

# IOI CORPORATION BERHAD

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

PLANTATION MANAGEMENT UNIT

## **Morisem Grouping**

Lahad Datu, Sabah, Malaysia



Valued Quality. Delivered.

# Assessment Report

*"This report (including any enclosures and attachments) has been prepared for the exclusive use and benefit of the addressee(s) and solely for the purpose for which it is provided. Unless we provide express prior written consent, no part of this report should be reproduced, distributed or communicated to any third party. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor do we owe any duty of care to any third party in respect of this report."*

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

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 2 of 75

**ANNUAL SURVEILLANCE ASSESSMENT REPORT  
ON RSPO CERTIFICATION**

**PUBLIC SUMMARY REPORT**

**IOI CORPORATION BERHAD**

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

**PLANTATION MANAGEMENT UNIT**  
**Morisem Grouping**  
Lahad Datu, Sabah, Malaysia

**Certificate No:**

Issued date:

Expiry date:

**RSPO 928588**

18 Dec 2013

17 Dec 2018

**Assessment Type**

Main Assessment

Annual Surveillance Assessment (ASA-01)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-03)

Annual Surveillance Assessment (ASA-04)

Re-Certification

**Assessment Dates**

23–26 Sep 2013

13–16 Oct 2014

14–17 Sep 2015

19–22 Sep 2016

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 3 of 75

## 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)	4
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	6
1.7	Organizational information/contact person	6
1.8	Tonnages Verified for Certification	7
1.9	Time Bound Plan	8
1.10	Abbreviations Used	9
<b>2.0</b>	<b>ASSESSMENT PROCESS</b>	10
2.1	Assessment Methodology, Plan & Site Visits	10
2.2	Date of next scheduled visit	10
2.3	Qualifications of the Lead Assessor and Assessment Team	10
2.4	Certification Body	10
2.5	Process of Stakeholder consultation	11-12
<b>3.0</b>	<b>ASSESSMENT FINDINGS</b>	13
3.1	Summary of findings	13-48
3.2	Status of Identified Noncompliance and Corrective Actions, Observations and Identified Positive Elements	48-51
3.3	Summary of Feedback Received from Stakeholders and Findings	52-54
<b>4.0</b>	<b>ASSESSMENT CONCLUSION AND RECOMMENDATION</b>	55
4.1	Acknowledgement of Internal Responsibility and Confirmation of Assessment Findings	55
4.2	Intertek RSPO Certification Details for the PMU	56-57
<b>APPENDICES</b>		
Appendix A	Qualifications of the Lead Assessor and Assessment Team	58
Appendix B	Assessment Plan	59-60
Appendix C	Maps of location – Mill, Estates, Conservation and HCV areas	61-71
Appendix D	Photographs of Assessment findings at Morisem Grouping	72
Appendix E	Time Bound Plan for Other Plantation Management Units	73-74
Appendix F	Summary of RSPO Complaints Panel Case Tracking and Decisions on IOI	75

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 4 of 75

## 1.0 SCOPE OF ASSESSMENT

### 1.1 Introduction

This Annual Surveillance Assessment (ASA-03) was conducted on the Plantation Management Unit (PMU) Morisem Grouping of IOI Corporation Berhad (hereafter abbreviated as IOI), from **19 – 22 Aug 2016**, to assess the organization's operations of the mill and its supply bases are in compliance against the RSPO Principles and Criteria (Apr 2013), Malaysian National Local Indicators (MYNI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for Palm Oil Mill.

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

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

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

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

The supply base i.e. FFB sources to the POM at Morisem Grouping PMU are from the abovementioned 8 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 Morisem Grouping are as shown in Table 2 below.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 5 of 75

**Table 2: Estate Area Summary**

Estate	Area Summary (ha) – Previous (FY Jul 2015 / Jun 2016)		Area Summary (ha) – Current (FY Jul 2016 / Jun 2017)	
	Certified Area	Planted Area	Certified Area	Planted Area
Morisem 1 estate	2032.00	1896.00	2032.00	1896.00
Morisem 2 estate	2042.14	1886.00	2042.14	1886.00
Morisem 3 estate	2013.70	1830.00	2013.70	1830.00
Morisem 4 estate	2023.00	1896.00	2023.00	1896.00
Leepang 2 estate	2159.19	1962.00	2159.19	1962.00
Leepang 3 estate	1914.43	1838.00	1914.43	1838.00
Leepang 4 estate	1425.21	1354.00	1425.21	1354.00
Ladang Asas estate (Tas & Halusah)	2021.85	1909.00	2021.85	1909.00
<b>Total:</b>	15,631.52	14,571.00	15,631.52	14,571.00
<b>Percentage:</b>	100 %	93.22%	100%	93.22%

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas and the identified Conservation areas including HCV areas marked out at the 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.

### 1.4 Summary of plantings and cycle

The 8 estates had been developed beginning from 1990 and the replanting (2<sup>nd</sup> cycle) in 2007 onwards at the various estates. 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)
Morisem 1 estate	2007-2010	2 <sup>nd</sup> Cycle	1896	0	1896.00
Morisem 2 estate	2008-2013	2 <sup>nd</sup> Cycle	1489	397	1886.00
Morisem 3 estate	1990-1991 2014-2015	1 <sup>st</sup> Cycle 2 <sup>nd</sup> Cycle	952	878	1830.00
Morisem 4 estate	1991-1992 2013-2014	2 <sup>nd</sup> Cycle	1304	592	1896
Leepang 2 estate	1995-1999 2015	1 <sup>st</sup> Cycle 2 <sup>nd</sup> Cycle	1751	211	1962
Leepang 3 estate	1996-1997	1 <sup>st</sup> Cycle	1838	0	1838
Leepang 4 estate	1996-2003	1 <sup>st</sup> Cycle	1354	0	1354
Ladang Asas estate (Tas & Halusah)	1992-1998 2015-2016	1 <sup>st</sup> Cycle 2 <sup>nd</sup> Cycle	1185	724	1909
		<b>Total</b>	<b>12,186.00</b>	<b>2385.00</b>	<b>14,571.00</b>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 6 of 75

### 1.5 Summary of Conservation and HCV Areas

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

**Table 4: Conservation and HCV Areas**

#	Statement of Land Use (Ha)	(FY Jul 2015 / Jun 2016) Hectarage – Ha	(FY Jul 2016 / Jun 2017) Hectarage – Ha
<b>1</b>	<b>Planted Area (ha) – Oil Palm</b>		
	- Mature	12,199.00	12,186.00
	- Immature	2,372.00	2,385.00
<b>2</b>	<b>Conservation Area (ha)</b>		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	61.91	61.91
<b>3</b>	<b>HCV Area (ha)</b>		
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	13.33	13.33

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

Currently, the other certification held by IOI Morisem 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:

Ms. Yeo Lee Nya  
 Sustainability Manager  
 IOI Corporation Berhad  
 Level 8, Two IOI Square,  
 IOI Resort, 62502, Putrajaya  
 Tel: 603-89478888  
 Fax: 603-89478988  
 Email: [yeo.leenya@ioigroup.com](mailto:yeo.leenya@ioigroup.com)

At Morisem Grouping - PMU:

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

Mr. N. Raymond  
 Senior Mill Manager  
 IOI Plantation Services Sdn Bhd  
 Morisem Palm Oil Mill  
 Tel: 089 - 568 700  
 Fax: 089- 568 120  
 Email: [ioiMorisem@gmail.com](mailto:ioiMorisem@gmail.com)

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 7 of 75

### 1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Morisem Grouping based on the actual tonnages is as in Table 5 below:

**Table 5: Tonnages Verified for Certification - FY Jul 2015 / Jun 2016**

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Mill	Certified By
1.	Morisem 1 estate	49,885.57	Morisem POM	Intertek
2.	Morisem 2 estate	20,260.43	Morisem POM	Intertek
3.	Morisem 3 estate	27,843.31	Morisem POM	Intertek
4.	Morisem 4 estate	29,452.50	Morisem POM	Intertek
5.	Leepang 2 estate	44,327.45	Morisem POM	Intertek
6.	Leepang 3 estate	36,841.93	Morisem POM	Intertek
7.	Leepang 4 estate	35,201.16	Morisem POM	Intertek
8.	Ladang Asas estate	1,274.35	Morisem POM	Intertek
	<b>Sub-total for PMU estates</b>	<b>245,086.70</b>		
9.	Other IOI PMUs Estates:	0	-	-
10.	Outside Crop Producers (OCP):	0	-	-
	<b>Grand total</b>	<b>245,086.70</b>		

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

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

Estate / Supplier	FFB Processed in FY Jul 2014 – Jun 2015) - Actual		FFB Processed in FY (Jul 2015 – Jun 2016) - Actual		FFB Processed for FY (Jul 2016 – Jun 2017) – Actual + Projected	
	MT	%	MT	%	MT	%
Morisem PMU Estates (certified)	289,674.72	100	245,086.70	100	279,730	100
Other certified IOI PMUs	0	0	0	0	0	0
<b>Certified FFB</b>	<b>289,674.72</b>	<b>100</b>	<b>245,086.70</b>	<b>100</b>	<b>279,730</b>	<b>100</b>
Other Suppliers (non-certified)	0	0	0	0	0	0
Total	289,674.72	100	245,086.70	100	279,730	100
SCCS Model for POM	IP		IP		IP	

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 8 of 75

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

**Table 7: Certified FFB Tonnages**

POM	FY Jul 2014 – Jun 2015 - Actual		FY Jul 2015 – Jun 2016 - Actual		FY Jul 2016 – Jun 2017 – Actual + Projected	
Total certified FFB Processed (MT)	289,674.72		245,086.70		279,730	
Total certified CPO Production (MT)	60,680.54	OER: 20.95%	51,838.619	OER: 21.15%	60,841	OER: 21.75%
Total certified PK Production (MT)	15,234.91	KER: 5.26%	12,222.642	KER: 4.99%	14,686	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.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 9 of 75

### 1.10 Abbreviations Used

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

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 10 of 75

## 2.0 ASSESSMENT PROCESS

### 2.1 Assessment Methodology, Plan and Site Visits

Since 15 Aug 2016, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on the Morisem Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 19 to 22 Sep 2016, the Assessment team of Intertek conducted the Assessment in which 3 out of the 8 estates of Morisem Grouping, namely Morisem 2 Estate, Morisem 3 Estate and Leepang 3 Estate as well as the palm oil mill were assessed for compliance against the RSPO requirements. The number of estates sampled was based on a minimum sample of 0.8√y where y is the number of management sub-units and the selection was made based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and high conservation value areas.

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

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

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

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

### 2.4 Certification Body

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 11 of 75

### 2.5 Process of stakeholder consultation

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

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

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

Among the list of key stakeholders consulted was the following:

#### Government Agencies (by emails)

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

#### Statutory Bodies (by emails)

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

#### NGOs and others (by emails)

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 12 of 75

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

Local community (On-site interviews)

68. Consultative Committee & Gender representatives
69. Workers & Workers representatives
70. Village Heads & representatives
71. Suppliers & Contractors representatives

**3.0 ASSESSMENT FINDINGS**

**3.1 Summary of findings**

**Principle 1: Commitment to transparency**

<b>Criterion 1.1</b>		
<p>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.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>1.1.1</b> There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p><b>Minor Compliance</b></p>	<p>The PMU has established and implemented a documented procedure for providing adequate information on environmental, social and legal issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>Date of public notification of this assessment of the PMU was made on 15 Aug 2016.</p> <p>As at the period of assessment, there were no additional requests for information from stakeholders for this PMU.</p>	Complied
<p><b>1.1.2</b> Records of requests for information and responses shall be maintained.</p> <p><b>Major Compliance</b></p>	<p>The PMU had established and maintained an updated site specific list of internal stakeholders, external stakeholders, government departments/agencies, consultants, contractors, suppliers, transporters, etc.</p> <p>The POM and estates conducted a joint external stakeholders' consultation on 08/09/2016. Feedback given concerning condition of road humps, riparian zone, signboard at border with forest reserve and joint patrol with police for improving security.</p> <p>The POM and estates had conducted their respective internal stakeholders' consultations in Aug and Sep 2016. Feedback given concerning pot holes on road, zinc roof replacement, repair of houses, replacement with LED lighting, request for football field, badminton court, futsal court &amp; multipurpose hall, replacement of septic tanks, street lighting in housing areas, furniture repairs, etc.</p> <p>Records of participants and feedback given were maintained and appropriate actions taken.</p>	Complied
<b>Criterion 1.2</b>		
<p>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>1.2.1</b> Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <p><b>Major Compliance</b></p>	<p>Management documents relating to environmental, social and legal issues were verified to be maintained and available to the public (notices and websites) and updated by IOI, HQ.</p> <p>On 8 Aug 2016, IOI Corporation Berhad published a revised Group Sustainable Palm Oil Policy (SPOP) dated Jul 2016, alongside a detailed Sustainability Implementation Plan (SIP) in consultation with a wide range of their stakeholders, both customers and civil society:</p> <p><a href="http://www.ioigroup.com/Content/S/PDF/Sustainability%2">http://www.ioigroup.com/Content/S/PDF/Sustainability%2</a></p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 14 of 75

	<p><a href="#">0Palm%20Oil%20Policy.pdf</a></p> <p>The following types of mandatory documents are available to the public upon request:</p> <ul style="list-style-type: none"> <li>• land titles/user rights,</li> <li>• occupational health and safety plan,</li> <li>• plans and impact assessments relating to environment and social impacts,</li> <li>• pollution prevention plans,</li> <li>• details of complaints &amp; grievances,</li> <li>• negotiation procedures</li> <li>• continuous improvement plan</li> <li>• Public summary of certification assessment report.</li> <li>• Human Rights Policy.</li> </ul> <p>These publicly available documents include key indicators of performance like waste management and disposal plans for the mill and estates.  Also, Continual Improvement Action Plans include targets for waste reduction and pollution prevention.</p>	
<ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> </ul>	<p>Copies of all land titles were available and have been maintained at the POM and Estates. HQ kept the original copies.</p>	<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. The plan was annually reviewed by the Safety Officer for POM and estates.</p> <p>Policy and HIRAC documented and reviewed for the POM and estates.</p> <p>The OSH Programme 2016 include the following:</p> <ul style="list-style-type: none"> <li>• Safety &amp; Health Committee meetings 4x/year,</li> <li>• Annual medical surveillance,</li> <li>• Accident Reporting &amp; Investigation,</li> <li>• Workplace inspection,</li> <li>• CHRA assessment,</li> <li>• Air compressors annual inspection,</li> <li>• Warning signs,</li> <li>• Chemical Register,</li> <li>• SOP for safe work,</li> <li>• PPE usage,</li> <li>• MSDS/CSDS,</li> <li>• JKKP 8 reporting of accidents annually,</li> <li>• Emergency Response Plan (ERP),</li> <li>• Emergency drills,</li> <li>• Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection),</li> <li>• Monthly KPI Report on HSE performance,</li> <li>• Monthly Safety inspection &amp; audit by Safety Officer,</li> </ul> <p>CHRA was conducted on 17/02/2015. Next CHRA assessment scheduled for year 2020.</p> <p>Programmes for protecting workers' health and safety were satisfactorily implemented.</p>	<p style="text-align: center;">Complied</p>
<ul style="list-style-type: none"> <li>• Plans and impact assessments relating to environmental and social impacts</li> </ul>	<p>Environmental aspect and impact assessment conducted for the POM and estates. Management Plan and Continual Improvement Plan documented and</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 15 of 75

(Criteria 5.1, 6.1, 7.1 and 7.8);	implemented. Social Impact Assessment carried out. Positive and negative impacts identified. Action plans were documented and implemented.	
• HCV documentation (Criteria 5.2 and 7.3);	The Internal "HCV and Conservation Areas" Assessment for Leepang 3 Estate, Morisem 2 Estate and Morisem 3 Estate were reviewed on 13/09/2016, 14/09/2016 and 10/09/2016 respectively. Management plans for HCV and Conservation areas updated. The Management Action Plans were monitored and progressively implemented at the respective estates.	Complied
• Pollution prevention and reduction plans (Criterion 5.6);	Pollution Prevention Management Plans were reviewed annually for FY2015/2016. Action items include mitigation measures for pollution control (smoke emission, POME / effluent discharge), pesticides reduction, scheduled wastes (chemicals, hydraulic oil, filters) and domestic wastes disposal, reuse and recycling (scrap iron, paper, glass, plastic).	Complied
• Details of complaints and grievances (Criterion 6.3);	The mill and respective estates had maintained the Complaints and Grievances Logbook. Logbook entries were examined and found to be in order. Employees Consultative Council (ECC) representatives interviewed had confirmed that there were no serious issues.  Refer to Appendix F (Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group) concerning the following complaints against IOI:  (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>  (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>	Complied
• Negotiation procedures (Criterion 6.4);	Presently, there is no new conflict/dispute requiring negotiation on compensation at this PMU. Negotiation procedure and flowchart was available and maintained. The status on the ongoing negotiations on land issues against IOI Group plantations in Sarawak and Kalimantan are accessible via website link: <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: Timebound Plan</b> .	Complied
• Continual improvement plans (Criterion 8.1);	Continual Improvements Plans in key operations for the mill and estates have been identified, documented and implemented.	Complied
• Public summary of certification assessment report;	Public summary of certification assessment reports are available from the company upon request.	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 16 of 75

• Human Rights Policy (Criterion 6.13).	The Human Rights Policy has been documented and incorporated as part of the Sustainability Palm Oil Policy revised in Jul 2016 and signed by the Group CEO. Copies of the policy found to be displayed at prominent locations in the POM and estates. Briefing and communication to all levels of the workforce, both administrative and operations departments were provided.	Complied
<b>Criterion 1.3</b> Growers and millers commit to ethical conduct in all business operations and transactions.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>1.3.1</b> There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. <b>Minor Compliance</b>	The IOI Group's Booklet "Code of Business Conduct and Ethics" is available with documented policy signed by the CEO. The following are included: <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> Copies of the policy found to be displayed at prominent locations in the POM and estates.	Complied

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

<b>Criterion 2.1</b> There is compliance with all applicable local, national and ratified international laws and regulations.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>2.1.1</b> Evidence of compliance with relevant legal requirements shall be available. <b>Major Compliance</b>	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 03/07/2016 for any relevant updates.  The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.  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.	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 17 of 75

	<p>Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol &amp; Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission). The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH.</p> <p>Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”).</p> <p>Valid licenses for authorized gas tester (ACT), authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Noise Monitoring Report is available.</p> <p>Legal documents (work permits, passports) of foreign workers in the estates. Insurance coverage is available for foreign workers in the estates.</p> <p>Based on the site observations, interviews and records checked, there was evidence of compliance with the relevant laws, regulations, local and international laws at the POM and estates. There were no cases of any violation or actions 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 documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented.</p> <p>Listing of laws and regulations monitored for changes included the Sabah Labour Ordinance (Chapter 67), regulations and circulars received from bodies such as DOE (Department of Environment) and DOSH (Department of Occupational Safety and Health), DID (Dept of Irrigation and Drainage), Forestry Dept and Wildlife Dept were maintained.</p>	<p style="text-align: center;">Complied</p>
<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 style="text-align: center;">Complied</p>
<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</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 18 of 75

	<p>and received from the IOI Group HQ. The change in Minimum Wage Order 2016 that increases the minimum wage had been implemented. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure.</p> <p>Based on the site observations, interviews and records updated, the system used is appropriate to the operations at the PMU.</p>	
<p><b>Criterion 2.2</b></p> <p>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.</p> <p><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.</p> <p><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 oil palms and agricultural use.</p> <p>Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped with a 1-meter differential Global Positioning System (GPS).</p> <p>Locations of several boundary stones, pegs and markers were visited and found to have pole markers for easier identification and traceability.</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>There has been no dispute on the land rights in this PMU. As such, the process of fair compensation and FPIC is currently not required to be applied.</p>	Not applicable
<p><b>2.2.4</b> There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</p> <p><b>Major Compliance</b></p>	<p>There were no land conflicts in this PMU.</p>	Not applicable
<p><b>2.2.5</b> For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable).</p> <p><b>Minor Compliance</b></p>	<p>No land disputes in this PMU. As such the process of participatory mapping is not applicable for verification of implementation.</p>	Not applicable

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03**

Page 19 of 75

<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. <b>Major Compliance</b></p>	<p>No evidence that the palm oil operations have instigated violence in maintaining peace and order in their current and planned operations.</p>	<p>Not applicable</p>
<p><b>Criterion 2.3</b> Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>2.3.1</b> Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). <b>Major Compliance</b></p>	<p>The lands at the PMU are legally owned by IOI Plantation Group and it is verified that there were no other users or affected parties in the land areas. There is no dispute on the land rights in the PMU. The lands are not encumbered by any customary lands or user rights and therefore the process of participatory mapping was not required.</p>	<p>Not applicable</p>
<p><b>2.3.2</b> Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. <b>Minor Compliance</b></p>	<p>The lands were acquired in 1980's from private plantation owners. Records are available to show such land acquisition comply with legal requirements and does not infringe on any legal rights that require free, prior and informed consent (FPIC).</p>	<p>Complied</p>
<p><b>2.3.3</b> All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. <b>Minor Compliance</b></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. <b>Major Compliance</b></p>	<p>This process is not applicable during current assessment.</p>	<p>Not applicable</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 20 of 75

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

<b>Criterion 3.1</b>																																						
There is an implemented management plan that aims to achieve long-term economic and financial viability.																																						
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>																																				
<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 (FY 2015/2016 to FY 2019/2020) for the PMU was documented and reviewed.</p> <p>The Annual Budget for each year include the following:</p> <p>(1) Staff and Labour requirements;</p> <p>(2) Crop projection; FFB yield/ha trends;</p> <p>(3) Mill extraction rates; OER trends;</p> <p>(4) Cost of Production; Cost/mt FFB trends;</p> <p>(5) Cost of Production; Cost/MT CPO trends;</p> <p>(6) Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.).</p> <p>(7) Budget for Environmental, Social, Safety &amp; Health, Training and Promotions.</p> <p>The Mill and Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the Regional GM of Lahad Datu.</p>	Complied																																				
<p><b>3.1.2</b> An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p><b>Minor Compliance</b></p>	<p>Annual replanting program had been prepared up to 2023/2024 for the estates. A replanting cycle of 25 years has been adopted by the group.</p> <p>The replanting areas (ha) are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th><u>2016/17</u></th> <th><u>2017/18</u></th> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> </tr> </thead> <tbody> <tr> <td>Leepang 3</td> <td>-</td> <td>-</td> <td>-</td> <td>378</td> <td>359</td> <td>390</td> <td>328</td> <td>365</td> </tr> <tr> <td>Morisem 3</td> <td>204</td> <td>283</td> <td>351</td> <td>318</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Morisem 2</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>		<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	Leepang 3	-	-	-	378	359	390	328	365	Morisem 3	204	283	351	318	0	0	0	0	Morisem 2	-	-	-	-	-	-	-	-	Complied
	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>																														
Leepang 3	-	-	-	378	359	390	328	365																														
Morisem 3	204	283	351	318	0	0	0	0																														
Morisem 2	-	-	-	-	-	-	-	-																														

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

<b>Criteria 4.1</b>		
Operating procedures are appropriately documented, consistently implemented and monitored.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>4.1.1</b> Standard Operating Procedures (SOPs) for estates and mills shall be documented.  <b>Major Compliance</b></p>	<p>POM has documented the following SOPs:</p> <ul style="list-style-type: none"> <li>- SOP for FFB Receiving Station</li> <li>- SOP for Loading Ramp</li> <li>- SOP for Steriliser</li> <li>- SOP for Threshing Station</li> <li>- SOP for Pressing Station</li> <li>- SOP for Depericarperzation Station</li> <li>- SOP for Oil Room Station</li> <li>- SOP for Boiler Station</li> <li>- SOP for Engine Room Station</li> <li>- SOP for Laboratory</li> <li>- SOP for Water Treatment Plant</li> <li>- SOP for Shovel</li> <li>- SOP for Threshing Station</li> <li>- SOP for Effluent Treatment Plant</li> <li>- SOP for Workshop</li> </ul> <p>The Estates has the following documented Standard Operating Procedures and these were verified to be in order:</p> <ul style="list-style-type: none"> <li>- SOP for Oil Palm DxP Seed Production</li> <li>- SOP for Oil Palm Planting Density</li> <li>- SOP for Pre Nursery Seedlings</li> <li>- SOP for Pre Large Polybag Nursery</li> <li>- SOP for Land Clearing</li> <li>- SOP for Land Preparation for new planting and replanting</li> <li>- SOP for Tidal Gates</li> <li>- SOP for Planting Technique</li> <li>- SOP for Leguminous cover plant</li> <li>- SOP for Manuring</li> <li>- SOP for Weeding</li> <li>- SOP for Pest and disease</li> <li>- SOP for harvesting</li> <li>- SOP for road maintenance</li> <li>- SOP for workshop</li> <li>- SOP for buffalo healthcare</li> <li>- SOP for foliar sampling</li> </ul> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	<p>Complied</p>
<p><b>4.1.2</b> A mechanism to check consistent implementation of procedures shall be in place.  <b>Minor Compliance</b></p>	<p>There is a mechanism to check the implementation of the SOPs. Records had been kept by the staff concerned for each operation to monitor the procedure and progress of work and these records would be checked by the Assistant Manager and the Manager regularly. These records had been verified to indicate satisfactory implementation during the visit.</p>	<p>Complied</p>

<p><b>4.1.3</b> Records of monitoring and any actions taken shall be maintained and available, as appropriate.  <b>Minor Compliance</b></p>	<p>Records of monitoring and actions taken had been maintained for more than 12 months at the mill and estates. Overall, these records verified to be satisfactory.</p> <p>Daily Muster chits were available at estates.</p> <p>During field visits at the estates, daily spraying records indicated the chemicals used.</p>	<p align="center">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 POM did not source any FFB from third-party. The entire crop was supplied by the estates from certified PMUs of IOI Group.</p>	<p align="center">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>GAP for minimization of soil erosion and maintenance of soil fertility is maintained via the frond stacking and fertilizer application as per the recommendation provided by the Agronomist from IOI Research Centre.</p> <p>These had been verified through the records for fertilizer application and observation during field visit. Evidences provided were verified as following good agricultural practices.</p> <p>Soil sampling and leaf sampling records provided guide for the fertilizer application and all recommendations had been properly followed at estate levels.</p> <p>Noted that proper herbicide spraying had also been done.</p>	<p align="center">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 have been verified to be in order.</p>	<p align="center">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 and soil sampling and analysis had been carried out annually 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 align="center">Complied</p>
<p><b>4.2.4</b> A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues.  <b>Minor Compliance</b></p>	<p>EFB mulching had been carried out and POME was applied. Records verified to be satisfactory.</p>	<p align="center">Complied</p>
<p><b>Criteria 4.3</b>  Practices minimise and control erosion and degradation of soils.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>4.3.1</b> Maps of any fragile/marginal soils shall be available.  <b>Major Compliance</b></p>	<p>Estate soils show no fragile or marginal soil existence.</p>	<p align="center">Complied</p>
<p><b>4.3.2</b> A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP.  <b>Minor Compliance</b></p>	<p>Planting terraces constructed on land with slope more than 6°. Terraces constructed had been verified on the estates during field visits.</p> <p>The PMU has a SOP (Best Management Practices) for erosion control during replanting or any activities involving earth disturbance. Steps taken for erosion control are soil</p>	<p align="center">Complied</p>

	<p>stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There was no soil erosion noted during the visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	
<p><b>4.3.3</b> A road maintenance programme shall be in place.  <b>Minor Compliance</b></p>	<p>Estate roads were maintained in good and satisfactory condition. Road maintenance programme verified to be established and implemented as seen in the records.</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.  <b>Major Compliance</b></p>	<p>It was confirmed during assessment on site that there are peat soils in Leepang 3 estate only and no peat soil in the other estates.</p> <p>A water and ground cover management plan has been documented. Monitoring of the subsistence of the peat soil was implemented and recorded. Water table levels were maintained at the minimum of 50 cm level.</p>	Complied
<p><b>4.3.5</b> Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing.  <b>Minor Compliance</b></p>	<p>There is no replanting yet at Leepang 3 estate which has peat soil. Replanting is only due in year 2020. Drainability assessment is therefore not yet applicable.</p> <p>There was no peat soil on the other estates as confirmed by field visits.</p>	Not Applicable
<p><b>4.3.6</b> A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils).  <b>Minor Compliance</b></p>	<p>Based on the estate soil maps and visit to the estates, there were no other fragile and problematic soils on these estates.</p>	Not Applicable
<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 estates. The plan includes steps such as soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering streams/rivers.</p> <p>Water samples were taken at monthly interval at the final discharge point of the palm oil mill effluent pond and at upstream and downstream of waterways. Tests conducted for pH, BOD, COD, Total Solids, Suspended Solids, Oil &amp; Grease, Ammoniacal Nitrogen and Total Nitrogen. Analysis results meet the DOE requirements.</p> <p>The water supply for domestic use to staff and workers' housing is piped water from the water treatment plant in the mill and estates. It is a requirement to ensure that tests are carried out on parameters to meet the Ministry of Health Specification for Drinking Water Quality.</p> <p>Rainfall data found to be monitored as part of the water management plan.</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>Appropriate signages were placed with demarcation of buffer zone area. Workers are aware of the non-usage of chemicals within the buffer zone. No evidence of spraying around palms marked as boundary for the buffer zones.</p> <p>There was no construction of bunds/ weirs/dams across the streams/rivers passing through the estates.</p>	Complied
<p><b>4.4.3</b> Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6).</p>	<p>The water at the final discharge point of the palm oil mill effluent pond was analyzed at monthly intervals for pH, BOD, COD, Total Solids, Suspended Solids, oil &amp; grease, Ammoniacal Nitrogen and Total Nitrogen.</p> <p>There were results that showed the BOD had been exceeded</p>	Complied

<b>Minor Compliance</b>	(i.e. Dec 2015, Feb 2016 and Mar 2016). These were mainly due to upgrading of effluent treatment using silk curtain which had been approved by the DOE. Subsequently analysis results had shown that the BOD level were within DOE requirement of < 20ppm. BOD levels had been in the range of 10 to 19 ppm from Apr 2016 onwards. The current allowable upper limit specified by D.O.E. is < 20 ppm.	
<b>4.4.4</b> Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. <b>Minor Compliance</b>	Water usage in the mill averaged at 1.16 m <sup>3</sup> /tonne FFB. The level of water usage is within the industry norm.	Complied
<b>Criteria 4.5</b> Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>4.5.1</b> Implementation of Integrated Pest Management (IPM) plans shall be monitored. <b>Major Compliance</b>	IPM Plan includes the planting of beneficial plants and control of damage by rodents. Beneficial plants such as <i>Turnera subulata</i> are grown in the estates. Records of planting of new areas and maintenance of existing areas of beneficial plants and location maps are available.  Records of rat baiting census and rhinoceros beetles control are available. No reported infestation by other pests such as bagworms.	Complied
<b>4.5.2</b> Training of those involved in IPM implementation shall be demonstrated. <b>Minor Compliance</b>	IPM training conducted by for all those involved in IPM implementation. Training records for staff and workers on IPM implementation were available and was verified on-site to be satisfactory during field assessment.	Complied
<b>Criteria 4.6</b> Pesticides are used in ways that do not endanger health or the environment.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>4.6.1</b> Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. <b>Major Compliance</b>	Justifications for the use of Glyphosate Isopropyl Amine, Metsulfuron Methyl, Glufosinate Monoammonium, 2,4-D Dimethylamine, Brodifacoum and Floccumafen were documented and had been reviewed and updated. These were found acceptable.	Complied
<b>4.6.2</b> Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. <b>Major Compliance</b>	Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications had been maintained and kept for a minimum of 5 years. Verified that records of monitoring were satisfactorily.	Complied
<b>4.6.3</b> Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. <b>Major Compliance</b>	It is the policy of the estates to minimize the use of pesticides in accordance with IPM plan. The use of pesticides was monitored by the Estates. No prophylactic use of pesticides had been carried out at the estates for the period concerned.	Complied
<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	Use of paraquat had been eliminated since 31 Dec 2011 in the IOI Group Estates. Alternatives such as Round up (Glyphosate Isopropylamine) and Ally (Metsulfuron Methyl) had replaced paraquat.	Complied



<p>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><b>4.6.5</b> Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).  <b>Major Compliance</b></p>	<p>All pesticide operators (including the contractor's workers) have attended training on the safe handling and application of pesticides in compliance with Regulation 22 of the Pesticides Act 1974.</p> <p>Appropriate safety and application equipment (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, overalls) have been provided and used by the pesticides operators.</p> <p>All precautions attached to the pesticides (MSDS) have been observed, applied and understood by the workers.</p> <p>Programme and training records verified to be satisfactory. The training include spraying technique, precautions and symptoms of symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>The estates have adequate facilities for mixing of pesticides and cleaning up after work. There are suitable storage areas for PPE.</p>	<p 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 in case of accidents. Material Safety Data Sheets (MSDS) are available in the store. The MSDS are in English and Bahasa Malaysia (understood by the workers).</p> <p>Used chemical containers were either reused as containers for spraying solution. For disposal as scheduled waste, empty pesticide containers are triple rinsed and pierced at the bottom.</p>	<p 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. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Programme and training records verified to be satisfactory.</p>	<p align="center">Complied</p>
<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>It is the policy of the company not to carry out aerial application of pesticides. This policy has been followed by the estates.</p>	<p align="center">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</p>	<p>The Annual Training Plan includes training on pesticides handling. All new pesticides operators were trained before being assigned to work with pesticides. In addition, based upon</p>	<p align="center">Complied</p>

shall be demonstrated or made available. (see Criterion 4.8). <b>Minor Compliance</b>	training needs, the existing pesticide operators (including the contractor's workers) attended continual training to enhance their knowledge and skills on pesticides handling. Information and safety precautions on the pesticides displayed on the notice board and next to the pesticides in the store.	
<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>	Scheduled waste of palm oil mill had been disposed of through a DOE licensed scheduled waste contractor. Records of scheduled waste collection at the mill verified to be satisfactory.	Complied
<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>	Annual medical surveillance for all pesticide operators had been implemented. Medical surveillance reports of individual sprayers were checked and no abnormalities reported by the Medical doctor. The medical reports showed that there was no case of low blood cholinesterase levels. Any worker with such health condition is unfit for work with pesticides. No such cases in the estates during the latest assessment. Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems. Besides the annual medical surveillance, clinical records were also monitored.	Complied
<b>4.6.12</b> No work with pesticides shall be undertaken by pregnant or breast-feeding women. <b>Major Compliance</b>	Verified during field inspections and interviews that no pregnant or breast-feeding woman had been offered work as pesticide operator.	Complied
<b>Criteria 4.7</b> An occupational health and safety plan is documented, effectively communicated and implemented.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
The occupational health and safety plan shall cover the following: <b>4.7.1</b> An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. <b>Major Compliance</b>	Occupational Safety and Health (OSH) plan in compliance with OSH Act and Factory Machinery Act was documented and implemented. OSH Policy found to be clearly displayed at POM and in the estates office. Adequate posters, regulations, newsletters were prominently displayed on notice boards. Interviewed workers demonstrated awareness towards occupational safety and health. The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Mill/Assistant Mill Managers and Estate Managers / Assistant Estate Managers are also directly involved.	Complied
<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>	Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards. Annual audiometric test conducted for all mill staff and workers. The latest audiogram was carried out on 25/05/2016. The audiometric reports of some employees indicated as having hearing impairment and recommended to wear hearing protector. Next test will be in 24/05/2017. Baseline audiogram and occupational and medical history records of workers maintained. Appropriate PPE (safety boots, safety helmets, rubber boots,	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 27 of 75

	<p>cartridge masks, safety goggles, gloves, overalls, ear plugs, ear muffers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear muffers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>Adequate fire extinguishers and hose reels found to be located at strategic locations, operational and maintained in good conditions.</p> <p>First Aid equipment was available at POM, estates and at worksites. Samples of First Aid box was checked and contents are replenished and 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.</p> <p>Yearly reporting of JKPP8 regulations was submitted to JKPP on time, i.e. in January of each year. The Safety &amp; Health Officer maintains records on the rate of accidents to workmen, trends in rate of accidents, fatalities and non-fatalities captured to prevent mishaps.</p>	
<p><b>4.7.3</b> All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p><b>Major Compliance</b></p>	<p>Training programme planned for year 2016 includes training for all categories of workers.</p> <p>Appropriate trainings on safe working practices are planned for:</p> <ul style="list-style-type: none"> <li>- workers exposed to machinery and high noise levels,</li> <li>- workers working in confined space,</li> <li>- harvesters</li> <li>- pesticides operators</li> <li>- manurers</li> </ul> <p>The training programme included the various types of training such as fire fighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training.</p> <p>The above trainings were conducted for year 2016 and records were available.</p> <p>Appropriate PPE (safety helmets) had been provided to FFB harvesters and loaders at the place of work to cover all potentially hazardous operations.</p>	<p style="text-align: center;">Complied</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 responsible persons were the Assistant Mill Manager and the Estate Managers.</p> <p>Records of regular meetings between the responsible person and workers to discuss health and safety issues had been verified to be satisfactory.</p>	<p style="text-align: center;">Complied</p>
<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</p>	<p>Accident and emergency procedures had been established and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites.</p> <p>Records on all accidents had been verified to be maintained</p>	<p style="text-align: center;">Complied</p>

in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. <b>Minor Compliance</b>	satisfactorily. Quarterly review on accident cases had been carried out during quarterly meeting of Environment, Safety, & Health (ESH).	
<b>4.7.6</b> All workers shall be provided with medical care, and covered by accident insurance. <b>Minor Compliance</b>	Medical care had been provided to all the workers. Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with insurance companies.	Complied
<b>4.7.7</b> Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. <b>Minor Compliance</b>	Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory.	Complied
<b>Criteria 4.8</b> All staff, workers, smallholders and contract workers are appropriately trained.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>4.8.1</b> A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. <b>Major Compliance</b>	A formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable.	Complied
<b>4.8.2</b> Records of training for each employee shall be maintained. <b>Minor Compliance</b>	Records of training for each employee, including new employees were maintained.	Complied

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

<b>Criterion 5.1</b> Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>5.1.1</b> An environmental impact assessment (EIA) shall be documented. <b>Major Compliance</b>	The Environmental Aspect and Impacts Assessment were conducted and well documented. The assessment documents had included the identification of aspects from field activities that includes fertilizing, spraying, transportation of FFB, garbage disposal and also road maintenance. The assessment 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. Documented aspects and impacts risk assessments including those raised through stake-holders' consultations were implemented in accordance with RSPO and legal requirements.	Complied
<b>5.1.2</b> Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons.	No changes in current practices required as a result of the impacts identified. The POM and estates continued with the implementation and monitoring of management action plans and continuous programme. Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were adequately followed up by the Estate managers.	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 29 of 75

<p><b>Minor Compliance</b></p>	<p>Water Management Plans for the POM and Estates were reviewed on 07 Jul 2016. The pond located in Leepang 3 Estate identified as HCV area. Action plans identified and implemented. Buffer zones identified, demarcated and maintained for the streams that flow out to the tributaries located in Leepang 4 Estate and going to the Kinabatangan River.</p> <p><b>Thus the corrective action taken on previous assessment Minor NC# SH-01 verified to be effective.</b></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 Environmental Impact Assessment (E IA) for the POM have been reviewed on 12 Sep 2016 by the Environmental Liaison Officer (one of the Assistant Estate Managers) and approved by the respective Mill/ Estate Manager.</p> <p>Reviews of the EIA for the Leepang 3 Estate, Morisem 2 Estate and Morisem 3 Estate were carried out on 13 Sep 2016, 14 Sep 2016 and 10 Sep 2016 respectively.</p> <p>The implementation and monitoring of the documented environmental improvement plans were reviewed annually.</p> <p>The review had considered the mitigation of negative impacts and promotion of positive ones such as the maintenance of the fencing for the water ponds and signages.</p>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 5.2</b></p> <p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>5.2.1</b> Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p><b>Major Compliance</b></p>	<p>HCV assessment was conducted by the IOI Group HQ and documented in a report dated Oct 2010 and reviewed annually and had incorporated feedbacks provided by the various governmental agencies such as Department of Forestry, Sabah, Department of Irrigation and Drainage, Sabah Wildlife Department and Environmental Protection Department.</p> <p>Identification of HCV areas has been based upon the guidelines/methodology of WWF and Proforest HCV Identification Toolkit.</p> <p>The overall landscape surrounding the estates that includes wildlife corridors, had been considered in the HCV assessment reports.</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, buffer zones, forest reserve boundaries and was documented.</p> <p>HCV &amp; Conservation Area Assessment and Management Action Plans for Leepang 3 Estate, Morisem 2 Estate and Morisem 3 Estate were conducted on 13 Sep 2016, 14 Sep 2016 and 10 Sep 2016 respectively.</p> <p>Site visits to HCV and other environmentally sensitive areas were carried out.</p> <p>Leepang 3 Estate are surrounded by palm oil estates on all sides. The pond located in Leepang 3 Estate identified as HCV area. Conservation areas/ environmentally sensitive areas, i.e. buffer zones along the stretches of streams which pass through the Leepang 3 Estate had been identified and being monitored.</p> <p>At Morisem 2 Estate, there is the Sungai Simpang B Forest Estate (510.54 ha) situated at its eastern border. The forest reserve is an important habitat for some RTE (rare, threatened</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 30 of 75

	<p>and endangered) flora and fauna such as hornbills, rhinoceros, pygmy elephants, wild buffaloes and orangutans. Precious wood species are <i>belian</i>, <i>kayu malam</i> and <i>bawang-bawang</i>.</p> <p>Morisem 3 Estate has the Pangi Forest and the Lower Kinabatangan Wildlife Sanctuary on its west boundary. Other sides are borders with neighboring palm oil estates.</p>	
<p><b>5.2.2</b> Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan.</p> <p><b>Major Compliance</b></p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV &amp; Conservation Areas' management plans at the respective estates.</p> <p>The HCV report had reviewed the conservation needed for the wildlife identified such as proboscis monkeys, estuarine crocodiles, pygmy elephants, orangutans, long and short tailed macaque, white beaked hornbills and other wildlife which are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and IUCN Red List 2008.</p> <p>Updated posters as provided by the Sabah Wildlife Department were noted to have been displayed at the estates offices and copies pasted in the estate Patrol Log Books.</p> <p>Trenches have been dug and electric wire fencing built along the boundaries to deter wildlife from going into the estates. These measures were taken as proposed by the Sabah Wildlife Department to mitigate the incidences of incursions by wild elephants which had been reported in the patrols conducted by the estate personnel.</p> <p>Regular patrols on a monthly basis to monitor the HCV buffer zones have been carried out and recorded by the respective Estate Executives. There was no sighting of wildlife at Leepang 3 Estate and Morisem 3 Estate.</p> <p>At Morisem 3 Estate, sighting of monkeys, elephants and orangutans recorded in the patrol book with photos. At Morisem 2 Estate, sighting of monkeys, elephants and orangutans recorded in the patrol book with photos. Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented.</p> <p>Also, signage that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p>	<p style="text-align: center;">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 instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p><b>Minor Compliance</b></p>	<p>The estates has taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estates. 'Conservation Zone' signages and "no hunting" policy were prominently displayed and verified to be maintained during field visits.</p> <p>Information on RTE species have been disseminated to the workers.</p> <p>Programme conducted to educate the workforce and community about the status of RTE species.</p> <p><b>Thus the corrective action taken on previous assessment Minor NC# SH-02 verified to be effective.</b></p>	<p style="text-align: center;">Complied</p>
<p><b>5.2.4</b> Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation or mill operations shall be</li> </ul>	<p>Ongoing monitoring of the management plan on the status of HCV and RTE had been carried out and evidences of reporting verified to be available.</p> <p>Management plans were established and monitoring outcomes were reviewed by the Estate managers.</p>	<p style="text-align: center;">Complied</p>

<p>documented and reported;</p> <ul style="list-style-type: none"> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul> <p><b>Minor Compliance</b></p>	<p>Verification were also made during on-site assessment and found to be satisfactory implemented at the estates assessed.</p>	
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p><b>Minor Compliance</b></p>	<p>It was verified that there has been no instance of HCV set-aside that conflicts with the rights of local communities at the estates assessed. Thus negotiated agreement of such nature is not applicable.</p>	<p align="center">Not applicable</p>
<p><b>Criterion 5.3</b>  Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>		
Indicators	Findings and Objective Evidence	Compliance
<p><b>5.3.1</b> All waste products and sources of pollution shall be identified and documented.</p> <p><b>Major Compliance</b></p>	<p>Visits made to POM and estates showed that all waste products and sources of pollution were identified and documented.</p> <p>The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and boiler ashes were maintained and monitored at the POM.</p> <p>Scheduled Waste identified include spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).</p> <p>Records on the usage and disposal were well recorded and documented.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained at the POM.</p> <p>Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the POM and estates. Proper storage areas were identified for the storage of the recyclable wastes at the POM and estates.</p>	<p align="center">Complied</p>
<p><b>5.3.2</b> All chemicals and their containers shall be disposed of responsibly.</p> <p><b>Major Compliance</b></p>	<p>At the mill, the disposal of used chemicals and containers were done in accordance with their schedule on waste management as planned.</p> <p>Stores for scheduled waste were inspected. The mill has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor (Lagenda Bumiputra Sdn Bhd). Records of e-Consignments are in order.</p>	<p align="center">Complied</p>
<p><b>5.3.3</b> A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p><b>Minor Compliance</b></p>	<p>The waste management and disposal plan were in place at both the POM and estates. It has been documented and implemented as required and is being carried out responsibly.</p> <p>Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the POM and estates.</p> <p>Waste disposal was done by an appointed contractor that is licensed by the Department of Environment i.e. Lagenda Bumiputra Sdn Bhd.</p> <p>The solid waste management and disposal plan using landfills was also available at all the estates assessed.</p> <p>It was found that the disposal of household and plantation</p>	<p align="center">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 32 of 75

	<p>waste materials were properly monitored and recorded.</p> <p>Recycling of crop residues / biomass i.e. EFB and POME had been implemented. Management EFB application plans and progress reports were verified to be satisfactory.</p> <p>Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling.</p>	
<p><b>Criterion 5.4</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.4.1</b> A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p><b>Minor Compliance</b></p>	<p>Monthly records on energy consumption for both renewable fuel (palm fiber and PK shell) and non-renewable fuel (diesel) were maintained at the POM. Data compiled (5 years) for comparison and monitored to optimize the use of renewable energy.</p> <p>For FY Jul 2015/Jun 2016, diesel usage was 9.5 liters per mt CPO or 6.49 KWh per metric ton FFB or 30.7 KWh per mt CPO. Total energy produced is above the baseline of 18.19 KWh per mt CPO.</p> <p>For FY Jul 2015/Jun 2016, fiber and shell (boiler fuel), total FFB produced was 245,086.70 mt and total CPO was 51,838.61 mt with 4,994,000 KWh. Average KWh per metric ton CPO was 96.34.</p>	Complied
<p><b>Criterion 5.5</b> Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>5.5.1</b> There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003.</p> <p><b>Major Compliance</b></p>	<p>IOI Group had observed the policy of 'Zero open burning' for replanting, if any, at the estates.</p> <p>Field inspections made at estates assessed showed no evidence of open burning.</p>	Complied
<p><b>5.5.2</b> Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003.</p> <p><b>Minor Compliance</b></p>	<p>During the assessment, replanting in progress at Morisem 2 Estate. The estate adhered to the 'zero burning' policy for replanting.</p> <p>Also, there was no evidence of any burning of domestic waste at the housing line sites and at the sanitary landfills of the estates during on site field assessment. The landfills were located far away from the village and water sources.</p>	Complied
<p><b>Criterion 5.6</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>		
<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>Environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land was reviewed for the POM, Leepang 3 Estate, Morisem 2 Estate and Morisem 3 Estate on 12 Sep 2016, 13 Sep 2016, 14 Sep 2016 and 10 Sep 2016 respectively.</p> <p>Mill gas emissions as monitored online by DOE, Sandakan using the Continuous Emissions Monitoring System (CEMS) verified to be within the permissible limits of DOE.</p> <p>POME treatment, monitoring and land application were</p>	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 33 of 75

	monitored, maintained and adhered to DOE regulations.	
<p><b>5.6.2</b> Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p><b>Major Compliance</b></p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel and fertilizer usage have been documented at the PMU. This has been verified on-site.</p> <p>GHG calculation report has also been submitted to RSPO on 02 Aug 2016.</p> <p>The PMU has achieved the ISCC EU certification for sustainable biofuels production. Thus the GHG emissions calculation is up to date and has been compiled for FY 2015/2016.</p>	Complied
<p><b>5.6.3</b> A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p><b>Minor Compliance.</b></p>	<p>Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available.</p> <p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements.</p> <p>The daily CEMS reporting summary chart indicated a maximum of 39.16% and an average of 7.21% opacity (DOE permissible limit is 40% max. opacity).</p> <p>It was verified that the POME is treated using aerobic and anaerobic ponds (total of 8 ponds, consisting of 7 effluent ponds and 1 bio polishing pond)</p> <p>Water samples were regularly taken monthly and tested by mill environment officer in charge and analyzed to ensure compliance to DOE requirements at the final discharge point. The discharged water is 100% used for land application into Morisem 3 Estate.</p> <p>Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD &lt; 20 ppm).</p> <p>Water samples collected and analysis carried out at twice a year for treated water. The treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).</p>	Complied

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

<p><b>Criterion 6.1</b></p> <p>Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.1.1</b> A social impact assessment (SIA) including records of meetings shall be documented.</p> <p><b>Major Compliance</b></p>	<p>Social Impact Assessment [SIA] is conducted at the Morisem PMU annually, at the external and internal level. The process and the findings of the SIA is documented and available for verification. The SIA clearly covered issues such as access and use rights, economic livelihoods and proper working conditions, subsistence activities, etc. not only for the workers</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 34 of 75

	<p>but for the communities surrounding the PMU.</p> <p>SIA document is available in each estate and the POM in the PMU and updated annually, e.g. for Morisem POM last revision of their SIA was in Sep 2016 by Social Liaison Officer, Mr. Jamuih Kalipang and in Leepang Estate, the SIA was dated 13 Sep 2016 prepared by Social Liaison Officer, Mr. Ismail Abd. Rahim, Cadet AM.</p>	
<p><b>6.1.2</b> There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p><b>Major Compliance</b></p>	<p>The assessment made in the SIA involved consultation with the affected parties, externally and internally. External stakeholder consultation with local communities was conducted for the whole PMU on 8 Sep 2016 with attendance of 16 participants from local villages, government agencies, suppliers and contractors. Annually, internal consultations were also conducted by the POM and by each estate, which involved employee representatives from all units. For example, internal stakeholder meeting was conducted on 3 Sep 2016 in the Morisem POM with 13 participants and in Leepang 3 Estate on 5 Sep 2016 with 16 participants.</p> <p>In all consultations, all participants were able to express their own views freely. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns.</p>	<p>Complied</p>
<p><b>6.1.3</b> Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p><b>Major Compliance</b></p>	<p>A time table of activities identified was sighted with time frame on implementation plans. Site inspection carried out confirmed that the implementations were in progress. Latest Social Plans for 2016/2017 were sighted at the estates and Morisem POM.</p> <p>The Social Impact Assessment reports and Management plans were reviewed and timetables established were also updated appropriately to reflect current changes. Reviewed process has been done with the participation of stakeholders (including migrant workers) appropriately. Records of meetings were available and indicated that concerns were generally working conditions, cultural/festival activities, health facilities and other community concerns.</p>	<p>Complied</p>
<p><b>6.1.4</b> The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices.</p> <p>There shall be evidence that the review includes the participation of affected parties.</p> <p><b>Minor Compliance</b></p>	<p>The PMU social plans are reviewed annually and the plans for 2016/2017 period are available for verification. During the site inspection, it is confirmed that the mitigations plans identified were in progress or already completed.</p>	<p>Complied</p>
<p><b>6.1.5</b> Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p><b>Minor Compliance</b></p>	<p>There are no smallholders at the PMU. Thus this is not applicable</p>	<p>Not applicable</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 35 of 75

<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>
<p><b>6.2.1</b> Consultation and communication procedures shall be documented.  <b>Major Compliance</b></p>	<p>List of stakeholders are available in the PMU and IOI's Group consultation and communication procedures are available via website link:  <a href="http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm">http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm</a></p> <p>The PMU has adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings.</p> <p>The communication procedures were also explained to all stakeholders in each consultation either externally or internally.</p>	Complied
<p><b>6.2.2</b> A management official responsible for these issues shall be nominated.  <b>Minor Compliance</b></p>	<p>Nominated respective officers at the operating unit are responsible to represent the PMU when any relevant issues raised by local communities and other affected or interested parties.</p> <p>For example, the nominated officers are: Mr. Jamuih Kuipang (Social Liaison Officer) in the POM, Mr. Ismail Abd. Rahim (Cadet Am) in Leepang 3 Estate, Mr. Abd. Razak Beddu (Assistant Manager) in Morisem 3 Estate and Mr. Speedy Alton (Assistant Manager) in Morisem 2 Estate. Assignment letter to each of this executives was verified. Their names as well as their responsibilities were announced in public notice boards.</p>	Complied
<p><b>6.2.3</b> A list of stakeholders, records of all communication, including confirmation of receipt and that effort are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.  <b>Minor Compliance</b></p>	<p>The maintenance of the lists of stakeholders at the POM and estates is adequate and has ensured that the lists are kept current. Noted that there are open and transparent methods for communication and consultation which has taken into consideration the local mechanisms including migrant workers and languages.</p> <p>The lists of stakeholders from each estate in the PMU and the POM were used to send invitation to external stakeholders during the external consultation conducted on 8 Sep 2016.</p>	Complied
<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>
<p><b>6.3.1</b> The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.  <b>Major Compliance</b></p>	<p>In the PMU, complaints and grievances procedure is well implemented. Complaints and Grievances logbooks were sighted in all estates visited and are actively used by workers. The responsible persons are the Social Liaison Officer identified in each estate and the POM. Their names as well as their responsibilities were announced in public notice boards. ECC representatives interviewed understood that roles, responsibility and treated them as an important matter.</p> <p>Complaints and Grievances Logbooks are for complaints which are not private and confidential in nature. For reports which are related to private matters such as sexual harassment, separate logbooks are prepared and always kept</p>	Complied

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 37 of 75

	<p>incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. IOI procedures require the employment contract to be explained by management to potential migrant workers before the contracts are signed.</p> <p>The payment slips for foreign workers at the POM and estates visited are easy to understand and this fact was further verified with migrant workers. Payments are made latest by 7<sup>th</sup> of each month. Payment slips for foreign and local workers hired by the contractors and settlers' cooperatives also verified as compliance to the Minimum Wages Order 2016.</p> <p>Holidays entitlements as required by the laws are satisfactorily fulfilled, e.g. annual leaves, public holidays and maternity leave. Vacation leave pay for 2015/2016 were sighted at the POM and estate offices.</p>	
<p><b>6.5.2</b> Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p><b>Major Compliance</b></p>	<p>On 20 Jun 2016, a memorandum has been distributed to IOI PMUs in Sabah including Morisem 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 passports, work permits, permits for deduction of wages are in proper order in all estates visited. The obligatory Foreign Workers Compensation Scheme [FWCS] for foreign workers were issued by MSIG and expired on 30 Sep 2016 in the POM and all estates 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 true during the audit.</p> <p>Employment Act 1955, stated that "<b>wages</b>" is defined as the "<b>...work done in respect of his contract of service...</b>".</p> <p>The Minimum Wages Order 2012, stated that it is also referring to the same definition of "<b>wages</b>" used in Employment Act 1955 [see Guideline to the Implementation of The Minimum Wages Order 2012, Annex A, First Schedule Employment Act 1955, Article 3]. Therefore the workers have to fulfill the terms of service (viz; to complete the assigned daily tasks, no. of working hours stipulated and not refusing assigned extra tasks other than their main work scope) in order to receive the minimum wages as defined above.</p> <p>The practice for payment of wages to workers who did not achieved the minimum wages to the workers due to non-fulfilment of the terms of service is clearly permitted by both Minimum Wages Order 2012 and Employment Act 1955.</p> <p>This was confirmed in an interview by the same auditor with Mr. Kamarul Izham Kamaruddin from the Labour Department in Kunak. He confirmed that the practice mentioned above,</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 38 of 75

	<p>currently implemented by the PMU and the industry in general, is correct and complied with the Minimum Wages Order 2016.</p> <p>However, even with permission of the law to adopt such, these workers are identified and provided with an opportunity to explain their inability to achieve the minimum wages set by the law and the management. Workers explanation and the decision made by the management, if any, e.g. change to another type of job, offer to perform additional jobs, offer to work on less difficult location, are recorded on monthly basis in all estates. This serves as evidence that the workers understood the reasons for them receiving wages less than required by law. In addition this also served as evidence for the efforts taken by the management to motivate and assist workers with under-performance issues. The form mentioned above is signed by the workers, workers representative as witness, the field supervisors and the management after completion.</p> <p>It was also found the workers received more than required minimum wages if the workers reached the daily target and working the whole month without absent. Payment is calculated based on piece rate, thus the workers have to reach certain target per day as well in order to reach the minimum pay of RM920/month.</p>	
<p><b>6.5.3</b> Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p><b>Minor Compliance</b></p>	<p>The Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) is yet to be enforced by Sabah Labour Department. However, the PMU is noted to have provided adequate housing, water supplies, medical, educational and public amenities to their local and foreign workers.</p> <p>Site visits to foreign workers' quarters as well as the staff quarters and interviews with their dependents revealed their general satisfaction with their housing conditions and amenities.</p> <p><b><u>Housing, electricity and water supply</u></b>  Workers are given a small patch of land to grow vegetables/ fruit trees and maintain barns to raise chicken at the back their houses in order to reduce the cost of living. Chicken barns are kept at a safe distance from the workers quarters. The workers staying in the estate are provided with free electricity and treated pond water 24 hours daily. There are still wooden quarters being used, however, the PMU is in the process of replacing them with brick terrace houses. Linesite inspection is conducted at least once a month by EHA to ensure the safety and cleanliness at the linesite.</p> <p><b><u>Schools</u></b>  The migrant workers' children had received free education in a NGO-managed school, i.e. HUMANA. Maintenance of the school building, furniture, electric and water supplied are under the purview of the estate management. Furthermore, the foreign teachers originally from Indonesia are paid by the estate management through HUMANA. Transport to and from the school for all local and foreign workers children and provided free of charge.</p> <p><b><u>Sundry shops</u></b>  Sundry shops available outside at each estate audited. From interviews with the workers in the PMU, it was found that most household sundries, including frozen foodstuffs were available</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 39 of 75

	<p>on sale. Fresh food, such as fish, chicken, vegetable and meat are also brought in by fresh food suppliers into the estates in food trucks at least twice a week.</p> <p><b><u>Crèche (“Rumah Asuhan Kanak-kanak”)</u></b></p> <p>Creche is available in each estate and they are well maintained. The crèche ayahs are well trained on procedures of using the first aid kits. Depending on the estate management, some crèche are provided biscuits or chocolate drink.</p> <p><b><u>Clinics</u></b></p> <p>Health services are available at the audited estates. No limit on medical expenses for the workers. Public fogging is conducted annually at the workers quarters. Pregnant field workers are not allowed to work until their child is weaning. All workers are also covered by valid insurance underwritten by MSIG.</p>	
<p><b>6.5.4</b> Growers and millers shall make demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food.</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>It is verified that office and field workers were provided with transport to go shopping for sundry items in town at month end, i.e. after pay day.</p>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 6.6</b></p> <p>The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>6.6.1</b> 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 recognizes the employee’s freedom of association, was noted to be available in a few native languages including Bahasa Malaysia, English and some local native languages and were widely displayed.</p> <p>Each estates audited in the PMU had formed the ECC as a mechanism to cater to the collective bargaining needs of the workers. Minutes of ECC meetings were maintained.</p>	<p style="text-align: center;">Complied</p>
<p><b>6.6.2</b> 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. Minutes of ECC meetings sighted, for example, in Morisem POM, latest ECC meeting was on 27 Aug 2016 and in Leepang 3 Estate, the meeting was conducted on 23 Jun 2016. All minutes are kept properly.</p> <p>In all the meetings of ECC, minutes, list of attendance and photos of the session were kept in file showing evidence of participation of affected parties.</p>	<p style="text-align: center;">Complied</p>
<p><b>Criterion 6.7</b></p> <p>Children are not employed or exploited.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>6.7.1</b> There shall be documentary evidence that minimum age requirements are met.</p>	<p>Employees and workers profile were sighted during the audit. No underage workers found. This fact was further verified through interviews with staff and workers in the PMU.</p>	<p style="text-align: center;">Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 40 of 75

<b>Major Compliance</b>	<p>Passport photos and birthdays of the foreign workers hired by the estates and POM were checked and none of them found to be underage.</p> <p>The Child Labour Policy 2009 adopted by IOI clearly stated that the minimum age of workers is 16 years old as stated in the Children and Young Persons (Employment) Act 1966 (Act 350). In Sabah, the Sabah Labour Ordinance, however, stated minimum age for employment is 17 years old. Further verification found that IOI employment guidelines stated only those persons of 18 years old and above are qualified to be employed.</p>	
<p><b>Criterion 6.8</b>  Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.8.1</b> A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented.</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 employment records, pay slips and allowable deductions of wages confirmed that this criteria has been maintained.</p>	Complied
<p><b>6.8.2</b> Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p><b>Major Compliance</b></p>	<p>Based on interviews and feedback from the employees, migrant workers and review of ECC meeting minutes, it is verified that there has been no issue of discrimination at the PMU.</p>	Complied
<p><b>6.8.3</b> It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p><b>Minor Compliance</b></p>	<p>The PMU demonstrated that staff are hired and promoted based on specific criteria. However, promotion to higher position most of the time take a longer period due to the position sought is not yet vacant.</p> <p>For foreign workers, hiring is based on agents' recommendation or application if the workers are already in Sabah. Those foreign workers who are already in Sabah will be sent back to Tarakan, Indonesia within three months of employment to organise proper travel and working documents. These procedures are approved both by Sabah Immigration Office and Indonesian Consulate in order to legalise any Indonesian citizen currently already domiciled in Sabah without any travelling documents.</p> <p>It was evident that no discrimination on promotion as both men and women, local and foreign workers have equal opportunity to be promoted.</p>	Complied
<p><b>Criterion 6.9</b>  There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>6.9.1</b> A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p>	<p>The established social policy has covered aspects on sexual harassment, gender and women reproductive rights. There was a documented procedure on the management of sexual harassment. There is also a gender committee specifically to address areas of concern to women. This committee was</p>	Complied



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 41 of 75

<p><b>Major Compliance</b></p>	<p>headed by the manager and, has representatives from all areas of work. In the POM, latest Gender Consultative Committee (GCC) meeting was on 1 Jun 2016 for both male and female workers. Meanwhile in Morisem 3 Estate, latest Gender Committee meeting was on 20 Jul 2016.</p> <p>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.</p>	
<p><b>6.9.2</b> A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p><b>Major Compliance</b></p>	<p>Pregnant and breastfeeding women were exempted from work associated with potentially hazardous chemicals and were given light duties such as work in and around the office and crèche.</p> <p>However, in most cases based on the advice from the management, female workers found to be voluntarily resigned from work due to their pregnancies. Letter from the Visiting Medical Officer dated 12 Mar 2015 also recommended the same practice as high occurrences of habitual abortion occurred in the plantation sector.</p> <p>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 Hospital Attendant will collect all necessary data and fill in relevant forms to be submitted to the authorities, i.e. government hospital.</p>	<p>Complied</p>
<p><b>6.9.3</b> A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p><b>Minor Compliance</b></p>	<p>The Grievance process flowchart and procedures are displayed in the estate offices. The grievance mechanism established at the PMU has been maintained. There is a gender committee specifically to address areas of concern to women. This committee was headed by the manager and representatives from all areas of work. The minutes of meetings were documented and kept in file.</p>	<p>Complied</p>
<p><b>Criterion 6.10</b>  Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>		
<p><b>Indicators</b></p>	<p><b>Findings and Objective Evidence</b></p>	<p><b>Compliance</b></p>
<p><b>6.10.1</b> Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p><b>Minor Compliance</b></p>	<p>All the estates in the PMU do not have any dealings with smallholders.</p> <p>There was also no evidence to suggest of any unfair business practices with the local businesses.</p>	<p>Complied</p>
<p><b>6.10.2</b> Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p><b>Major Compliance</b></p>	<p>The PMU maintained records on current and past prices paid for FFB. Monthly prices are displayed at the POM office and FFB price data are available to the public upon request.</p>	<p>Complied</p>
<p><b>6.10.3</b> Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p><b>Minor Compliance</b></p>	<p>Based on employee contracts and meeting minutes (between the PMU management and employee) it is evidenced that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Interviews with parties concerned confirmed that business practices with local businesses are conducted in a fair and transparent manner. Work tenders are open to appropriate</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 42 of 75

	parties and reviewed by Tender Committee before approval. The contractors are monitored during work in progress to follow safety requirements.	
<b>6.10.4</b> Agreed payments shall be made in a timely manner. <b>Minor Compliance</b>	The PMU has a policy to ensure agreed payments were made in a timely manner as per the contracts of agreement made. Payments most of the time are made on according to common practice of 60-day grace period.	Complied
<b>Criterion 6.11</b> Growers and millers contribute to local sustainable development where appropriate.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>6.11.1</b> Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. <b>Minor Compliance</b>	Main contribution of the estates to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The management also distribute annual aids to school going children including HUMANA with school bags, writing and reading materials.	Complied
<b>6.11.2</b> Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity <b>Minor Compliance</b>	Not applicable	Not Applicable
<b>Criterion 6.12</b> No forms of forced or trafficked labour are used.		
<b>6.12.1</b> There shall be evidence that no forms of forced or trafficked labour are used. <b>Major Compliance</b>	For foreign workers, hiring is based on agents' recommendation or application if the workers are already in Sabah. Those foreign workers who are already in Sabah will be sent back to Tarakan, Indonesia within three months of employment to organise proper travel and working documents. These procedures are approved both by Sabah Immigration Office and Indonesian Consulate in order to legalise any Indonesian citizen currently already domiciled in Sabah. Recruitment procedures are handled by IOI Lahad Datu Regional Office [LDRO].  All foreign workers hired signed a written permission for the office management to keep safe their travelling documents which is called as "Perjanjian Persetujuan Penyimpanan Dokumen Asal [Passport]". Upon request, the travelling documents will be released to the foreign workers. Withdrawal and returning of the travelling documents to the office are logged in "Rekod Peminjaman/ Pemulangan Passport".	Complied
<b>6.12.2</b> Where applicable, it shall be demonstrated that no contract substitution has occurred. <b>Minor Compliance</b>	No incidents have been found and this is confirmed that during interviews with external stakeholders this issue has not been raised.	Complied
<b>6.12.3</b> Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. <b>Major Compliance</b>	A policy on Equal Opportunity was adopted and implemented by the PMU seemed to cover all necessary aspects of migrant workers related issues.	Complied
<b>Criterion 6.13</b> Growers and millers respect human rights.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<b>6.13.1</b> A policy to respect human rights	IOI adopted a human rights statement included in	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 43 of 75

<p>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>“Sustainability Policy Statement” dated Mar 2014 signed by CEO, Dato’ Lee Yeow Chor which covered the necessary aspects of human rights related issues.</p> <p>New policy adopted by IOI is “IOI Group Sustainable Palm Oil Policy” covers mentioned explicitly human rights issues, including ILO core conventions, freedom of association, force and/or child labour, retention of passports, equal opportunity, free sexual harassment working environment, etc.</p> <p>This is confirmed to have been explained to the different levels of workers interviewed during the assessment.</p>	
<p><b>6.13.2</b> As long as children of plantation workers of Sabah and Sarawak are not secured a right to go to government school, the plantation companies should engage in a process to secure the children of the plantation workers access to education as a moral obligation.</p> <p>Minor Compliance</p>	<p>The PMU is in collaboration HUMANA, which is an NGO, catering to the education needs of the children of school going age for the Indonesian foreign workers at both primary and secondary school levels.</p> <p>It was verified that transport has been provided free for children of the workers and the PMU has maintained contribution to the monthly operation of the primary school.</p> <p>Inspections of the employment records including field trips in the estates confirmed that this criterion has been complied.</p>	<p>Complied</p>

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

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

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

<b>Criterion 8.1</b>		
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
<p><b>8.1.1</b> The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> <li>• Encourage optimising the yield of the supply base.</li> </ul> <p><b>Major Compliance</b></p>	<p>The PMU had planned and progressively implemented continual improvement activities in the POM and estates:</p> <p><u>Continual improvements for the POM:</u></p> <ol style="list-style-type: none"> <li>1. Timely monitoring, disposal and updating records for disposal of Schedules Wastes via e-consignment: spent hydraulic oil (SW 306), spent lubricant oil (SW 305), used chemical containers/drums (SW 409) and used filters (SW 410).</li> <li>2. Recycling and reduction of waste (recycle scrap iron, plastic and paper)</li> <li>3. Development of GHG reduction activities such as the higher use of renewable energy sources (EFB, shredded shell, fiber).</li> <li>4. New housing for executives.</li> <li>5. Children playground for executive housing.</li> <li>6. Swing for crèche.</li> </ol> <p>Evidence of results was available for the above continuous improvement action plans.</p> <p><u>Continual improvements for Estates:</u></p> <ol style="list-style-type: none"> <li>1. Reduce the consumption of pesticides.</li> <li>2. Increased planting of beneficial plants as direct bio-control to reduce attacks by caterpillars and bag worms.</li> <li>3. Additional palm top equipment for monitoring of yields from the estates.</li> <li>4. Leepang 3 Estate: New Scheduled Waste store and new building for HUMANA school</li> <li>5. Morisem 3 Estate: New 2 block x 6 units of concrete housing quarters for workers and new store for empty chemical containers.</li> <li>6. Morisem 2 Estate: New 2 block x 6 units of concrete housing quarters for workers, 24 units of water tanks, 4 units of septic tanks and a potable water treatment plant (5 m<sup>3</sup>/hr).</li> </ol> <p>Evidence of results was available for the above continuous improvement action plans.</p>	<p>Complied</p>

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 45 of 75

### 3.1.1 Supply Chain Certification Standards Findings - on CPO Mill

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

Details of findings are as follows:

D.1 Definition		
Indicators	Findings and Objective Evidence	Compliance
<p>D.1.1</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>
D.2 Explanation		
Indicators	Findings and Objective Evidence	Compliance
<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>
D.3 Documented procedures		
<p>D.3.1</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	<p>Documented procedure for IP Module is: RSPOSC/SOP/IP/3 issue 04, 02/01/2015.</p> <p>The procedure covered the implementation of all elements of IP Module.</p>	<p>Complied</p>
<p>a) Complete and up to date procedures</p>	<p>The documented procedure and its implementation</p>	<p>Complied</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 46 of 75

covering the implementation of all the elements in these requirements	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.	
b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	<p>Mill Manager, Mr Zulkarnain Abd. Rahman (contact no: 012-7222514) has the overall responsibility and authority for implementation and compliance with the documented procedure.</p> <p>He and other relevant staff (e.g. Asst. Mill Manager, Mr. Harry Dainal) under his charge demonstrated competence, skill and knowledge of the RSPO Supply Chain Certification Standard Module D requirements and its implementation. Interviews of the relevant staff confirmed their knowledge of the RSPO Supply Chain Certification requirements for the respective areas of operations.</p> <p>The Palm Oil Mill Organization Chart and job responsibilities of employees (Mill Manager, Assistant Manager, Engineers, Assistant Engineers, Technical Executive, Supervisor, Weighbridge Operators Laboratory Chemist and clerks) have been suitably defined in the IOI Management System Manual.</p>	Complied
D.3.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>For the period FY 2015/2016, the POM only received and processed FFB mainly from the PMU estates and some FFB from other certified IOI PMUs estates. The PMU did not receive any non-certified FFB from other sources or suppliers.</p> <p>All supplies of FFB were subjected to verification of documents and quality checks by weighbridge personnel.</p> <p>The identification and documentation needed for supply and processing from the other sources or suppliers are adequately addressed under the procedure.</p> <p>The POM has 4 CPO storage tanks that stored the IP quantities.</p>	Complied
<b>D.4 Purchasing and goods in</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
D.4.1 The facility shall verify and document the tonnages and sources of certified and non-certified FFBs received.	The Mill had maintained record of tonnages and supply source of FFB from the respective estates at the weighbridge station, in the dispatch chit and weighbridge ticket and these are reported daily to the Lahad Datu Regional Office and weekly to the Head Office at Putrajaya.	Complied
D.4.2 The facility shall inform the CB immediately if there is a projected overproduction of certified tonnage.	<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.</p> <p>So far, there is no projected overproduction.</p>	Complied
<b>D.5 Record keeping</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	<b>Compliance</b>
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>The records and reports are available from the computerized system. Also, hard copies of records and reports are properly filed and readily accessible.</p> <p>Inspection of records and reports at the Mill confirmed these were accurate, complete and updated daily.</p>	Complied

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 47 of 75

	As per the SOP, the records and reports are archived and stored in the Mill Office for a minimum period of 5 years.	
<b>D.6 Processing</b>		
<b>Indicators</b>	<b>Findings and Objective Evidence</b>	
D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	Confirmed from records that the POM only received and processed certified FFB from its own estates and estates in other certified IOI PMUs for FY2015/2016. The processing facility has established and implemented a clear procedure and mechanism for the IP module. Review and on-site verification confirmed that the mechanism was implemented and in compliance with the module requirements at the mill, including transport and storage.  Transaction documents and bookkeeping of FFB, CPO and PK are done daily and monthly summary submitted to Head Office.  A volume balance recording system that shows FFB deliveries, CPO and PK production and dispatch is balanced every 3 months.  The POM does not produce PKO. The PK is sold to IOI Edible Oil and there is no outsourcing of the PK crush to an independent palm kernel crusher.	
D.6.2 The objective is for 100 % segregated material to be reached.	Documents and records provided documented evidence that the FFB receipt and processed, and CPO and PK produced are traceable to 100% certified material. The product type and supply chain module indicated as CSPO/IP and CSPK/IP on relevant documents.	

### 3.1.2 Status on Supply Chain on POM:

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

### 3.1.3 Monitoring of CSPO and CSPK traded:

Trading of the CSPO and CSPK was monitored by the POM via RSPO eTrace including RSPO GreenPalm and ISCC. The records maintained at the POM relied on internal communications of the trading done by the HQ, Putrajaya on the CSPO delivered to IOI Edible Oils Sdn Bhd (Refinery). The volumes of CSPO traded as verified during assessment are as follows:

	<b>CSPO - Actual Jul 2014 / Jun 2015 (MT)</b>	<b>CSPK - Actual Jul 2014 / Jun 2015 (MT)</b>	<b>CSPO - Actual Jul 2015 / Jun 2016 (MT)</b>	<b>CSPK - Actual Jul 2015 / Jun 2016 (MT)</b>
RSPO	<b>30,801.16</b>	<b>9,440.90</b>	<b>24,030.07</b>	<b>9,541.68</b>
Book & Claim (Green Palm)	0	0	0	0
ISCC	<b>15,141.12</b>	0	<b>4,730.43</b>	0
Total Traded	<b>45,942.28</b>	<b>9,440.90</b>	<b>28,760.50</b>	<b>9,541.68</b>
Actual Produced	<b>60,680.54</b>	<b>15,234.91</b>	<b>51,838.62</b>	<b>12,222.64</b>

Notes:

- Based on records maintained at the POM, it was verified that the total tonnage of CSPO traded has not exceeded the annual certified quantity.

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 48 of 75

- The PK is entirely sold to IOI Edible Oil at Sandakan and there is no outsourcing of the PK crush to an independent palm kernel crusher.

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

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

Assessment Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Main Assessment	2013	1 Minor	5	Actions taken on the NCRs and OBS verified to be effective during ASA-01.
Annual Surveillance-01	2014	2 Minor	2	Actions taken on the NCRs and OBS verified to be effective during ASA-02.
Annual Surveillance-02	2015	3 Minor	1	Actions taken on the NCRs and OBS verified to be effective during ASA-03.
Annual Surveillance-03	2016	1 Minor	0	Next assessment (ASA-04)

#### 3.2.1 Year 2015: Surveillance Assessment ASA-02 (3 Minor NCRs)

NCR	MYNI Indicator	Details of NCR	
Minor OCL-01	4.4.1	Date issued: 17/09/2015	
		Nonconformance: Water for domestic use is treated water from the treatment plants at the POM and the estates. Water samples and tests carried out twice a year by an independent laboratory. However, there is no review of the results of the water analysis. Also, it was found that the results for Jan 2015 samples taken at Morisem 4 have exceeded slightly the specified limits for turbidity, Fe and Al. This will require some decision from management relating to the acceptability of the water for domestic consumption or any further action.	
		Root Cause and Corrective Action: Though there is no indication at the result paper of the water analysis, the water analysis quality and its management review are actually incorporated in the Water Management Plan document. Any parameter exceeding the limit were taken note and referred to the experts (i.e: from environment consultant, water treatment supplier) to help on the management plan to reduce the readings. The result of water sample mentioned in Morisem 4 where the Fe and Al was above specified limit was actually the sample taken in December 2014, not June 2015. This issue also has been discussed in the management review of Water Management Plan in January 2015. Nonetheless, to address the issue raised, as additional to the current practice, the management will be given some indication on the result paper itself to indicate that they have review and are fully aware of the result of the analysis.	
		Verification (Corrective Action): Documents verified: Water analysis test certificates 07/01/2015 and 29/06/2015 Review and actions taken recorded in the Water Management Plan Jan 2015. Corrective action on NC is accepted.	
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 12/10/2015</b>



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 49 of 75

		Verification (for effectiveness): In ASA-03: Verified that the implementation of the corrective action is effective.	
		Effectiveness verified by auditor: Accepted by OCL	Date verified: 22/09/2016

NCR	MYNI Indicator	Details of NCR			
Minor SH-01	5.1.2	Date issued: 17/09/2015			
		Nonconformance: The Management plan for mitigation of environmental impacts, timeframe for action and responsible persons were not adequately followed up by the Estate managers.  At the Palm Oil Mill, water is sourced from the pond located at Leepeng 2. This water is also used for domestic purposes. It is found that the extent of the buffer zone around the pond has not been demarcated.  Also, the ponds at Ladang Asas (one each at Ladang Halusah and one at Ladang Tas) Estate have been identified for conservation. These ponds were also used as catchment area and the water being used for domestic purposes. These areas are not suitable for planting and were left in its natural condition/state. There were no buffer zones identified and demarcated on the ground.			
		Root Cause and Corrective Action: This is an oversight from the estate/mill management to monitor the buffer zone of the ponds as the focuses are more given to the riparian reserve. To rectify this, the estate and mill managements have already demarcated the area with either red ring marking at the palm, or by providing the marking poles pointed with red colour to indicate the extent of the buffer zone of the said ponds which are used for the domestic purposes. These ponds will be closely monitored during the periodical patrolling session in the area.			
		Verification (Corrective Action): Documents verified: Photos showing the demarcation of the buffer zones with erected signages and palm trees marked with red color ring. Corrective action on NC is accepted.			
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 12/10/2015</b>		
		Verification (for effectiveness): In ASA-03: Verified that the implementation of the corrective action is effective.			
				Effectiveness verified by auditor: Accepted by OCL	Date verified: 22/09/2016

NCR	MYNI Indicator	Details of NCR	
Minor SH-02	5.2.3	Date issued: 17/09/2015	
		Nonconformance: The Morisem 1 estate borders the Pangi Wildlife Forest Reserve. There were cases of crocodile sightings and elephants being reported at this estate. However, it was also found that the program to educate the workforce and community about the status of RTE species has not been implemented accordingly. There was no evidence of it being implemented and no appropriate measures taken in line with company procedures and national regulation. A reporting mechanism should also be in place to make it easier for the workers and community to report such occurrences. This program should also be extended to other estates although most of them are surrounded by other plantations.	

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 50 of 75

		<p>Root Cause and Corrective Action:</p> <p>All estate has provided and displayed a number of big signboards of list of ERT animals at strategic points all around the estate. In addition this list of ERT animals and plants has also been displayed at most of the notice board in the estates. Briefings also have been given during the morning muster call for the workers. All these were previously thought to be sufficient as environmental awareness programme for the estate workers. Any reports with regards to the environmental issue can be made to the Environmental Liaison Officer available in each estate, as been lay out in the Internal EIA &amp; Management Action Plan documents. Any report, either verbal or written, will be recorded and action plan shall be prepared to properly address and attend to the issue. The management will carry out stakeholder consultation with regards to the issue annually, but workers and any interested third party can always lodge a report as and when necessary to the estate. Grievance/Complaint Procedure is available to indicate the process and this is communicate during the stakeholder consultation meeting. Nonetheless, to attend to the issue raised, the estate management has conducted a special training for the workers with regards to the issues mentioned and this will be maintained and continued by incorporate the training in the existing training programme.</p>	
		<p>Verification (Corrective Action):</p> <p>Documents verified: Photos of the training sessions on 17&amp;18/09/2015 for all workers. Training materials and attendance lists.</p> <p>Corrective action on NC is accepted.</p>	
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 12/10/2015</b>
		<p>Verification (for effectiveness):</p> <p>In ASA-03: Verified that the implementation of the corrective action is effective.</p>	
		Effectiveness verified by auditor: Accepted by OCL	Date verified: 22/09/2016

### 3.2.2 Year 2016 Surveillance Assessment ASA-03: 1 Minor NCR

NCR	MYNI Indicator	Details of NCR	
<b>Minor OCL-01</b>	<b>Clause 4.2.4 (b) and (c) of the RSPO Certification Standard</b>	Date issued: 22/09/2016	
		<p>Nonconformance:</p> <p>Clause 4.2.4 (b) and (c) of the RSPO Certification Standard requires the Certification Body to review the appropriateness of the Time-bound Plan (TBP). The Morisem PMU has submitted the TBP as at Sep 2016 to the Lead Auditor during the assessment. However, it was found that the submitted TBP contained incorrect/outdated details on the current status (column 5) of the 12 PMUs listed under item no. 1 to 12.</p>	
		<p>Root Cause and Corrective Action:</p> <p>The update details in some of the columns in the TBP were missed during the latest review of the document in September 2016 as much as the attentions were only given to the uncertified units.</p> <p>Necessary action has been taken to update the document and the issue is noted and to ensure no recurrence during the next revision of the document.</p>	
		<p>Verification (Corrective Action):</p> <p>Off-site verification was carried out.</p> <p>Verified that the Corrective Action taken by submission of a revised TBP is acceptable.</p>	
		<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 30/09/2016</b>
		<p>Verification (for effectiveness):</p> <p>At next assessment (ASA-04)</p>	
		Effectiveness verified by auditor: -	Date verified: -

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 51 of 75

### 3.2.3 Year 2015: Surveillance Assessment ASA-02: 1 Observation

Ref No:	MYNI Indicator	Location	Details of Observation	Status		
				Opened date	Closed date	Follow up remarks (if any)
OBS# SH-01	5.2.1	Estates	Maps of the estates need to be updated to include details of location of ponds.	17 Sep 2015	22 Sep 2016	Closed

### 3.2.4 Year 2016 Surveillance Assessment ASA-03: 0 Observation

#### 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 and sport facilities.

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 52 of 75

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

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

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<b>Government Agencies:</b> Communication done via email on 31 Jul 2015. See list under para 2.5. No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Non-Governmental Organizations:</b> Communication done via email on 31 Jul 2015. See list under para 2.5. 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 Morisem PMU, a total of 10 stakeholders were present at the Stakeholders Consultation, comprising of Village heads, Contractors, Transporter, Local community (School & Clinics). Another 4 stakeholders were privately interviewed during the audit.  They were interviewed by the auditors without the presence of any IOI staff.  Concerns and suggestions raised include: 1. The management is recommended to provide HUMANA school request any reading materials related to environmental protection for the students.  2. Representative from nearby village request for IOI to conduct a short seminar/training on environmental awareness.	The PMU was briefed by the auditors at the closing meeting on the suggestions from the stakeholders. The PMU will consider the suggestions.	To be followed up during the next Annual Surveillance Assessment.	-
<b>Local Communities - Interviews:</b> Interviews of sampled staff and workers were also conducted by the auditors during field			

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)


**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 53 of 75

visits from 14 to 17 Sep 2015 at the PMU: 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 (Surveillance Assessment ASA-03 – Year 2016)

Communication done via email on 15 Aug 2016 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
<p><b>Government Agencies:</b> Feedback via email dated 05 Sep 2016 from Environment Protection Department, Kota Kinabalu, Sabah. This feedback is concerning the status of compliance of the PMU against the requirements of the EIA report. Details of the feedback are in the attached document below:</p> <div style="text-align: center;">             Feedback IOI            Morisem ASA-03_EPC         </div>	The PMU had taken actions as required by the Environment Protection Department, Kota Kinabalu, Sabah.	Verified during on-site assessment that the PMU had implemented the actions and responded to the Environment Protection Department, Kota Kinabalu, Sabah as evidenced in a letter dated 20/05/2016.	No further action required.
<p><b>Non-Governmental Organizations:</b> No feedback received.</p>	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<p><b>Local Communities - Stakeholders' Consultation:</b> Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 22 Sep 2016. A total of 7 stakeholders (3 Contractor/FFB transporter, 3 Teachers, 1 Supplier) were present at the consultation. They were interviewed by the auditors without the presence of any of the PMU staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> <li>1. Positive comments given by the stakeholders</li> <li>2. Suggestion by the school teacher that there should be no other heavy vehicles at the</li> </ol>	The PMU will consider implementation of this	To be followed up during the next Annual Surveillance	-

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 54 of 75

<p>same time when the school bus is on the IOI ferry. This to prevent from the ferry from tilting to one side.</p>	<p>suggestion.</p>	<p>Assessment.</p>	
<p><b>Local Communities - Interviews:</b>          Feedbacks also received from:          1. Suppliers stating that there was no clerk to receive goods delivered by the suppliers at certain times.          2. SK Ladang Sg. Bendera, Permodalan 2 Estate concerning speeding vehicles raising dust at the school area.          3. SK Ladang Sg. Bendera, Permodalan 2 Estate concerning stray dogs scavenging on garbage causing mess at the school.</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 19 to 22 Sep 2016 at the PMU:</p> <p>Staff/Workers sampling:          POM = 8 males, 8 females          Estate Offices = 19 males, 11 females          Field/sites visit = 8 males, 19 females</p> <p>No issues raised by the sampled staff and workers.</p>	<p>1. Immediate action taken to reschedule the rest shifts from 2 shifts to 3 shifts.</p> <p>2. Speed bumps to be constructed immediately.</p> <p>3. Immediate action taken to transport the stray dogs near forest area and domestic waste collected twice a week.</p> <p>No response needed.</p>	<p>To be followed up during the next Annual Surveillance Assessment.</p>	
<p><b>Other Interested parties:</b>          No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 55 of 75

### 4.0 ASSESSMENT CONCLUSION AND RECOMMENDATION

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

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

Signed for and on behalf of  
Intertek Certification International Sdn Bhd

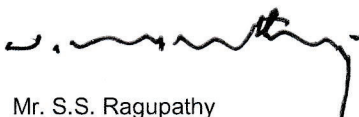


Dr. Ooi Cheng Lee  
Lead Assessor  
Date: 31 Oct 2016

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

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

Signed for and on behalf of  
IOI CORPORATION BERHAD



Mr. S.S. Ragupathy  
General Manager (Lahad Datu Region)  
Date: 31 Oct 2016

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 56 of 75

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

Certificate No:	RSPO 928588
Original Issue date:	18 Dec 2013
New issue date (ASA-03):	18 Dec 2016
Expiry date:	17 Dec 2018
Organization	IOI Corporation Berhad
Address of Head Office:	Level 8, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia
RSPO Membership No:	2-0002-04-000-00
Plantation Management Unit:	Morisem Grouping
Address of POM:	MDLD 5123, KM 2, Jalan Segama, Locked Bag No. 15, 91109 Lahad Datu, Sabah, Malaysia
Standards:	RSPO Principles and Criteria (Apr 2013); Malaysian National Interpretation (MY-NI 2014); RSPO Supply Chain Certification Standards (Nov 2014) for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel
Supply Chain model for CPO & PK:	Identity Preserved (IP)

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

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



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

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 57 of 75

Leepang 3	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°31'48.00"N	118°23'24.00"E
Leepang 4	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°32'60.00"N	118°22'12.00"E
Ladang Asas (Tas & Halusah)	MDLD 5123, KM 2, Jalan Segama, Locked bag No. 15, 91109 Lahad Datu, Sabah.	5°14'24.00"N	118°16'12.00"E

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

<b>Morisem POM</b>	<b>Annual Tonnages (MT)</b>
Certified FFB	279,730
Certified CPO	60,841
Certified PK	14,686
Supply chain module	Identity Preserved (IP)

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

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

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

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

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

(Good Agriculture Practice, Integrated Pest Management and Social)

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

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

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

– BSc (Social Science)

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 59 of 75

### Appendix B:

#### Assessment Plan (Actual)

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
19 Sep16 Monday  (Day 1)	8.00 am – 1.00 pm	Travel to Morisem 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>OCL</b>	<b>JMD</b>	<b>CBK</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>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</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>• P4 Best Practices at Mill</li> <li>• P8 Continual Improvement</li> </ul>
		<ul style="list-style-type: none"> <li>• Verification of effectiveness of corrective actions for non-conformances</li> <li>• Review of Time Bound Plan</li> <li>• Verification for compliance with rules on partial certification</li> </ul>		
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		OCL	JMD	CBK
20 Sep 16 Tuesday  (Day 2)	8.30 am – 12.30pm	<b>Site assessment at Leepang 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 Leepang 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>	<b>Site assessment at Leepang 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>
		Lunch Break		
	1.30 pm - 5.30 pm	<b>Continue site assessment at Leepang 3 estate</b>		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity
------	------	-----------------------------------

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 60 of 75

21 Sep 16 Wednesday  (Day 3)	8.30 am – 12.30 pm	<b>OCL</b>	<b>JMD</b>	<b>CBK</b>
		<b>Site assessment at Morisem 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 Morisem 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>	<b>Site assessment at Morisem 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>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 5.30 pm	<b>Site assessment at Morisem 2 estate</b> <ul style="list-style-type: none"> <li>• P1 Transparency</li> <li>• P2 Laws &amp; regulations</li> <li>• P3 Economic &amp; Financial Viability</li> <li>• P5 Environmental, Conservation &amp; HCV</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Morisem 2 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P6 Employees, Individuals &amp; Communities incl. Gender Issues</li> <li>• P8 Continual Improvement</li> </ul>	<b>Site assessment at Morisem 2 estate</b> <ul style="list-style-type: none"> <li>• P2 Laws &amp; regulations</li> <li>• P4 Best Practices at Estates</li> <li>• P7 New Plantings</li> <li>• P8 Continual Improvement</li> </ul>
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		OCL	JMD	CBK
22 Sep 16 Thursday  (Day 4)	8.30 am – 11.00 am	<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. 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 – 12.30 pm	Site assessment at POM or estates to follow up on any specific criteria/areas		
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.30 pm	Preparation for Closing Meeting		
	3.30 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative		
	4.30 pm – 5.30 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>		
	5.30 pm – 6.30 pm	Travel to Hotel		

# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

## Appendix C-1:

### Location Map of IOI Morisem Grouping, Lahad Datu, Sabah Scale 1: 200 km

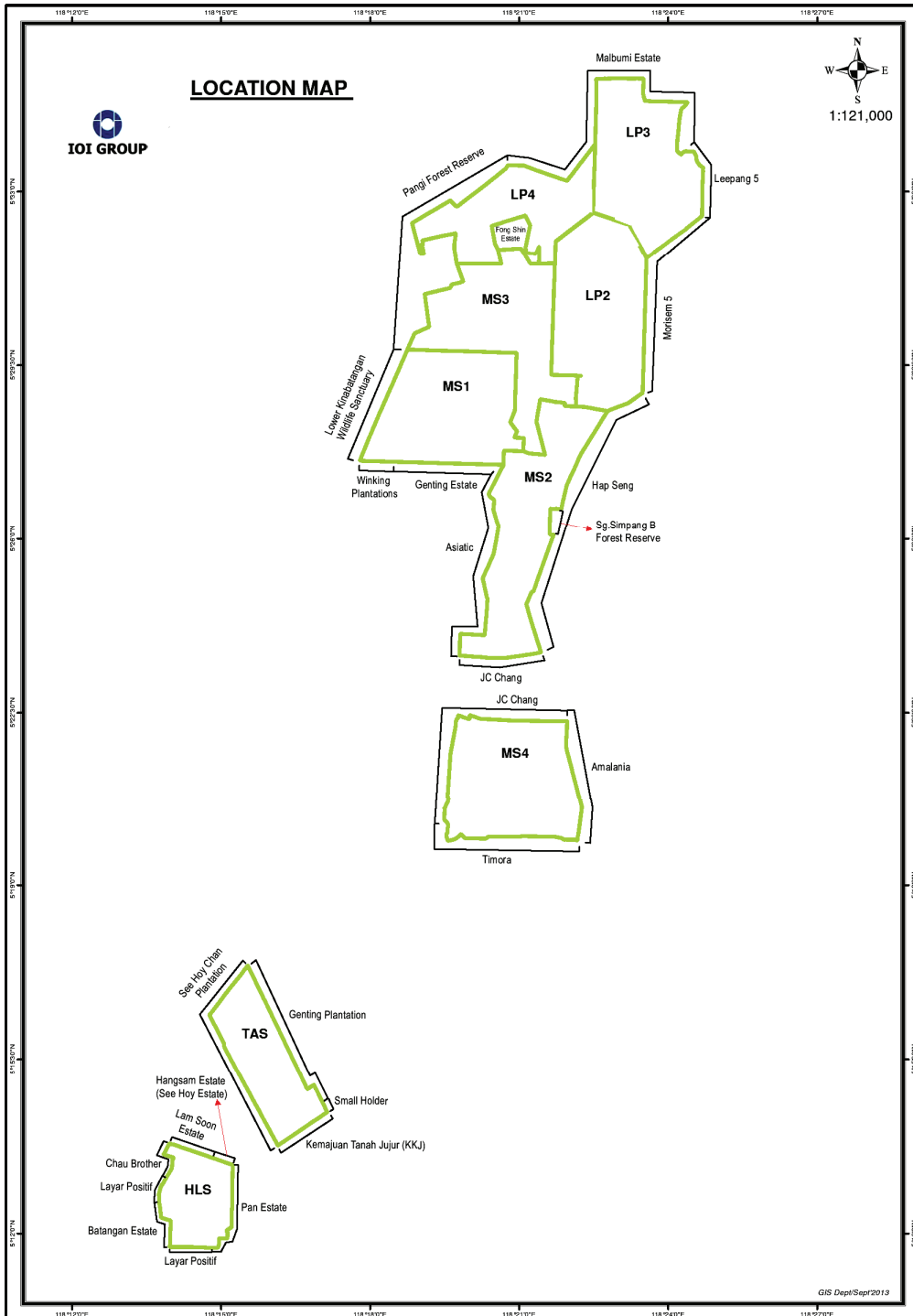


# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD (188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

## Appendix C-2:

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



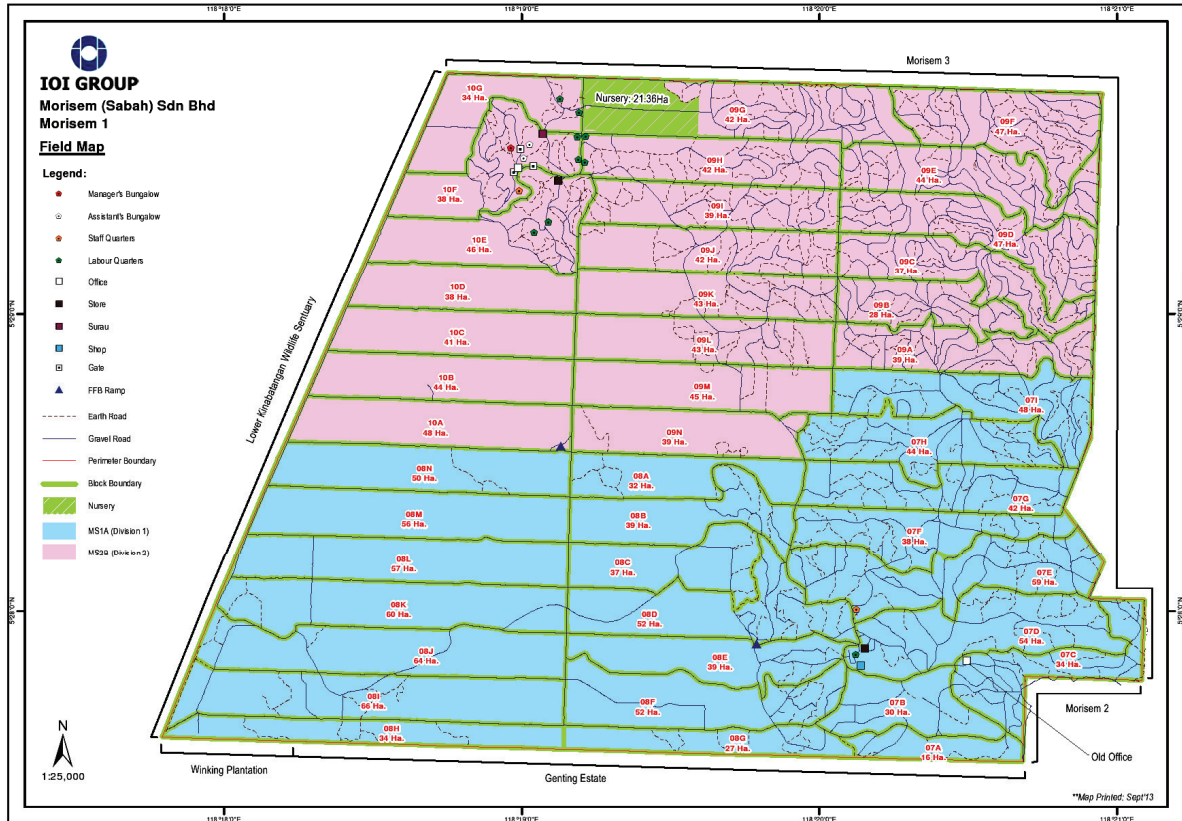
# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

## Appendix C-3-1:

### Morisem 1 Estate

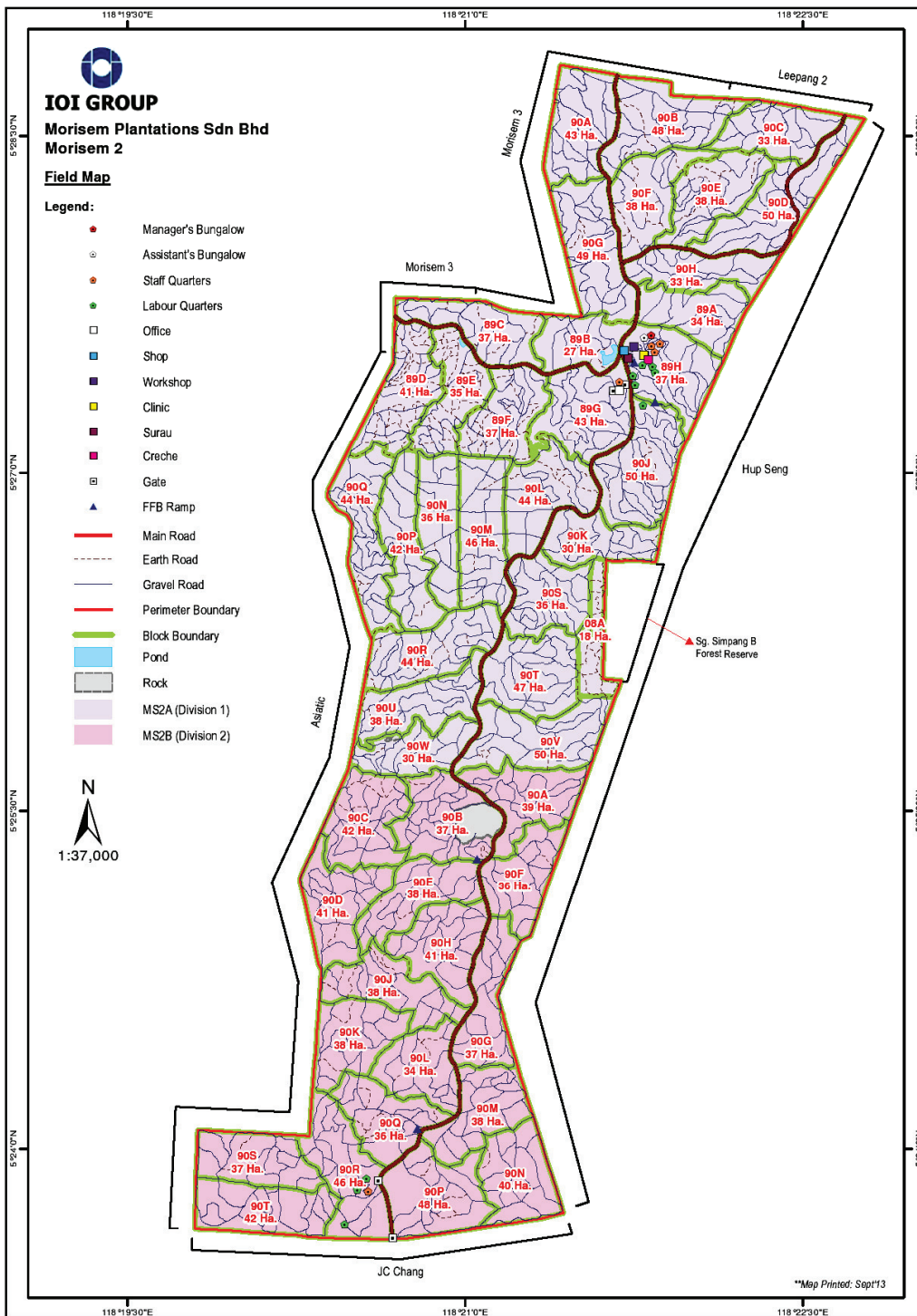


**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

**Appendix C-3-2:**

**Morisem 2 Estate**





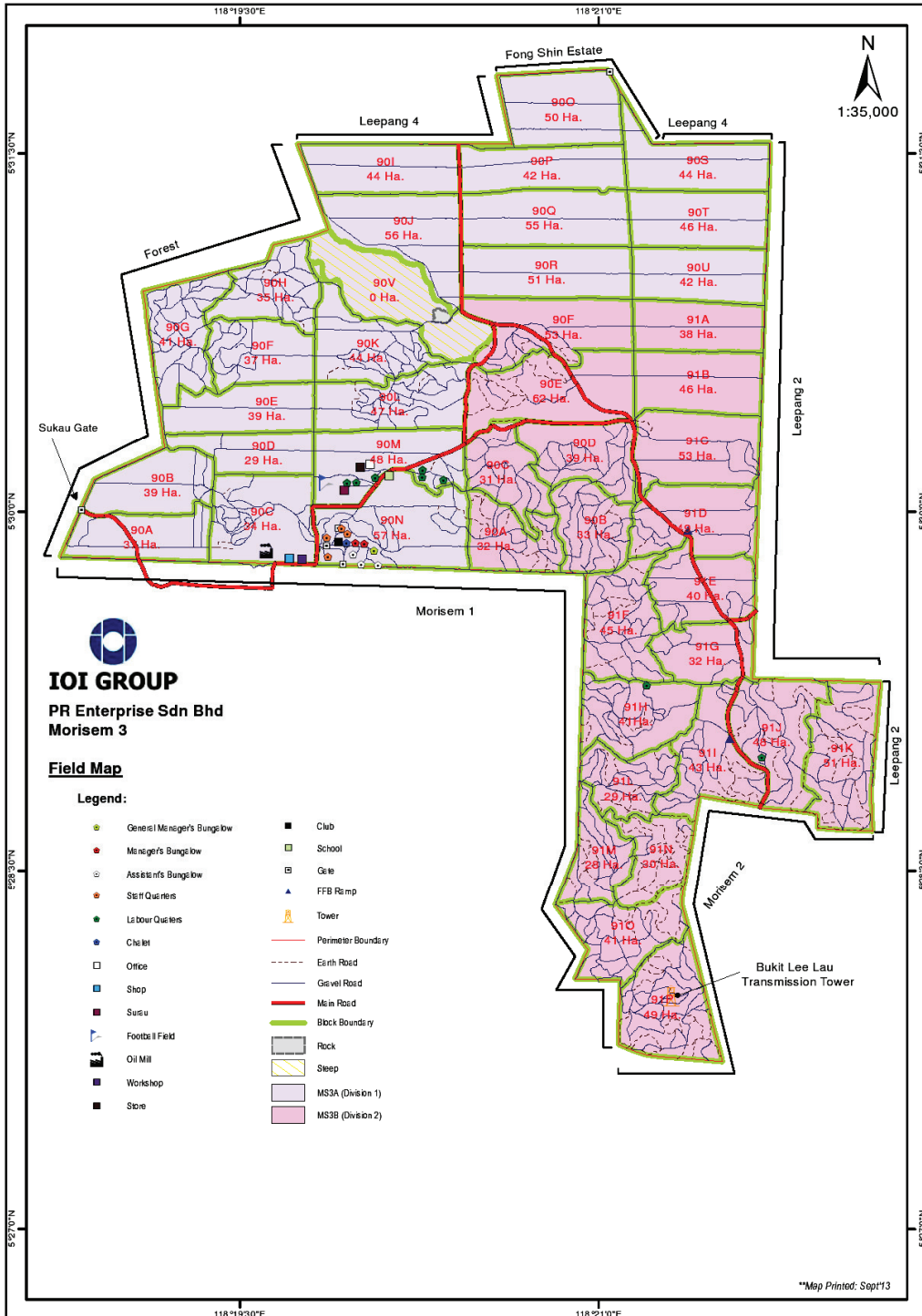
**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 65 of 75

**Appendix C-3-3:**

**Morisem 3 Estate**

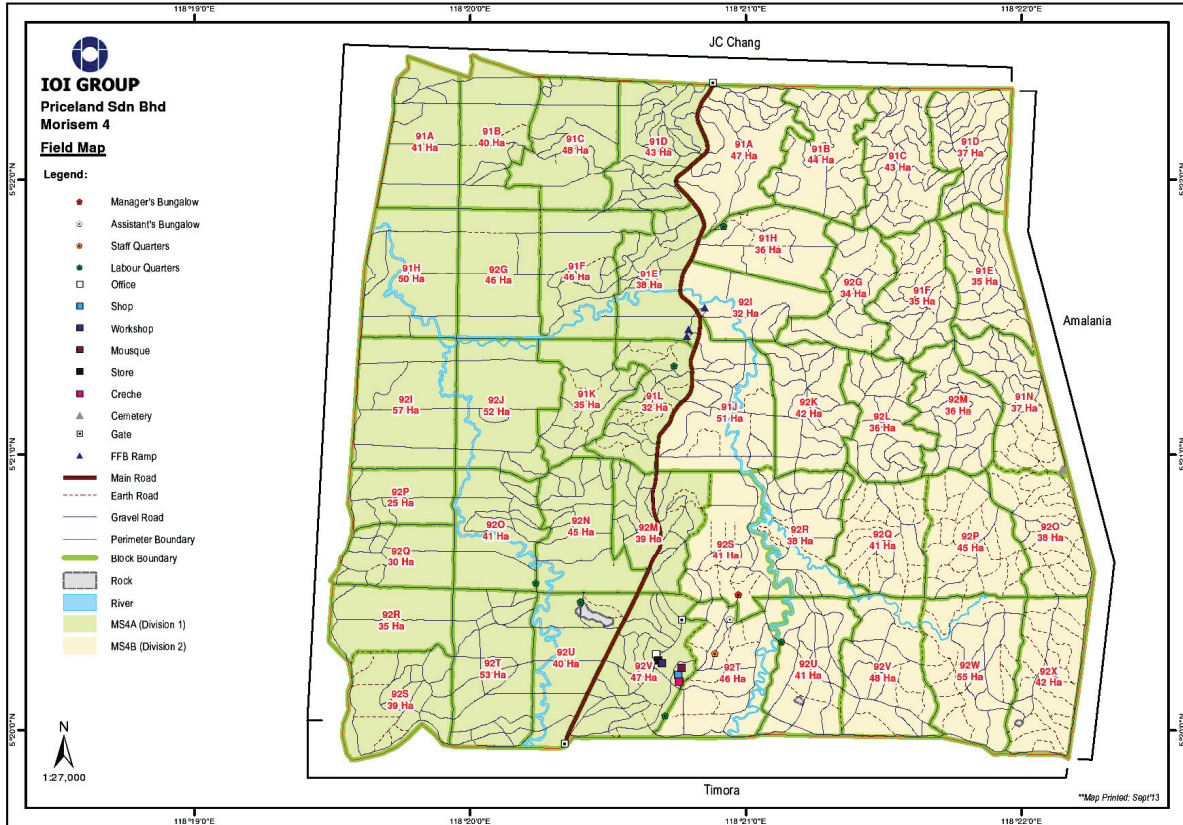


**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

**Appendix C-3-4:**

**Morisem 4 Estate**



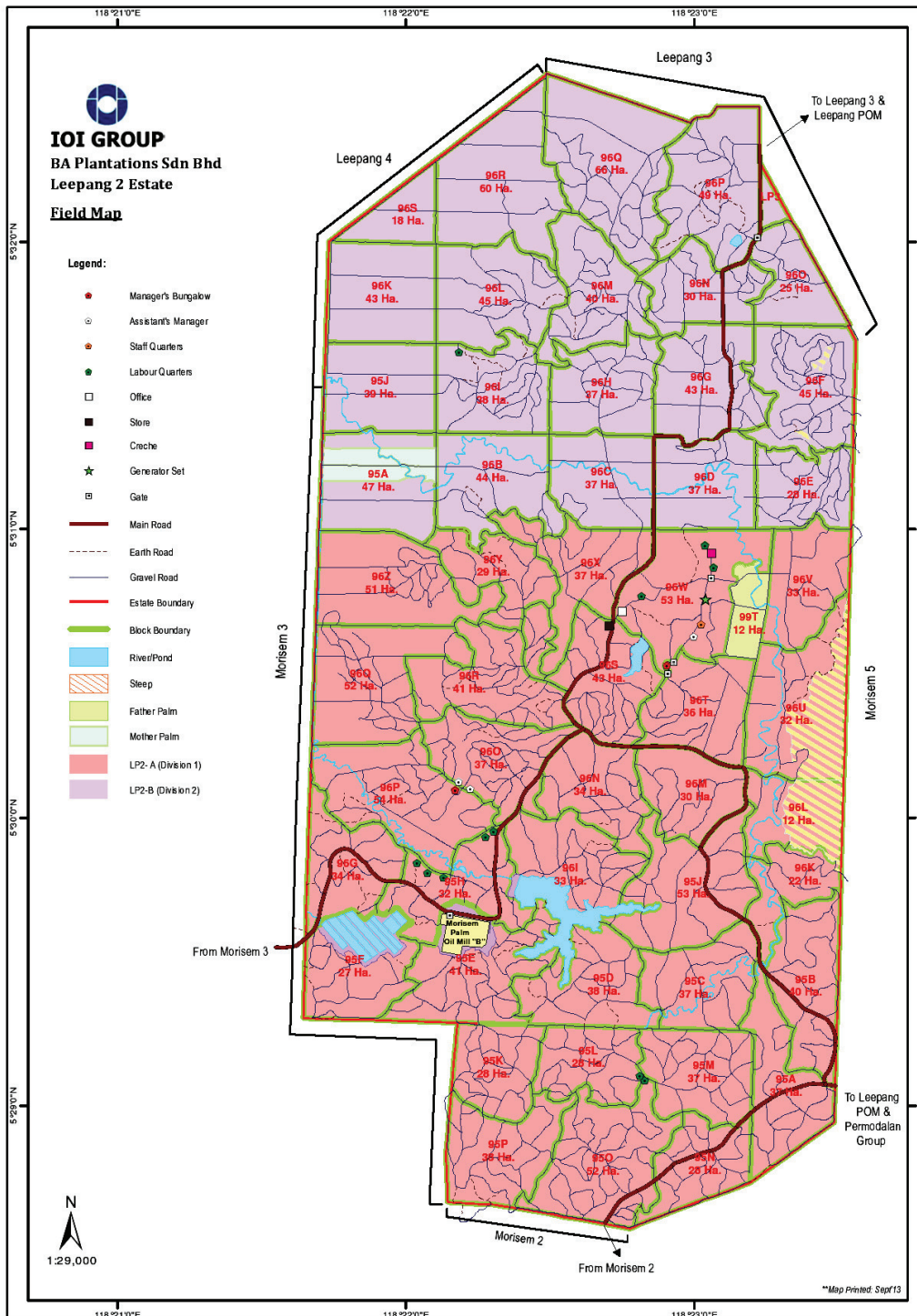
# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

## Appendix C-3-5:

### Leepang 2 Estate



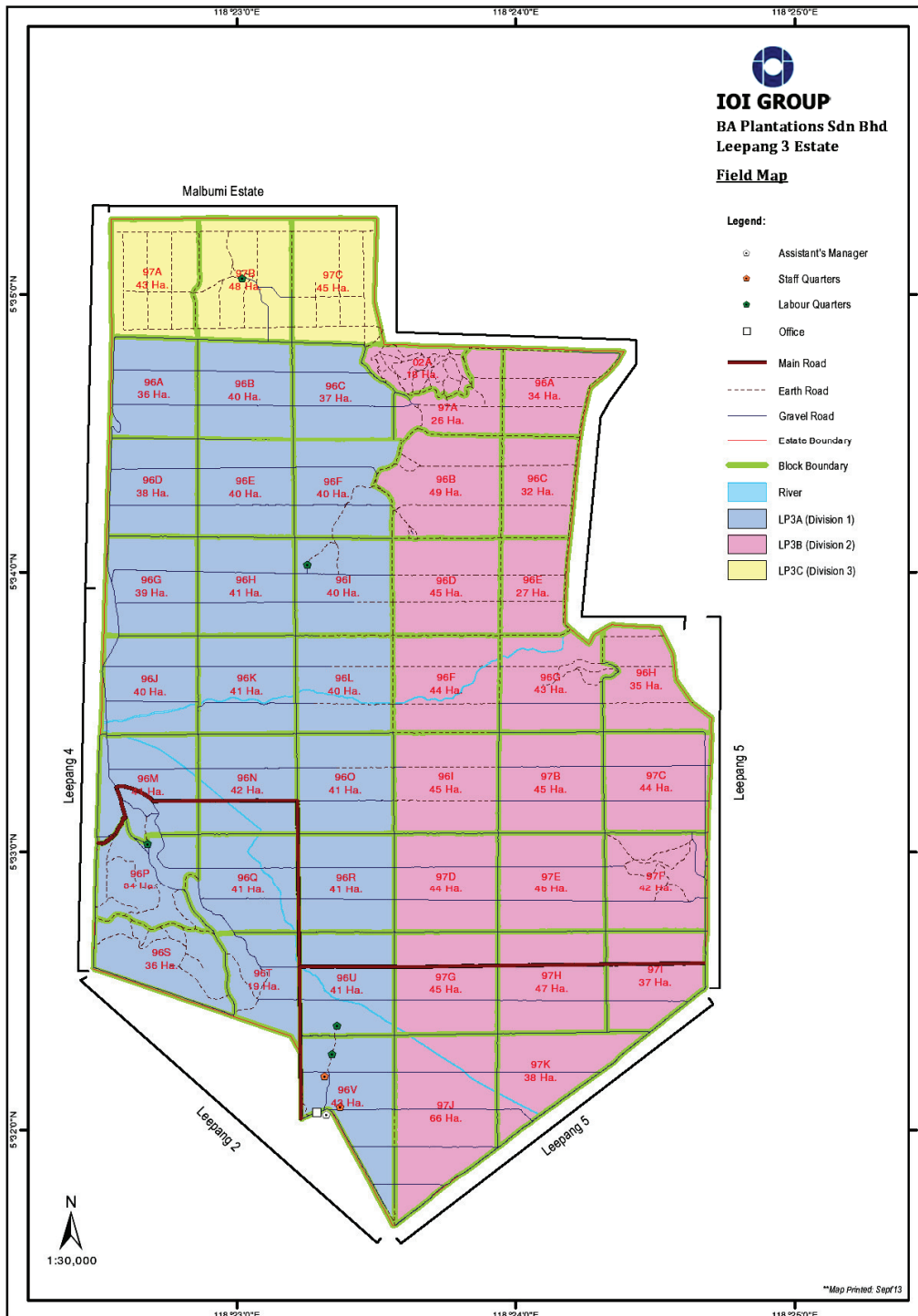
# INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

## Appendix C-3-6:

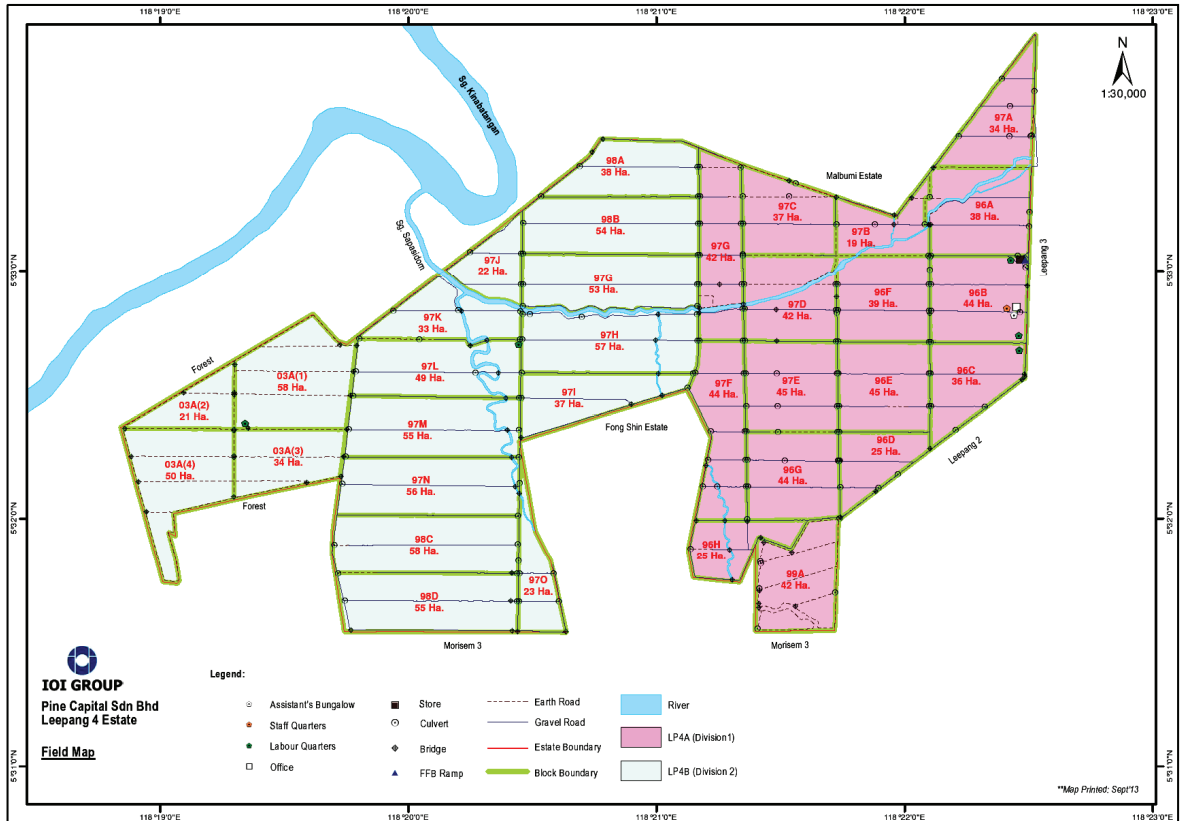
### Leepang 3 Estate



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

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

**Appendix C-3-7:**  
**Leepang 4 Estate**

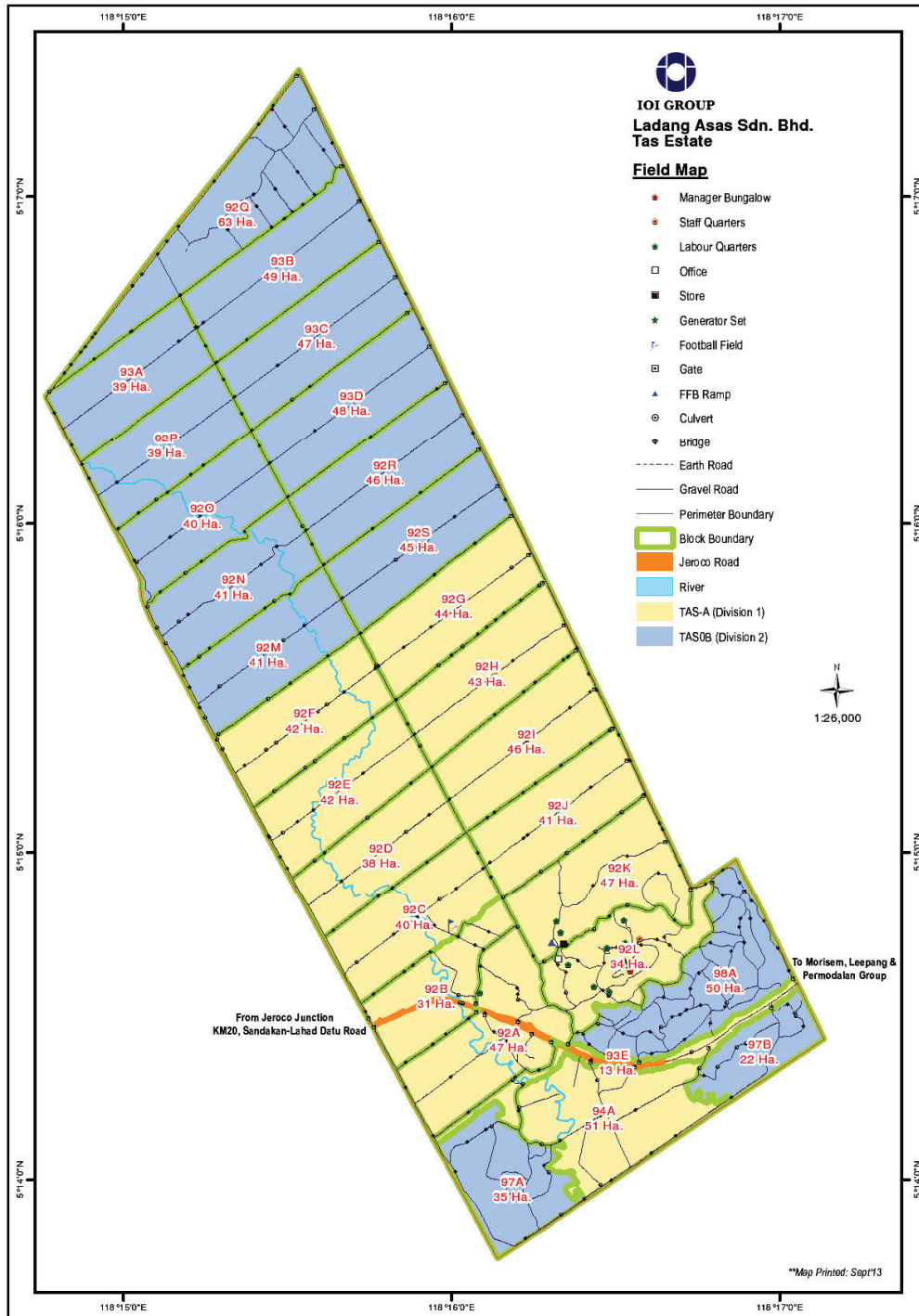


**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

**Appendix C-3-8a:**

**Ladang Asas (Tas and Halusah Estates)**



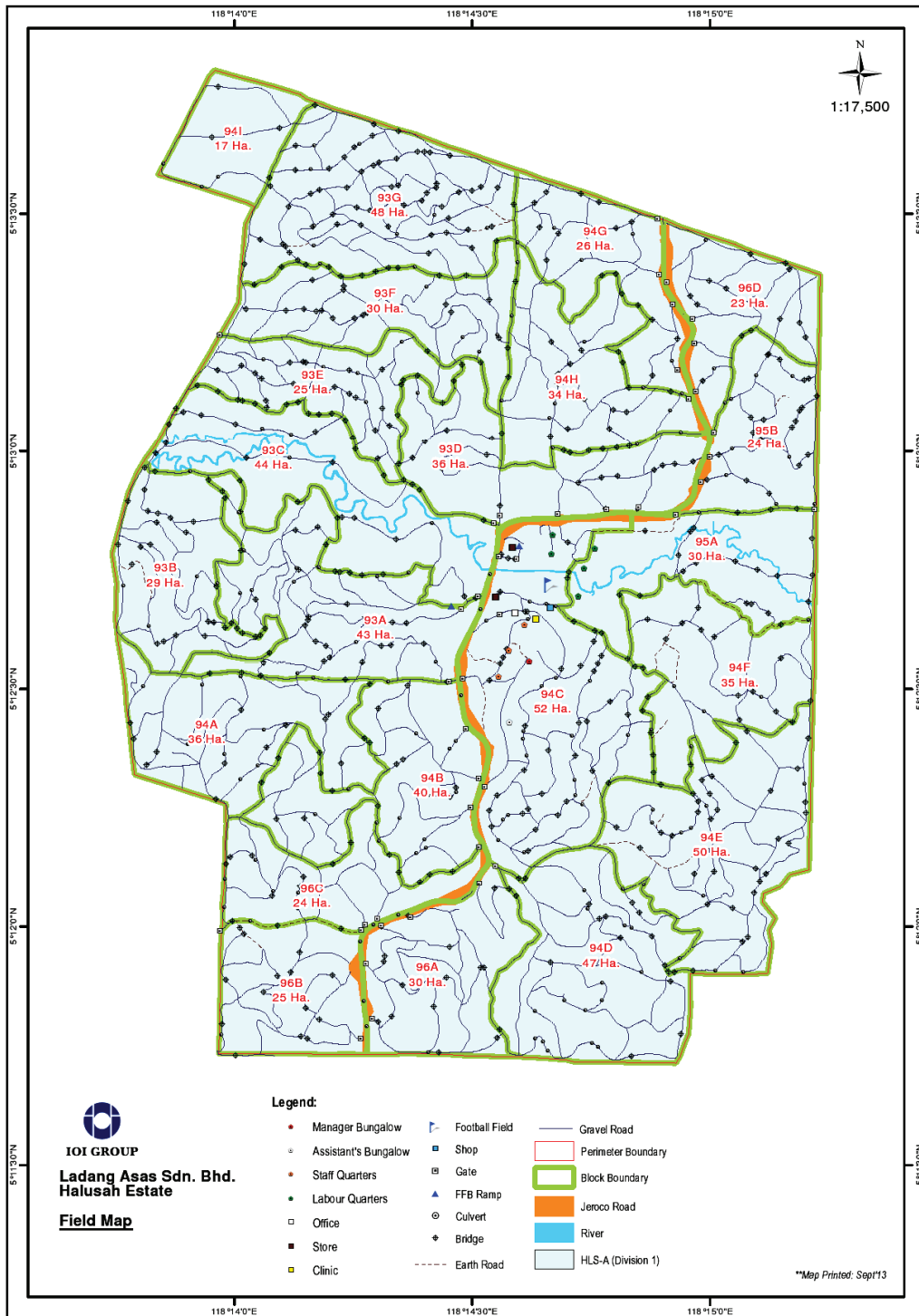
**INTERTEK CERTIFICATION INTERNATIONAL SDN BHD**  
(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 71 of 75

**Appendix C-3-8b:**

**Ladang Asas (Tas and Halusah Estates)**



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

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 72 of 75

**Appendix D:**

**Photographs of Assessment findings at Morisem PMU**



Pond for domestic water supply at Leepang 3 Estate.



Boundary of Lower Kinabatangan Wildlife Sanctuary forest reserve bordering Morisem 3 Estate.



Landfill in Morisem 3 Estate.



Water treatment plant using membrane technology for domestic water supply at Morisem 2 Estate.



## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 73 of 75

### Appendix E:

#### Time Bound Plan

##### Details of Time Bound Plan as submitted by IOI Plantation Services Sdn Bhd (Sep 2016)

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

**Report No.: R9285/13-4 IOI Corporation Berhad**  
**Morisem Grouping: ASA-03**

Page 74 of 75

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

## INTERTEK CERTIFICATION INTERNATIONAL SDN BHD

(188296-W)

Report No.: R9285/13-4 IOI Corporation Berhad  
Morisem Grouping: ASA-03

Page 75 of 75

### Appendix F:

#### Summary of RSPO Complaints Panel Decisions and RSPO Case Tracking on IOI Group

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

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

- 2) Monitoring by RSPO Complaints Panel (CP)

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

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

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

- 3) Updated IOI Group Newsletters

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

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

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