estates were supported by the relevant Training records and photographs as evidences of implementation. The documentations are reviewed and considered to be acceptable for the closure. This will be subject to follow-up verification during next assessment.	
	<b>NC status verified by auditor: Closed by AL</b>	<b>Date closed: 17 Nov 2017</b>
	Verification of effectiveness: Next assessment	
NC status verified by auditor: -		Date verified: -

NCR	MYNI Indicator	Details of NCR
Minor NC: AL-01	5.3.3	Date issued: 13 Oct 2017
		<b>Nonconformance:</b>  <b>Landfill Management</b>  <b>Presently, the disposal of domestic waste at designated landfill plots are implemented at estates audited. However at Leepang 5 and Permodalan 3 estates, more suitable location site for the landfill areas should be identified in order to ensure sufficient capacity for use over a minimum 5-year period.</b>



**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 60 of 82

	<b>Root Cause and Corrective Action(s):</b>	
	<u>Root Cause</u> Due to limited and suitable area for are specific designated landfill, the management preferred to use the inter-row method for the landfill. Furthermore, the currently present landfill areas are all complying with the environmental requirement specified in the legally required external EIA which are verified by EPD's approved environmental consultant during their 6 monthly visits. Therefore, as far as the management concern, the currently provided area for landfill does not go against any of the existing environmental requirement.	
	<u>Corrective Actions</u> For the estate that has vacant spaces for designated landfill area (Leepang 5), the estates had identified and declared the area as a centralized site for waste disposal.  For the estate that do not have designated site due to absent/limited of vacant space in the estate (Permodalan 3), the management has no choice other than to practice inter-row landfill. The landfill management plan will ensure that the identification of location of the past, current and future waste pit will be available on-site. All palms that are within the inter-row landfill area will be mark so that the extent of the area will be visible to anyone within the vicinity.  Landfill management is updated according to the practice (according to designated area or inter row).	
	Verification (Corrective Action): Off-site verification is done. The corrective action plans as submitted by the relevant Estates were supported by the maps with the new location sites (for longer term landfill management) and photographs as evidences of implementation in progress. The documentations are reviewed and considered to be acceptable for the closure. This will be subject to follow-up verification during next assessment.	
	<b>NC status verified by auditor: Closed by AL</b>	<b>Date closed: 17 Nov 2017</b>

Verification of effectiveness: Next assessment

NC status verified by auditor: -

Date verified: -

<b>NCR</b>	<b>MYNI Indicator</b>	<b>Details of NCR</b>
<b>Major NC: JMD-01</b>	<b>6.5.2</b>	Date issued: 13 Oct 2017
		<p><b>Nonconformance:</b></p> <p>In Leepang POM, worker LPM1012 was entitled for three-day medical sick leave, i.e. on 26-28 Aug 2017. The POM management understands the purpose of medical sick leave is for the worker to have sufficient rest. However, it has omitted payment for the second day of the sick leave which happened to fall on a rest day, i.e. Sunday.</p> <p>This is not in accordance with the Sabah Labour Ordinance, Section 104B(1) which states that rest day regulation shall not apply, among others, on employees which are on sick leave as provided under section 104E.</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 61 of 82

		<b>Root Cause and Corrective Action(s):</b> <u>Root Cause</u> Sick leave was issued by Leepang 1 Clinic. However, due to the miscommunication with medical assistant, the sick leave falls on rest day was not paid. In real situations, the said workers actually obtained two days of sick leave on 26 <sup>th</sup> August and 28 <sup>th</sup> August 2017 which is falls on Saturday and Monday respectively. The two-different entitled sick leave were written in the same medical chit and did not clearly show that 27 <sup>th</sup> August 2017 which falls on rest day was included. This miscommunication caused the management overlooked to pay sick leave on 27 <sup>th</sup> August 2017.	
		<u>Corrective Actions</u> The management has compensated the said workers on 30 Oct 2017. Chief Clerk will give training to the Check roll clerks regarding the payment of MCs taken by workers during rest day according to Sabah Labour Ordinance Cap 67.	
		Verification (Corrective Action): Off-site verification is done. The corrective actions taken by the POM and Estates were supported by the relevant Pay slips showing the compensated amounts which are also acknowledged received by the workers. Training records and photographs as evidences of implementation were also submitted. The documentations are reviewed and considered to be acceptable for the closure. This will be subject to follow-up verification during next assessment.	
		<b>NC status verified by auditor: Closed by AL</b>	<b>Date closed: 17 Nov 2017</b>
		Verification of effectiveness: Next assessment	
		NC status verified by auditor: -	Date verified: -

### 3.2.4 Year 2017: ASA-04 (1 Observation)

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Remark (if any)
OBS# CBK-01	4.1.2	Leepang 5 Estate, Fertiliser Store	More suitable pallets can be used to protect the bags of fertilisers from contact with the wet patches on the cemented floor.	13 Oct 2017	-	At next assessment

### 3.2.5 Identified Positive Elements

- 1) 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.
- 2) The PMU has contributed towards the local economy and provided proper infrastructure such as roads, housing, sport facilities and financial support for the Government school located in the PMU.

### 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 IOI Leepang 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 2016: Surveillance Assessment ASA-03)

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.:** R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 62 of 82

Communication done via email prior assessment to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<b>Government Agencies:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	No further action required.
<b>Non-Governmental Organizations:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Local Communities - Stakeholders' Consultation:</b> At this PMU, a total of 7 stakeholders were able to be present at the Stakeholders Consultation representing various stakeholder categories. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations: 1. Positive comments given by the stakeholders 2. No negative comments 3. Proposal made by a Government School Principal that the existing school at the PMU should transfer the land ownership to the SK Sg. Bandera School.	Concerning item no. 3 i.e. the proposal made by the Government School Principal of SK Sg. Bandera, PMU response was that the proposal was not a new matter. The PMU Management had explained that they do not have the authority to act on the proposal as it involved IOI HQ level. The Principal was already advised to write his request to the State Education Ministry as the necessary step if he wishes to pursue the matter.	To be followed up during the next Annual Surveillance Assessment.	
<b>Internal stakeholders/ Workers interviewed:</b> Interviews of sampled staff and workers were also conducted by the auditors during field visits from 10 – 14 Oct 2016 at the PMU: Staff / Workers sampling: POM: 12 males, 10 females Estate Office staff: 10 males, 14 females Field workers (foreign workers): 27 males, 36 females  No issues raised by the sampled staff and workers.	No response needed.	No response needed.	Nil
<b>Other Interested parties:</b> No feedback received.	No response needed.	No response needed.	Nil

### 3.3.2 Feedback Raised by Stakeholders (Year 2017: Surveillance Assessment ASA-04)

Communication done via email prior assessment to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<b>Government Agencies:</b>			

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 63 of 82

<p>Feedback received from Sabah Forestry Dept (19 Oct 2017) on their reminder to PMU to maintain requirements and guidelines on:</p> <ol style="list-style-type: none"> <li>1) Environmental Protection</li> <li>2) Biodiversity Conservation</li> <li>3) Employment opportunities</li> <li>4) Community development</li> </ol>	<p>Ongoing and annual consultations will be maintained with Sabah Forestry Dept.</p>	<p>Verified during on-site assessment that consultations were held. To be followed up in next assessment</p>	<p style="text-align: center;">-</p>
<p><b>Non-Governmental Organizations:</b> No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p style="text-align: center;">-</p>
<p><b>Local Communities - Stakeholders' Consultation:</b> Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 13 Oct 2017. A total of 8 stakeholders (2 NGOs, 6 suppliers/contractors) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> <li>1. Currently IOI annual contribution has focusing on the HUMANA students only. Additional contribution should also include the CLC students.</li> </ol>	<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 style="text-align: center;">-</p>
<p><b>Workers and Local Communities - Interviewed:</b> Interviews of sampled staff and workers (local and foreign) were also conducted by the auditors during field visits from 9 to 13 Oct 2017 at the PMU: Staff/Workers sampling: POM = 7 nos. (4 males, 3 females) Estate Offices = 21 nos (9 males, 12 females) Field/sites visit = 36 nos (16 males, 20 females) No grievance issues raised by the sampled staff and workers. Complaints and requests as raised in the Complaints &amp; Request Book had been attended to by the Management in a timely manner.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p style="text-align: center;">-</p>
<p><b>Other Interested parties:</b> No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p style="text-align: center;">-</p>



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



**Report No.:** R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 64 of 82

**4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION**

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

Therefore, it is recommended that the certification of IOI Leepang (Sabah) Grouping be approved and continued.

Signed for and on behalf of  
Intertek Certification International Sdn Bhd

Augustine Loh  
Lead Assessor  
Date: 17 Nov 2017

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

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

Signed for and on behalf of  
IOI CORPORATION BERHAD

Mr. S.S Ragupathy,  
General Manager (Sabah Region)  
Date: 21 Nov 2017





## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 65 of 82

### 4.2 INTERTEK- RSPO P&C Certificate details for Leepang (Sabah) Grouping

Certificate No:	<b>RSPO 930888</b>
Original Issue date:	16 Dec 2013
New issue date (ASA-04):	16 Dec 2017
Expiry date:	15 Dec 2018
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Leepang (Sabah) Grouping
Address of POM:	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Jun 2017) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain module for POM	Identity Preserved (IP)

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

Name	Address	GPS Reference		Certified (Titled) Area (ha)
		Latitude	Longitude	
Leepang (Sabah) POM (Capacity: 40 MT/hour)	Morisem Pam Oil Mill Sdn Bhd, (Leepang Palm Oil Mill), MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.864'	E 118°26.216'	14,552.94
Leepang 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°33.954'	E 118°26.629'	
Leepang 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°32.778'	E 118°26.113'	
Morisem 5 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.525'	E 118°26.142'	
Permodalan 1 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.419'	E 118°27.909'	
Permodalan 2 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°30.467'	E 118°29.023'	
Permodalan 3 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°28.099'	E 118°28.847'	
Permodalan 4 Estate	MDLD 5123, KM 3 Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia.	N 5°26.943'	E 118°28.121'	

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

Leepang (Sabah) POM	Annual Tonnages (MT)
Certified FFB	339,670
Certified CPO	71,331
Certified PK	17,833
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 (TPA) Lead Auditor and IRCA Lead Tutor for IRCA ISO 9001 and OHSAS 18001 Lead Auditor Courses as well as Tutor for RSPO Certification Programs and Integrated Management System in Intertek, Malaysia. He has over 25 years of fieldwork and experience in Palm based product survey, supply chain monitoring, inspection and testing. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001, ISO 14001, OHSAS 18001, ISO 22001, ISO 27001, RSPO Principles and Criteria Lead Assessor Course, RSPO Supply Chain Certification and the International Sustainable Carbon Certification (ISCC) Lead Auditor courses. He has also completed the RSPO training on RSPO P&C, RSPO Palm GHG tool and RSPO RED requirements. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Brunei, Thailand, Cambodia and Australia. He is currently the RSPO Regional Program Manager of Intertek Certification International, Malaysia and has performed over 800 auditing days on quality, environmental and safety & health assessments in various sectors including oil palm plantations. He was the RSPO CB Assessment Team Leader / Member which audited several RSPO certified Plantation Management Units since 2009. He was the CB Team Leader in the stakeholder consultation and development of the RSPO Cambodian Local Indicators. He is a member of the CB Internal Review Panel for RSPO Assessment reports since 2010.

**Mr. 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 10 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.

**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.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 67 of 82

### Appendix B:

#### Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
09 October 2017  (Day 1)	8.00 am – 1.00 pm	Travel to Leepang Palm Oil Mill		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 2.30 pm	<b>Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)</b>		
	2.30 pm – 5.00 pm	Document Review and Assessment by all Assessors on respective RSPO P&C:1 to 8 at POM		
		<b>AL</b>	<b>CBK</b>	<b>JMD</b>
		<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> <li>• SCC for POM</li> </ul>	<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Mill</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
		<ul style="list-style-type: none"> <li>• Verification of effectiveness of corrective actions for non-conformances</li> <li>• Review of Time Bound Plan</li> <li>• Verification for compliance with rules on partial certification</li> </ul>		
	5.00 pm – 6.00 pm	Travel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		AL	CBK	JMD
10 October 2017  (Day 2)	8.30 am – 12.30pm	<b>Site assessment at Leepang 5 estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Leepang 5 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Leepang 5 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	<b>Continue site assessment at Leepang 5 estate</b>		
	5.30 pm – 6.30 pm	Travel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 68 of 82

Date	Time	Assessors and Assessment Activity		
11 October 2017  (Day 3)	8.30 am – 12.30pm	<b>AL</b>	<b>CBK</b>	<b>JMD</b>
		<b>Site assessment at Permodalan 1 estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Permodalan 1 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Permodalan 1 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Permodalan 1 estate		
	5.30 pm – 6.30 pm	Travel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
12 October 2017  (Day 4)	8.30 am – 12.30pm	<b>AL</b>	<b>CBK</b>	<b>JMD</b>
		<b>Site assessment at Permodalan 3 estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Permodalan 3 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Permodalan 3 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Permodalan 3 estate		
	5.30 pm – 6.30 pm	Travel & Break		
6.30 pm – 7.30 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
13 October 2017  (Day 5)	8.30 am – 11.00 am	<b>AL</b>	<b>CBK</b>	<b>JMD</b>
		<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> <li>• SCC for POM</li> </ul>	<b>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below):</b> <ul style="list-style-type: none"> <li>• <b>Contractors</b></li> <li>• <b>Suppliers</b></li> <li>• <b>Transporters</b></li> <li>• <b>NGOs</b></li> <li>• <b>Government Department / Agencies</b></li> <li>• <b>Local Community</b></li> </ul> <b>Notes</b> 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders <u>prior</u> to the assessment.	

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

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

		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
11.00 am - 12.00 pm	Preparation for Closing Meeting	
12.00 pm – 12.30 pm	Team Meeting and Discussions with POM Management Representative	
12.30 pm – 1.00 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>	
1.00 pm onwards	Travel back to Kuala Lumpur	

**Appendix C-1:**

**Location Map of IOI Leepang (Sabah) Grouping, Lahad Datu, Sabah**  
Scale 1: 200 km

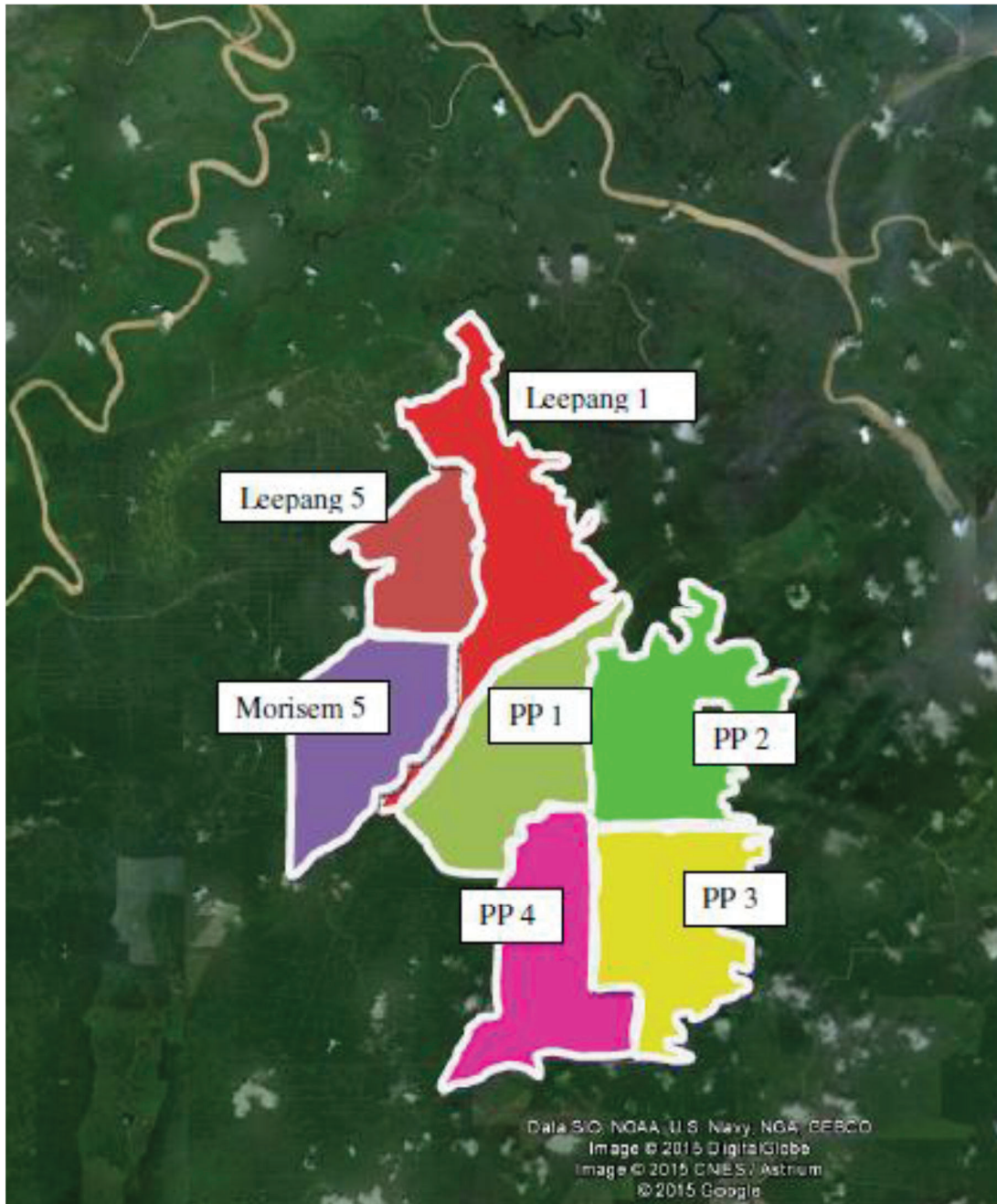


**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

**Appendix C-2:**

**Location Map of IOI Leepang (Sabah) Grouping (Estates), Lahad Datu, Sabah**

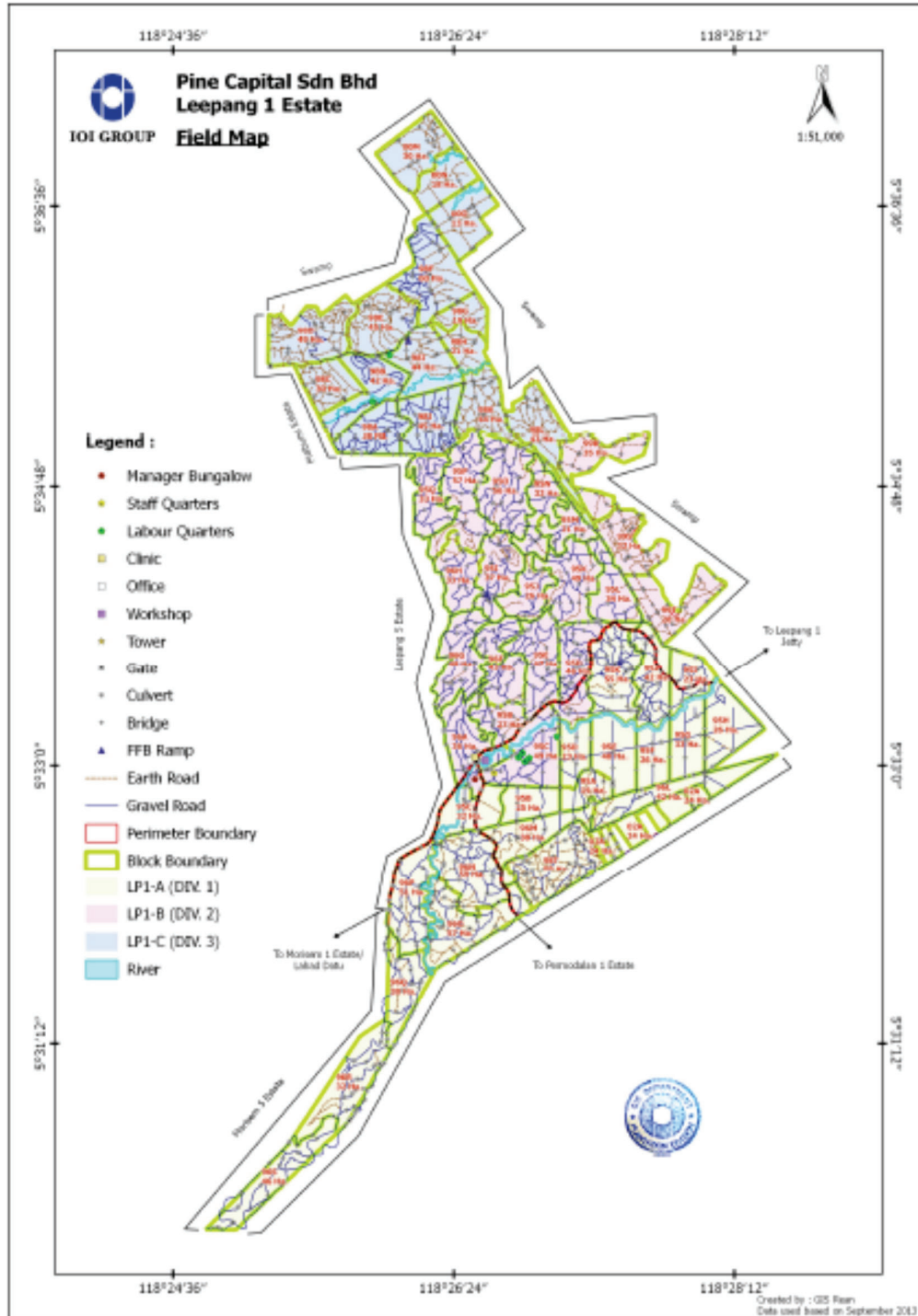


**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

Page 71 of 82

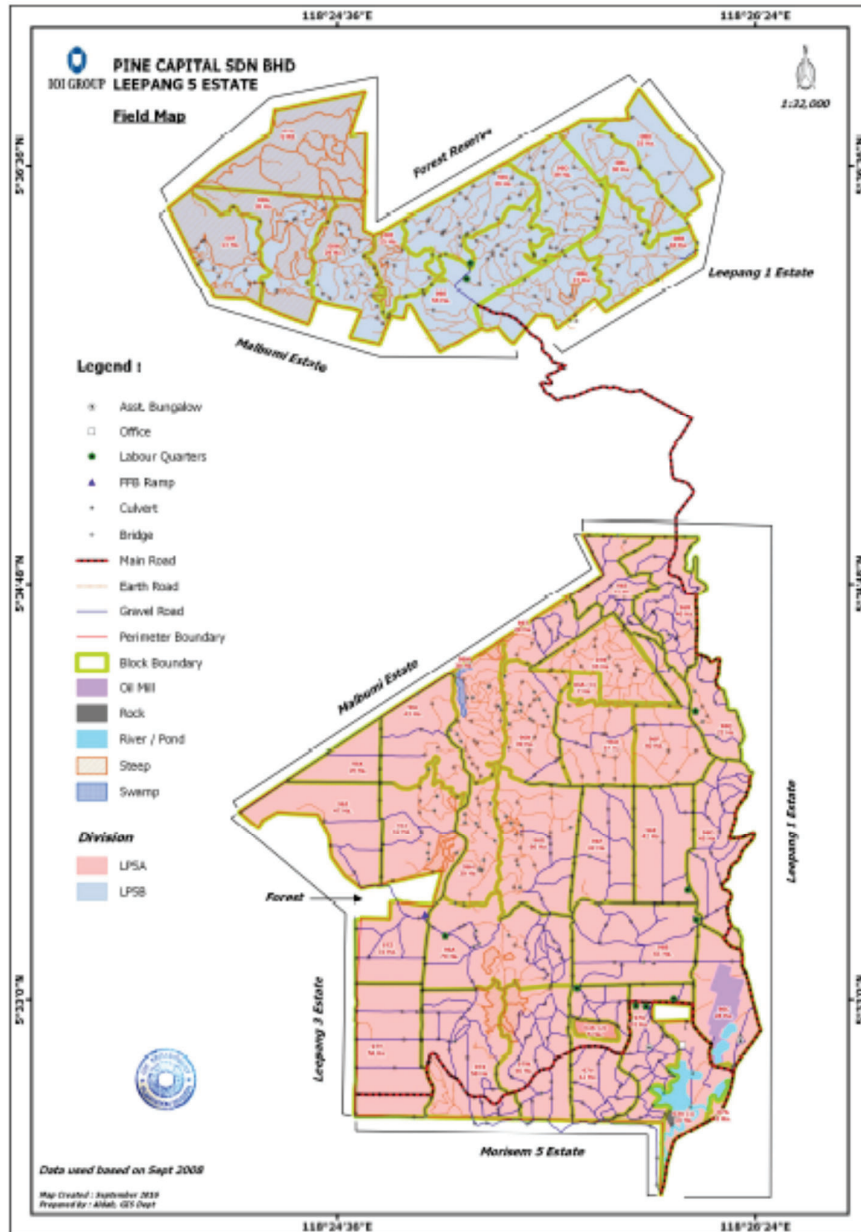
Appendix C-2-1: Map of Leepang 1 estate



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

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

**Appendix C-2-2: Map of Leepang 5 estate**

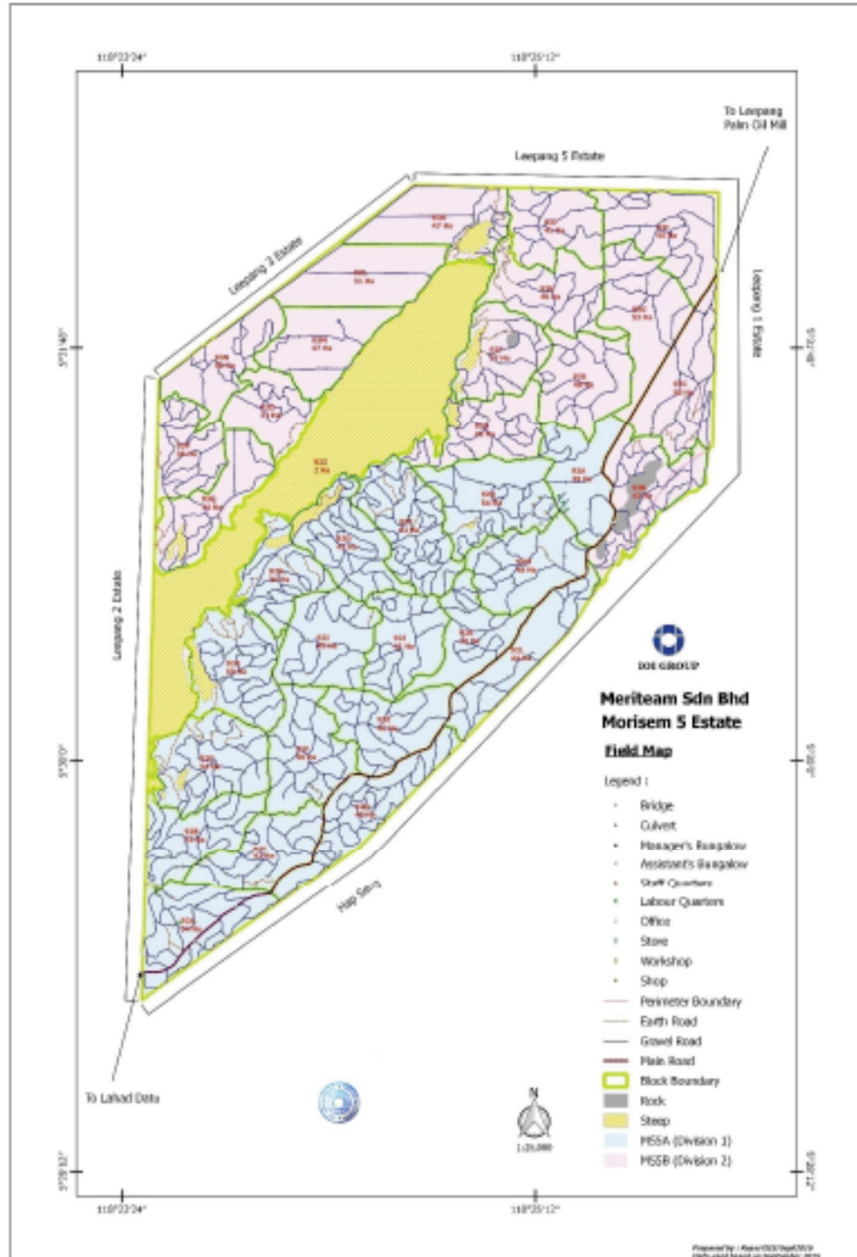




**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

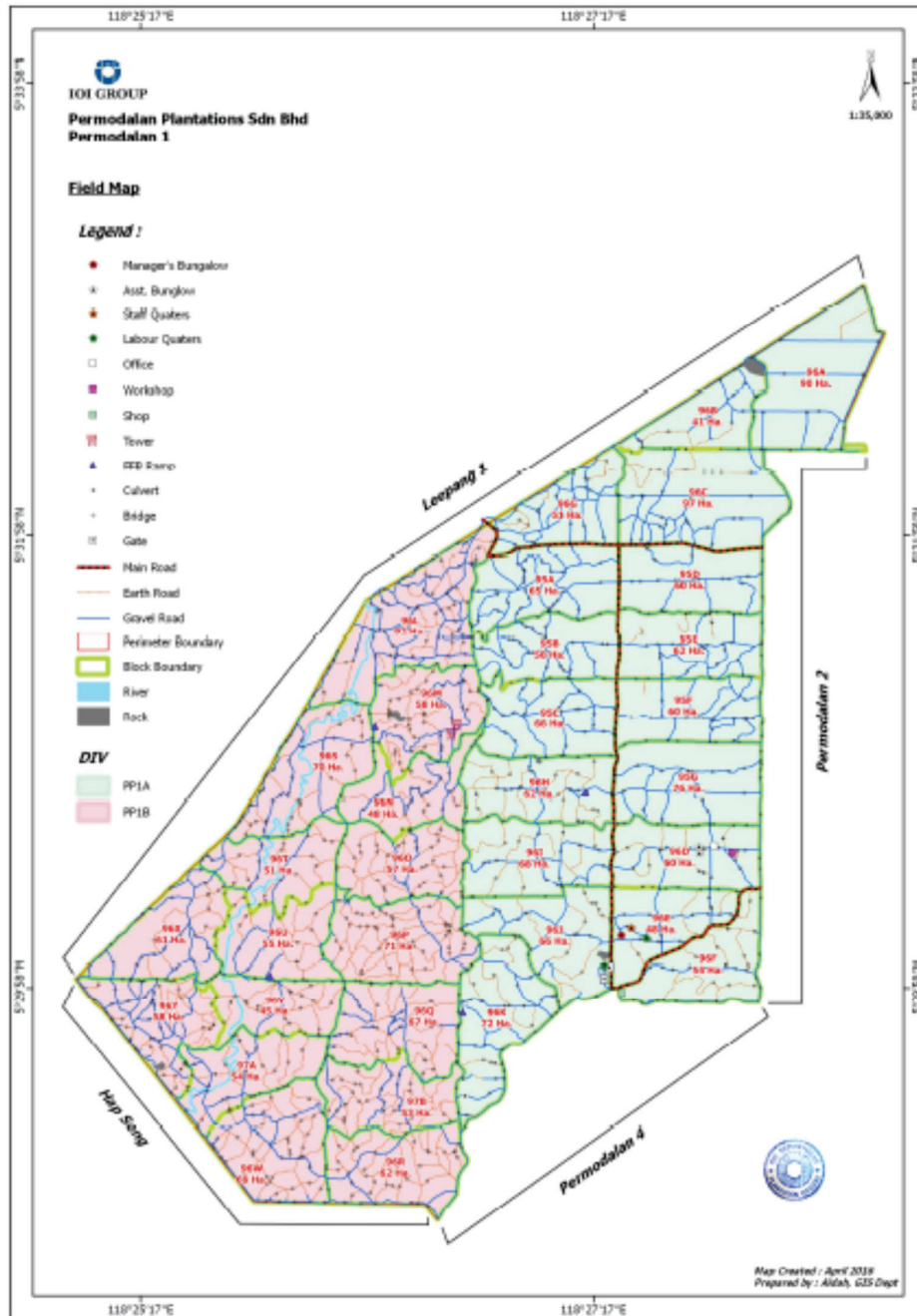
**Appendix C-2-3: Map of Morisem 5 estate**



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

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

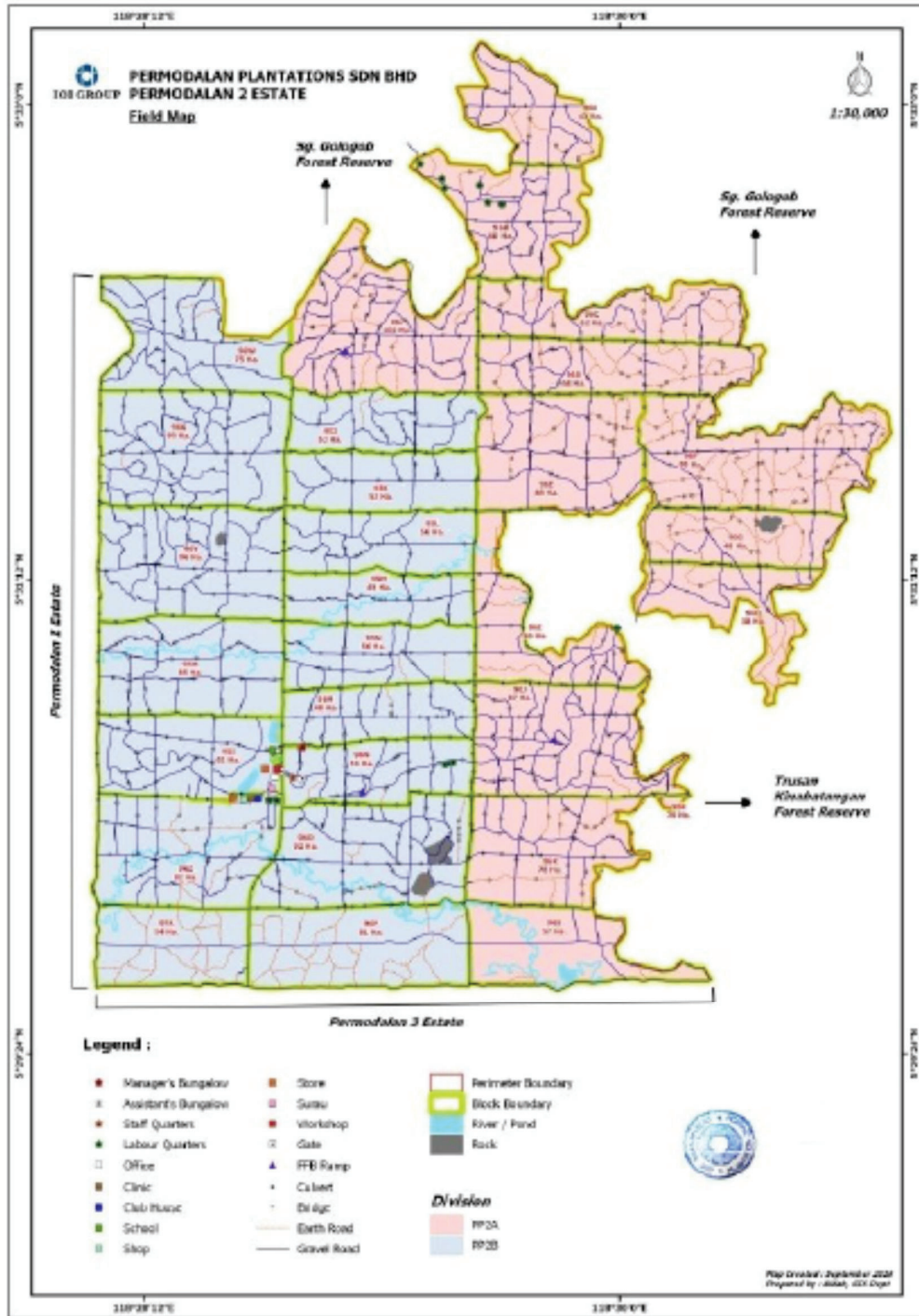
**Appendix C-2-4: Map of Permodalan 1 estate**



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

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

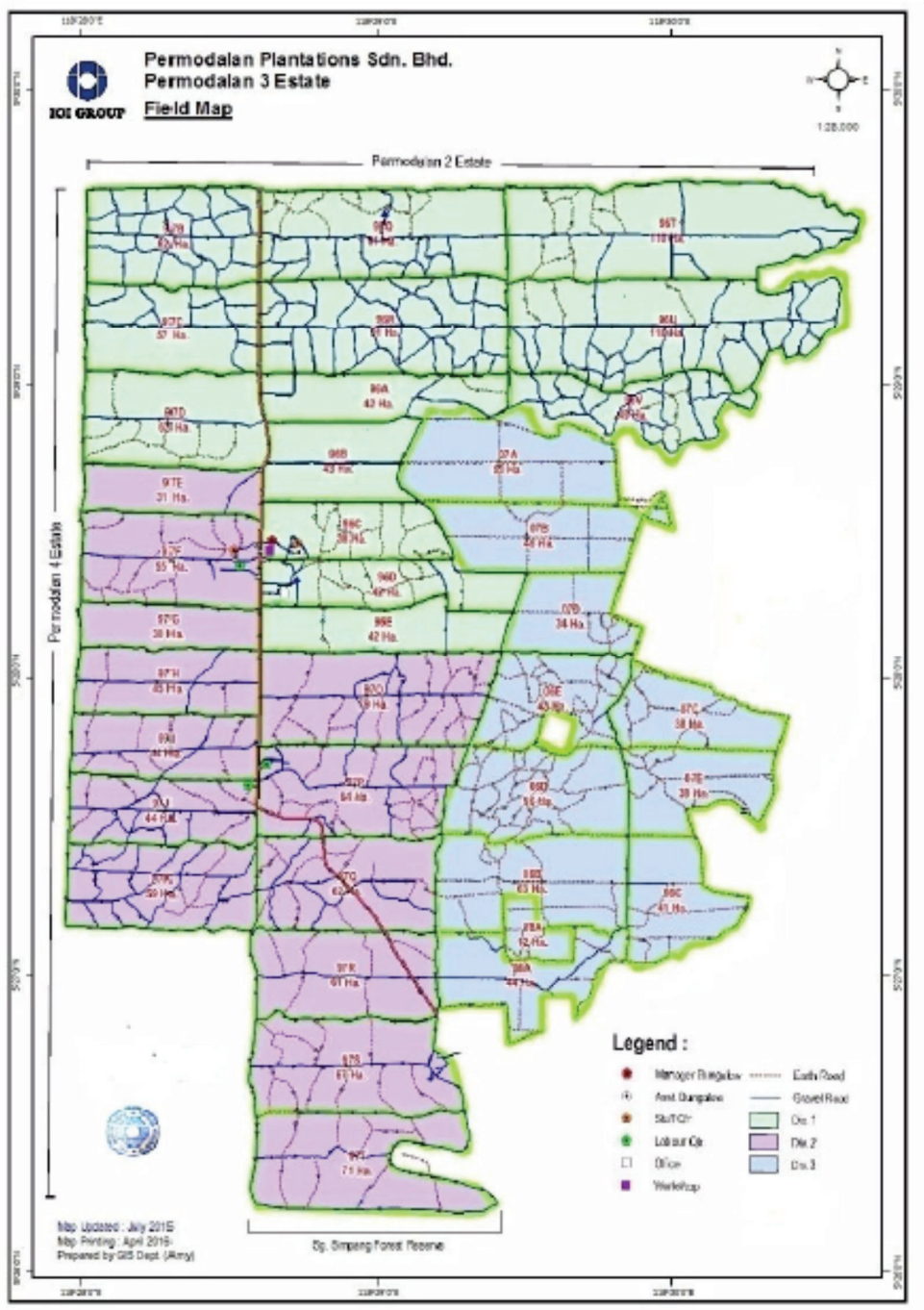
Appendix C-2-5: Map of Permodalan 2 estate



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

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

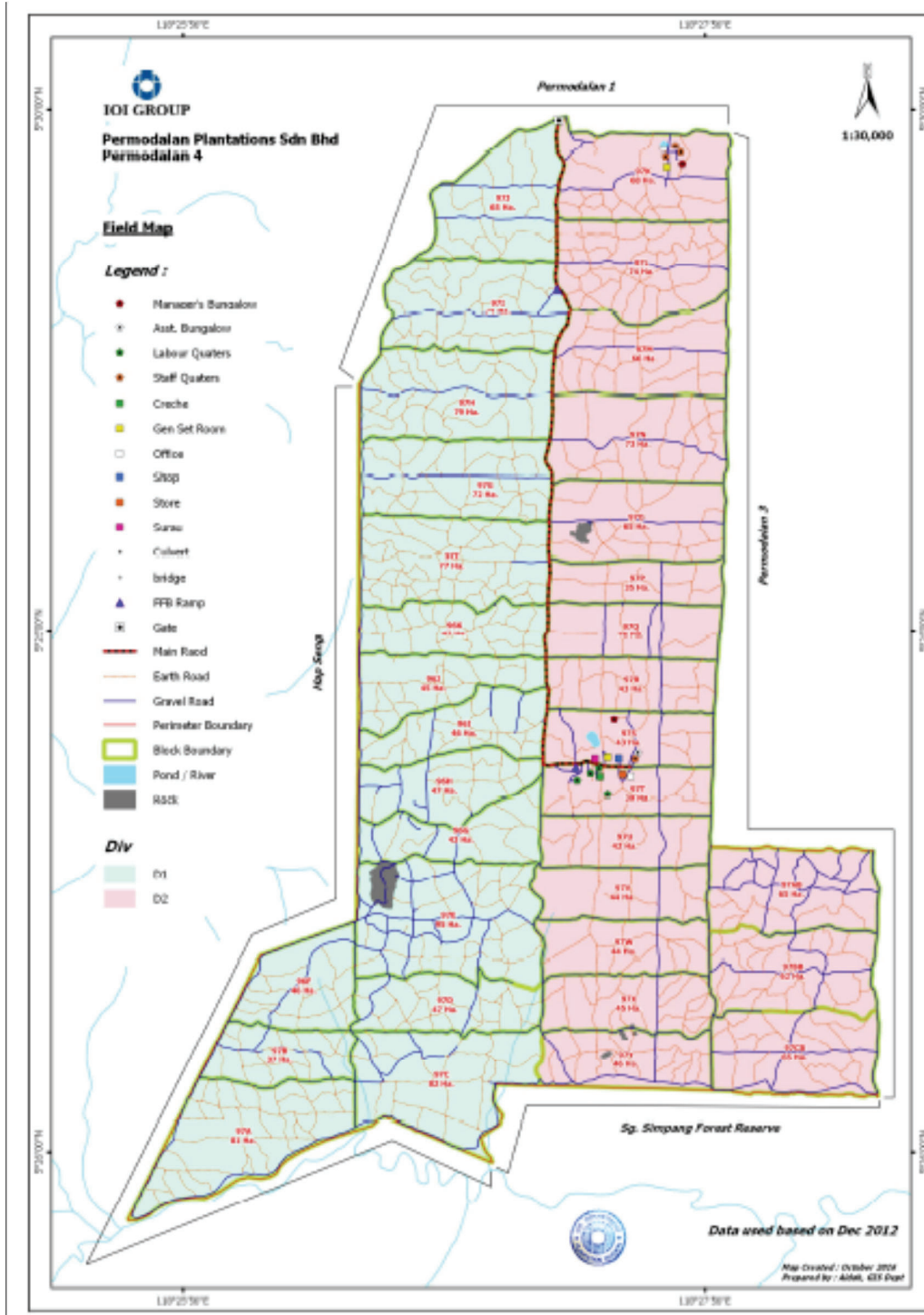
Appendix C-2-6: Map of Permodalan 3 estate



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

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

**Appendix C-2-7: Map of Permodalan 4 estate**



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

Report No.: R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04

**Appendix D:**

**Photographs of Assessment findings at Leepang (Sabah) PMU ASA-04**

	
<p>Conservation area – Hillsides at Leepang 5 estate</p>	<p>Buffer zone signages - Permodalan 3 estate</p>
	
<p>Landfill areas at Permodalan 1 estate</p>	<p>Trailer for workers transportation – Leepang 5 estate</p>
	
<p>PPE available and worn at workshop – Permodalan 3 estate.</p>	



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad**  
**Leepang (Sabah) Grouping: ASA-04**

Page 79 of 82

### Appendix E:

#### Time Bound Plan

Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (10 Oct 2017)

No	PMU	Main Assessment	Certification Status	Current Status	Updated Information for Partial Certification, RSPO Certification Systems for Principles & Criteria (Approved on 14 <sup>th</sup> June 2017) on 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-01 completed in Oct 2016	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-03 completed in Oct 2016	No outstanding issues
10.	Syarimo POM	Sept 2012	Certified in Mar 2013	ASA-04 completed in Apr 2017	No outstanding issues
11.	Ladang Sabah POM	Oct 2012	Certified in Apr 2013	ASA-04 completed in Feb 2017	No outstanding issues
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 <sup>th</sup> 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.
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	Planned -Sept 2017	Uncertified Unit	Acquired in 2014. Established OP plantation (before 2005). Supply base comprised of own estates.	Certification preparations in progress.



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 80 of 82

16.	PT SKS, Indonesia	Planned - 2017	Uncertified Unit	<p>Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' (HGU) application in progress</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5<sup>th</sup> August 2016 has lifted the Suspension effective 8<sup>th</sup> August 2016.</p> <p>Latest posted update was on 20<sup>th</sup> 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.</p> <p>Training for following areas has been done to estate and SNA top management.</p> <ul style="list-style-type: none"> <li>(a) Sustainable Peatland Management including peat measurements, monitoring and protection.</li> <li>(b) Management of HCV areas and buffer zones</li> <li>(c) Water management</li> <li>(d) Fauna and flora monitoring</li> <li>(e) Fire Prevention and Control</li> </ul> <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 : <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/80">http://www.rspo.org/members/complaints/status-of-complaints/view/80</a></p>
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 the process.</p>	<p>Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5<sup>th</sup> August 2016 has lifted the Suspension effective 8<sup>th</sup> August 2016.</p> <p>Latest posted update was on 20<sup>th</sup> 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.</p> <p>Training for following areas has been done to estate and SNA top management.</p> <ul style="list-style-type: none"> <li>(a) Sustainable Peatland Management including peat measurements, monitoring and protection.</li> <li>(b) Management of HCV areas and buffer zones</li> <li>(c) Water management</li> <li>(d) Fauna and flora monitoring</li> <li>(e) Fire Prevention and Control</li> </ul> <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>





## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: **R9308/16-2 IOI Corporation Berhad  
Leepang (Sabah) Grouping: ASA-04**

Page 81 of 82

					Further reference : <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/80">http://www.rspo.org/members/complaints/status-of-complaints/view/80</a>
18.	<b>PT BSS, Indonesia</b>	<b>Planned - 2019</b>	<b>Uncertified Unit</b>	Acquired in 2009 (new concession land). No POM yet, still in development phase. Governmental 'Hak Guna Usaha' application in progress.	Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5 <sup>th</sup> August 2016 has lifted the Suspension effective 8 <sup>th</sup> August 2016.  Latest posted update was on 20 <sup>th</sup> June 2017  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. (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  Training has been conducted by GEC, Flora Fauna Institute (FFI) in July 2017 centralized at PT.SKS  Certification preparations in progress. Pending issuance of HGU.  Further reference : <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/80">http://www.rspo.org/members/complaints/status-of-complaints/view/80</a>
19.	<b>PT KPAM, Indonesia</b>	<b>Planned - 2020</b>	<b>Uncertified Unit</b>	Acquired in 2010 (new concession land). No POM planned yet, all necessary permits are up to date.	HCV Assessment completed and the SEIA in progress.  The 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 : <a href="http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=82">http://www.ioigroup.com/Content/NEWS/NewsroomDetails?intNewsID=82</a>

**Appendix F:****Summary of RSPO CP decisions and RSPO Case Tracking on IOI Group**

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

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

- 2) Monitoring by RSPO Complaints Panel (CP)

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

RSPO Case Tracker on: PT SUKSES KARYA SAWIT (SKS), PT BERKAT NABATI SAWIT (PT BNS), PT BUMI SAWIT SEJAHTERA (PT BSS) SUBSIDIARY OF PT SAWIT NABATI AGRO (PT SNA), IOI Group  
Weblink: <http://www.rspo.org/members/complaints/status-of-complaints/view/80>

Updates (according to RSPO complaint case tracker) as follows:

26 May 2017 Complaints Panel’s Decision on IOI Ketapang (PT BSS, PT SKS and PT BNS) Complaints

20 Jun 2017 IOI submitted an updated Action Plan and response to the Complaints Panel’s decision letter

- 3) Updated IOI Group Newsletters and Corporate Communications

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

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, specifically:

- (a) policy commitment by Third-Party Suppliers,
- (b) committed to apply the newly revised High Carbon Stock Approach (HCSA) methodology and its associated social requirements.
- (c) further enhanced commitments in the area of Human Rights and Workplace which include amongst others, no recruitment fees charged to workers at any stage in the recruitment process, in both receiving and sending countries, payment of monthly minimum wage in accordance with the current labour regulations, access of trade unions to workers and to adopt both the Free and Fair Labor Principles and UN Guiding Principles on Business and Human Rights. IOI is also committed to return all passports to our migrant workers by year end.

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](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>