



PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

IOI Corporation Berhad, Sakilan Group Sandakan, Sabah, Malaysia

Report Author

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SUMMARY

BSi has conducted an assessment of the Sakilan Group of IOI Corporation comprising one mill, three oil palm estates, support services and infrastructure. BSi concludes that Sakilan Group operations comply with the requirements of RSPO Principles & Criteria: November 2007 and Malaysian National Interpretation Working Group MY NIWG) Indicators and Guidance: April 2008.

BSi recommends that Sakilan Group comprising Sakilan Palm Oil Mill and its supply base of IOI Corporation be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

a.i	Active Ingredient
ASEAN	Association of South East Asian Nations
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
DOE	Department of Environment, Malaysia
DOSH	Department of Safety and Health
ECC	Employees Consultative Committee
EFB	Empty Fruit Bunches
EIA	Environment Impact Assessment
EMS	Environmental Management System
EPF	Employees Provident Fund
ERT	Endangered, Rare and Threatened species
ESA	Environmentally Sensitive Area
FCCP	Final Contract Certificate of Payment
FFB	Fresh Fruit Bunch
Ha	Hectare (s)
HA	Hospital Assistant
HCV	High Conservation Value
HDPE	High Density Polyethylene
INWQS	Interim National Water Quality Standards
IPM	Integrated Pest Management
IPMP	Integrated Pest Management Plan
IRCA	International Registration of Certified Auditors
IUCN	International Union for Conservation of Nature and Natural Resources
K	Potassium
Kg	Kilogram (s)
KPD	Koperasi Pembangunan Desa
kW	Kilo Watt
LTI	Lost Time Injury(ies)
Mg	Magnesium
mg	Milligram
ml	Milliter
MSDS	Material Safety Data Sheets
MSGAP-OP	Malaysian Standard Good Agriculture Practices-Oil Palm
N	Nitrogen
NCR	Non Conformance Report
NGO	Non Government Organisation
NO2	Nitrogen Dioxide
NO3-N	Nitrate Nitrogen
NPP	National Physical Plan
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
P	Phosphate
PCD	Pollution Control Device

PMP	Pest Management Plan
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RAB-QSA	Quality Society of Australasia
RSPO	Round Table on Sustainable Palm Oil
SA	Social Accountability
SaOP	Safe Operating Procedure
SEIA	Social and Environment Impact Assessment
StOP	Standard Operating Procedures
SIA	Social Impact Assessment
SO2	Sulfur Dioxide
SOCSO	Social Security Organization
SW	Schedule Waste
TDS	Total Dissolved Solid
TSS	Total Suspended Solid
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health
VMO	Visiting Medical Officer
WHO	World Health Organisation
WQI	Water Quality Index
(g)	Gram (s)
(L)	Liter (s)

1.0 SCOPE OF CERTIFICATION ASSESSMENT**1.1 National Interpretation Used**

The operations of the mill and its supply bases of FFB were assessed against the MY NIWG : April 2008 of the RSPO Principles and Criteria : 2007

1.2 Certification Scope

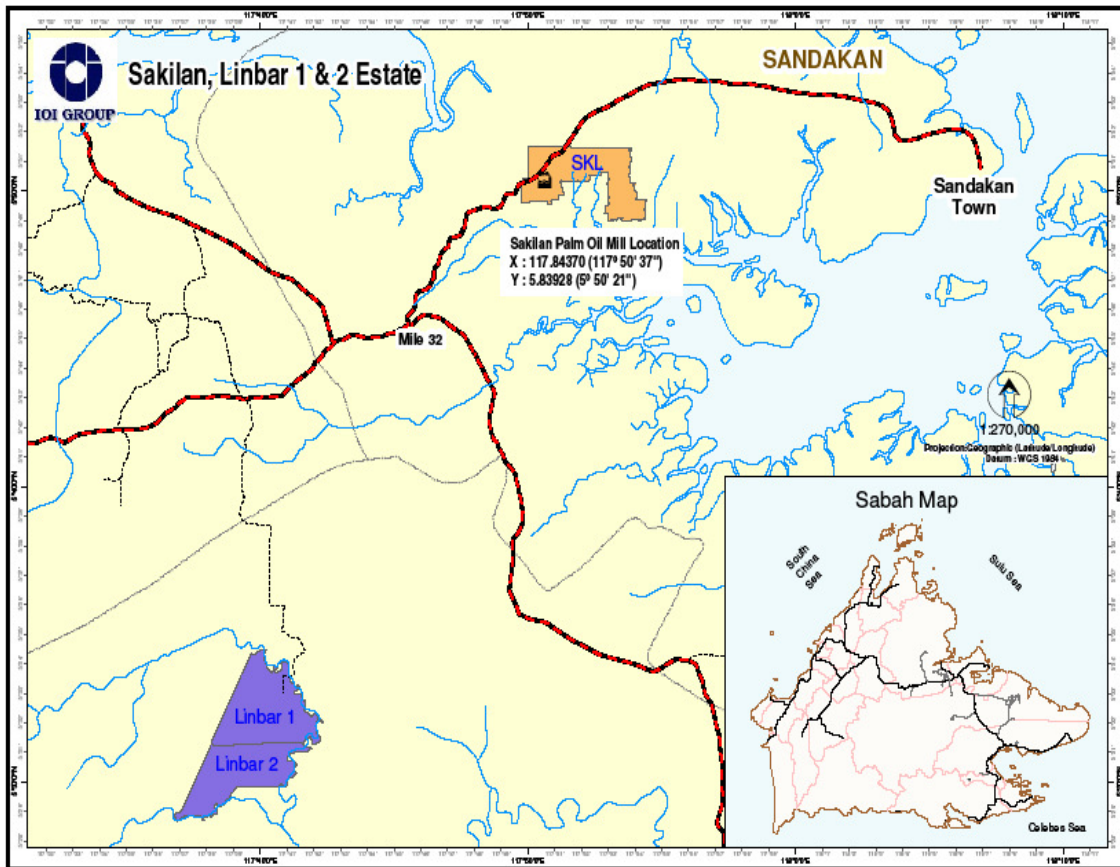
The scope of Certification covers one (1) Palm Oil Mill including the supply base comprising three (3) company owned oil palm Estates.

1.3 Location and Maps

The Sakilan Estates and Mill are located in the State of Sabah, near Sandakan in Malaysia (Figure 1). The GPS location of the mill is shown in Table 1.

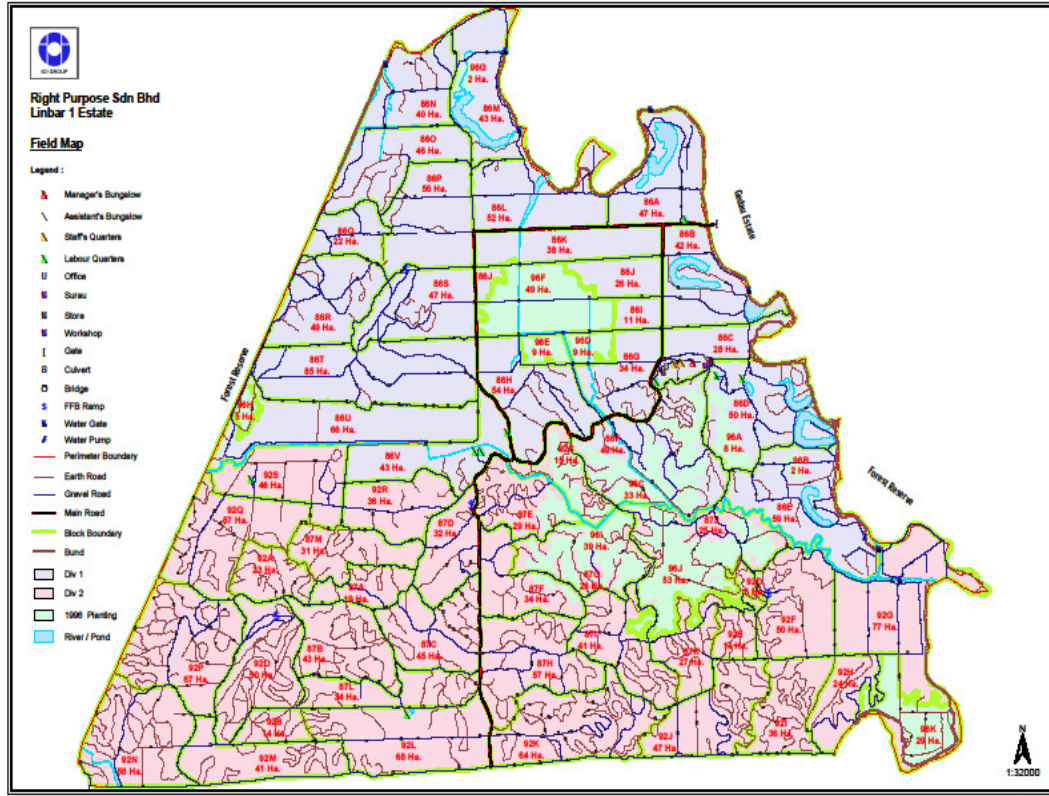
Table 1: Mill GPS Location

MILL	EASTING	NORTHING
Sakilan Mill	117 50' 37"	5 50' 21"



Linbar Estates 1 & 2

Figure 1: Location Maps



Sakilan Estate Map

1.4 Description of Supply Base

Oil Palm Fruit is sourced only from the company owned and managed estates as indicated in attached Tables 2a & 2b

Table 2(a): Company FFB Production July 2007/June 2008 by Estates

Estate	FFB (tonnes)
Linbar 1	62804
Linbar 2	51784
Sakilan	73434
TOTAL	188022

Table 2(b): Sakilan Group FFB Production – last 4 years- note years are July/June

Year	2003/4	2004/5	2005/6	2006/7
Total Company FFB	175712	198762	191051	203059
% Company	100	100	100	100

1.5 Date of Plantings and Cycle

Table 3: Age Profile of Sakilan Estate Planted Palms

Year of Planting	Linbar 1 & 2	Sakilan	% of Planted Area
1986	981		15.3
1987	440		6.8
1991	1540		23.9
1992	793		12.3
1996	238		3.7
1997	302	2142	38.0
TOTAL	4294	2142	100

1.6 Other Certifications Held

The Sakilan Group of IOI Corporation holds no other certifications.

1.7 Organisational Information / Contact Person

The Sakilan Group is part of IOI Corporation Berhad.

Contact Person: Lee Foo Wah
General Manager, Sandakan Region
Joshua Mathews
Research Controller
Phone: +606 4317 323
Fax: +606 4319 101
Email: joshua.mathews@ioigroup.com

1.8 Time Bound Plan for Other Management Units

IOI Corporation Berhad owns and operates a number of plantation locations in Malaysia and Indonesia

At the time of the Audit, IOI Corporation Berhad was in the process of acquiring five properties in Indonesia for oil palm development. IOI Corporation Berhad has made a commitment that no land development will be carried out at the properties until SEIA, HCV and soil surveys have been completed and the necessary permits obtained.

On the basis of information provided by IOI and that was collected at the time of the audit, the Audit Team has concluded that there are no significant land conflicts and no replacement of primary forest or any area containing HCVs since November 2005. There have been no labour disputes that are not being resolved through an agreed process and there is no evidence of noncompliance with the law at any of the noncertified holdings.

IOI Corporation Berhad is implementing a programme to achieve RSPO Certified Sustainable Palm Oil for all of its operation in Malaysia by mid-2011. This includes 10 Mill and associated estates.

BSi has reviewed IOI Corporation Berhad Time Bound Plan and considers this to conform to the RSPO requirements for Partial certification. See appendix F

1.9 Area of Plantation

The hectare statement for the company owned Estates is shown in Table 4.

Table 4: Estates Hectare Statement

Estate	Mature (ha)	Immature (ha)
Linbar 1	2452	-
Linbar 2	1842	-
Sakilan	2142	-
TOTAL	6436	-

1.10 Approximate Tonnages Certified

The approximate tonnages that would have been certified on the basis of 2007 production are shown in Table 5

Table 5: Approximate Tonnages Certified

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Sakilan	36986	9136
TOTAL	36986	9136

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the production from the one palm oil mill and the supply base (refer Table 2(a) for tonnages).

Certificate details are included as Appendix A. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

2.0 ASSESSMENT PROCESS**2.1 Certification Body**

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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Management Systems provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur.

2.2 Qualifications of the Lead Assessor and Assessment Team**Allan Thomas Lead Assessor**

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 17 years experience in systems management and auditing of large organisations in construction, forestry, agriculture, manufacturing and in private and Government sectors both in Australia, South East Asia and the South Pacific. During the past 15 years, he has been the Manager of a large certification body based in Australia with responsibilities throughout SE Asia. He has performed over 100 comprehensive audits of management systems throughout the Palm Oil industry including Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia and PNG in the Oil Palm industry. He has conducted over 2000 system audits in the last 12 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

He is a Lead Environmental Auditor (ISO 14001) with IRCA, A Lead OHS Auditor (OHSAS 18001 & AS 4801) with IRCA, a Lead Quality Auditor (ISO 9001:2000) with RABQSA and also an accredited Heavy Vehicle Auditor. He has also implemented strategies for implementing and maintaining SA 8000. Allan has also been appointed a Federal Safety Officer by the Australian Commonwealth Government.

He has gathered expertise in Biodiversity and Ecological matters over 15 years auditing and over 10 years auditing Quality, Environmental and OHS Management Systems within Oil Palm plantations throughout PNG & Asia.

He has conducted Integrated Management assessments of a large number of palm and kernel oil mill and many oil palm plantations in Indonesia, Malaysia and Papua New Guinea. He has worked closely with RSPO in developing an audit checklist for the Principles and Criteria and developed an audit methodology. He also performed the first base line assessment of the applications of the P&C. He is a strong advocate of environmental, safety and social accountability.

Iman Nawireja

Iman Nawireja graduated with a Bachelor of Agricultural Science from the University of Bogor in 1997 and a Masters Degree in Communications from the University of Indonesia in 2002. He is a Lecturer in social statistics at the University of Bogor and has more than 10 years experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 14001 Environmental Management Systems. He has assisted in conducting environmental and social assessments of oil palm projects during the past 5 years. He has assisted with conducting audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

Interviewer/Assistant: Joel has more than 10 years experience as a teacher with the NGO Humana/Borneo Child Aid Society. He taught initially for several years on Sebatik Island and later transferred to Hap Seng Plantation near Lahad Datu. He is fluent in Bahasa Malaysia, English and Sabahan. He was given the task of helping to start a new school with Sime Darby in Kunak Area, where he is presently stationed.

Interviewer/Assistant: Junecel Maloloy is a Teacher with Borneo Child Aid Society and is fluent in Bahasa Malaysia, Sabahan and English. Mrs Maloloy grew up on an oil palm plantation in Sabah and has a good understanding of the issues facing workers and families living in remote locations. Mrs Maloloy assisted during interview of female staff and workers and families.

This report was reviewed by Mr. C Ross – an approved RSPO assessor with BSi.

2.3 *Assessment Methodology, Programme, Site Visits*

A pre-audit to RSPO Principles and Criteria was conducted between 22nd and 26th March 2008 by the Environmental Department of IOI Group to determine progress Sakilan Group has made towards certification.

The Initial Certification Audit was conducted between 25th- 28th November 2008. The audit programme is included as Appendix B.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the plantations of its supply base. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

The audit to close out Major Corrective Action Requests was conducted on the 15th and 16th of December 2008. All major nonconformities were successfully closed due to the action taken being effective.

2.4 *Stakeholder Consultation and List Of Stakeholders Contacted*

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by placing an invitation to comment on the RSPO, BSi and IOI websites.

Letters were written to individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees; sub contractors and suppliers.

External stakeholders included organizations such as Government, a NGO and Civil Societies, who have an interest in the Sabah area and resident communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with government agencies and a NGO were held in their respective premises within and near the estates and Sakilan mill.

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators.

List of Stakeholders Interviewed

Workers and Staff

Fertilizer Applicator
Linbar Clinic Staff
Pesticide Sprayers
Harvesters
FFB Loader
Sakilan Clinic Staff
Mill Workshop
Grading operators
ECC, Women Representative

Contractors and Supplier
General Suppliers
FFB Transport Contractors

Local Community
Sungai Lokan Villager
Kampong Sungai Lokan village head
Linbar Shop Keepers

Government Officials
Labour Department
Forestry Department
Environmental Protection Department

Non Government Organization
Borneo Child Aid Society

2.5 *Date of Next Surveillance Visit*

The next surveillance visit is planned to be carried out within the twelve months following initial RSPO Certification.

3.0 *ASSESSMENT FINDINGS*

3.1 *Summary of Findings*

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the Estates. The results for each indicator from each of these operational areas have been compiled to provide an assessment of overall conformance of the Company's operations within each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the audit, two (2) Nonconformities were assigned against Major Compliance Indicators. Sakilan Group has implemented corrective action and an additional review was carried out between 15 & 16 December 2008 for close-out of these Major Nonconformities.

Seven (7) Nonconformities were assigned against Minor Compliance Indicators. Sakilan Group has prepared a Corrective Action Plan (Appendix D) for addressing the identified nonconformities that was reviewed and accepted by BSi.

Eleven (11) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 22).

BSi's assessment of Sakilan Group operations, comprising one palm oil mill, three estates, infrastructure

and support services, concludes that SAKILAN GROUP operations comply with the requirements of RSPO Principles & Criteria : 2007 and MY-NIWG Indicators and Guidance : 2008.

BSi recommends that Sakilan Group be approved as a producer of RSPO Certified Sustainable Palm Oil.

Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.

IOI have a system whereby the request for information was directed to local mill or estate manager. Records held in mill and estate office indicated prompt replies to requests. For example the Indonesian Consulate of Kinabalu requested a list of Indonesian workers at IOI Sakilan (dated 14 November 2008—received on 24 November 2008)), to which the company prepared a response immediately.

Records are held locally on file “Human Resource, SRO”.

Records are held in a register of all requests for information and that information required by stakeholders is made available if possible. The register includes the date received, date responded to as well as any other pertinent information with regards to each request received.

On the whole the only documents which are not released are not related to environmental or social issues and are mainly of a confidential financial nature.

Senior management has now decided which documents are to be made available to the public. These are in the form of a register which will be updated as more documents are requested and made available.

If information cannot be made available, the reason is recorded in an appropriate and relevant register.

All information made available is in the local language and is available in hard copy if required.

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

IOI Sakilan makes available the following management documents:

The original land titles are stored in IOI head office and a copy is held on site. Records are held on file Land Title.

With regards to E Sakilan Mill: the mill held land title No SAK: CL – 075471242 for an area of 1,294.8 ha (Lot 1) and land title number: CL – 075471260 (999.60 ha, lot 3) 12/11/97 from Kerajaan Negeri Sabah.

Linbar EST: 095311667 dated 08/07/83 (4,840 ha) from Gov of the State of Sabah, condition: cultivation of oil palm (file: land title – Linbar estate).

The 5 Year Management plan includes a health and safety plan

Mill: Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan prepared in 01 October 2008.

Social Impact Assessment & Management Action Plans for Sakilan Oil Mill July 2007 – June 2012.

Major public consultation was held on 12 August 2008, with 46 attendants.

Pollution prevention plan was prepared within the document “Environmental Impact Assessment, Management Action Plan and Continuous Improvement Plan for Sakilan POM”.

The Company holds details of complaints and grievances (IOI Complaint and Grievance Book). The last complaint was made by Yangga Ucu (Sakilan Desa Div 1) 10 November 2008 regarding water supply. The Company responded by providing a water tank on 14 November 2008.

IOI has developed a generic grievance procedure: A Grievance reporting flowchart that was introduced during training and morning muster briefings. Interviews with workers confirmed that they understand IOI grievance procedure and mechanism.

An Improvement plan with objectives and targets is detailed in Environmental Impact Assessments, Management Action Plans and Continuous Improvement Plan prepared in 01 October 2008.

Observation: IOI need someone responsible for ensuring targets are monitored and that they are being met.

Inspection found that all of the seven documents required by criterion 1.2 are available. Management confirmed that those documents would be made available upon request.

Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations.

There has been no specific legal audit, however IOI have prepared list of eligible laws and regulations.

For example IOI held:

1. Road tax insurance,
2. MPOB license 50243510200 (exp 31/08/09);
3. Air compressor license 823134 (14/09/09),
4. Lessen menggaji pekerja B-0281/03 (17/03/09) CHRA) Chemical Health Risk Assessment DOSH/CHRA/SDK/(64) (18/09/13),
5. Lessen berniaga number 30354 expired at 31/12/08).

The legal documents are displayed in mill office.

Legal requirements detailed in Management Plan point 5.0 Adherence to National Laws and Regulations.

RSPO Internal surveillance audit, include an audit on legal compliance. Last audit was held on 01 October 2008, next audit scheduled to be held around November 2009. A mechanism of the tracking of law changes has been developed.

There is a documented system with regards to the controlling of information on legal requirements – this documentation ensures that all applicable legal requirements are implemented. A Management staff member is also allocated the task of ensuring the legal and other requirements and available in each relevant area.

The applicable licenses are displayed and those that were reviewed were current, which indicated currency of all licenses is being tracked. All personnel responsible for each area are nominated by title within the organisation.

A Major Non Conformity was raised as drinking water provided for Sakilan estate contained pollutants, such as e. coli, outside of allowable limits and at the time of the audit no actions had been taken to ensure the water provided is within the prescribed limits. *Refer details Section 3.2*

Criterion 2.2 – The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.

IOI is operated on land leased from the Sabah government. Sakilan Estate was established by Koperasi Pembangunan Desa (KPD Holding) in 1978 from a jungle cocoa plantation. IOI Corporation Berhad purchased the property in 1996 from KPD holding (state government) and all cocoa land was converted into palm oil in 1997.

Linbar 1 Estate was initially developed by PJ Developments Sdn. Bhd. Right Purpose Sdn. Bhd, a subsidiary of IOI Group, purchased the property in 1994. A document inspection found that land title term and conditions are for oil palm plantation purposes. An interview with Forestry Department Officer confirmed that land usage is consistent with land title terms and conditions.

It can therefore be considered that evidence of land tenure for this operation including all estates and the mill can be considered legitimate. As there have been no breaches identified by the lessor it can be considered that Sakilan Group comply with all terms of their land title.



Boundary Marker – Linbar 2 Estate

Boundary markers have been checked and all appear to be in place and were easily and quickly located along the boundaries. This included Red and while markers between Sakilan Estates and Government reserves and blue and white between Sakilan and other estates.

There are no documented land disputes at present. An interview with community and government officials confirmed there was no outstanding land dispute inside both estates and mill land.

Criterion 2.3 – Use of the land for oil palm does not diminish the legal rights of other users without their free, prior and informed consent.

This clause is not applicable as IOI did not acquire land from land owners, but leased it directly from the government following the acquisition of a previously owned company. Interviews with the local kampong head confirmed that no customary land had been used, and that the kampong was established around 1998 after the land was converted into cocoa plantation by KPD Holding in 1978. Available data shows no claim against IOI in relation to customary land. IOI does not restrict access with regards to travel through the estates along established roads.

Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.

There is in place an implemented management plan that aims to achieve long-term viability for both IOI Corporation Berhad and Sakilan as well as the whole IOI Group. There are in place annual budgets with projections to years 2010/11. These projections are split into each operational group. This includes projects for Linbar Estates 1 & 2, Sakilan Estate and Sakilan Mill.

The cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne.

Forecasts are in place for the next 5 years, at least on a rolling basis, for replanting.

The Five Year re-planting programme is reviewed on a yearly basis at least. The latest review and update was completed in October 2008.

Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.

Sakilan have StOP's and SaOP's for Estates, the Mill and other pertinent areas of operations such as clinics, stores and workshops. Standard Operating Procedures (StOP) are also in place for each operation in the process from weighbridge to storage as well as in each estate. SaOP's are Safe Operating Processes and not to be confused with StOP's which are Standard Operating Procedures



StOP and other noticeboard at Linbar 1 Nursery

Estate field standards are documented for all stages and management is by StOP's which are readily available in all areas. These are posted in appropriate areas such as in Pesticide stores, Fuel Depots and Workshops on sign boards and are in Bahasa Malaysia.

The mill has in place StOP's for all mill activities. These are specific for the Sakilan mill. They are available in the mill at each area of operations. All mill StOP's have been translated into Bahasa Malaysia.

Adequate document control in the form of issue date and approval is in place on all documents

For the mill there is in place a mechanism for monitoring effectiveness of procedures. The shift supervisors check that all log books are completed for all StOP's when required by the schedule which depends on area – some checks are hourly, 2 hourly and this is indicated in the log book. This is done by signing the log book, a copy of which is kept by mill management and also includes planned scheduled inspections. The operators at the mill had completed the required log sheets at each station on the required timetable. These log sheets are collected and reviewed on a daily basis. The log sheets are used to identify breakdowns and cases of wear and tear where breakdowns may be imminent. Any breakdowns, stoppages or major services are recorded in both the log books for each area and in the maintenance records

The StOP's are further supported by routine regular scheduled preventive maintenance. This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure on going production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported

and followed up to ensure documented practices are being followed.

The estates are similar to the mill in that scheduled field inspections are in place. These are further supported by an Internal Audit Programme.

The estate managers carry out regular field inspections to ensure StOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. Any non-conformances are recorded and followed up in a specified time frame.

There are records maintained of inspections. The record of actions taken is also recorded.

The EMS / OHS system requires that records of monitoring are kept e.g. Drain and Pollution Control Devices (PCD's), as well as use of Personal Protective Equipment (PPE), etc and any actions taken such as cleaning of PCD's are recorded.

However inspection and recording of regular cleaning and maintenance of all drains and other PCD's are not completed on a regular scheduled basis and are therefore inconsistent in assisting in putting together effective inspection routines see NCR below

Minor Nonconformity raised. Indicator 4.1.2 - The results of monitoring of operating procedures are not always consistent and therefore actions are not always taken to rectify any non conformity in a timely manner or that management is not aware of any non conformity.

Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility, to a level that ensures optimal and sustained yield.

Records of fertiliser inputs are maintained in the database set aside for this purpose and split into each estate, these details are readily available through the database system maintained by Agronomy. Annual fertiliser inputs are then further recommended based on this data for future applications.

Regular annual tissue and soil sampling are carried out by Agronomy. The results of the analysis of the samples are used to optimise fertiliser requirements. The Soil Sampling survey is completed as part of a Five year soil sampling plan of which the latest started in 2005/6. Each block and each result is independently logged in a spreadsheet for each block – e.g. Block 97, 98, 101 Linbar 1 Estate. 20% of soil is sampled each year and therefore all areas completed in 5 years.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients and are applied to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

There has not yet been a replant with regards to Sakilan Group however a zero burn policy for replanting is in place.

Criterion 4.3: Practices minimise and control erosion and degradation of soils.

During field inspections the risk of erosion is assessed and records in the form of a field inspection sheet are

kept and are further documented in spreadsheets kept for each block and for each estate. The assessment includes run off from roads and effectiveness of road grading programmes to prevent erosion with regards to drainage. This includes a check of road conditions by Field Managers to check erosion – records are maintained on the roading map.

Through effective ground cover Sakilan estates attempt to avoid bare and exposed soils as far as possible. Inspections also check on the amount of ground cover plants, plantings especially in steeper areas where required to ensure that risks of erosion are reduced and eliminated when possible. Effective frond stacking is also instrumental in preventing erosion in steeper areas.

There has been no new planting since 1997 and planting has not been on slopes in excess of 25 degrees.

In all estates there is terracing in areas to reduce soil erosion. To prevent erosion, ground cover plants, are introduced at the time of the formation of the terraces and once palms are mature, the pruned fronds placed in a position to reduce erosion in the form of frond boxing. Rainfall run off is minimised where necessary by construction of strategically placed drains.

Terracing is not extensive on these estates.

An observation was also made with regards to the sparse ground cover at locations where palms are etiolated due to the abundance and thickness of the palm fronds and do not allow sufficient sun light to help propagate the ground cover. The palm fronds require pruning, and palm thinning is recommended.

Observation: Sakilan estate needs take action to encourage the improvement of groundcover vegetation and that palms are thinned to allow sufficient sunlight to propagate growth of ground cover to prevent erosion in sloping or steep areas.

Sprayers follow the spraying guidelines as set out in the StOP's. The sprayers are constantly being monitored by the supervisors and estate managers to ensure pesticide spraying is effective. There was no evidence of over spraying of herbicides during this assessment.

There is a road grading programme in place which ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads. Scupper drains are also constructed if required. This programme requires improvements in some areas and an observation/improvement request was made with regards to roading programme in Sakilan estate.

Observation: The road management plan for Sakilan Estate does not show details of actual roads to be graded and maintained in the road management plan. It needs to indicate dates and roads to be maintained as well as whether the plan has been followed

There are attempts being made to improve the roads in all areas to prevent and rehabilitate areas of roading which were not properly constructed during the original planting.

Soil Maps are in place for each estate identifying all soil types. There is no peat soil at the estates.

Techniques used to minimise soil erosion are described in a StOP and include best management practices.

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.

Biological Oxygen Demand (BOD) of water samples is tested in the company laboratory and also supported by external testing agencies. Records are in place for the last 4 years at least, and indicate that at all times, apart from abnormal rain events, BOD levels are within the prescribed limits of the Environmental permits and Government guidelines.

The riparian buffer zones in the estates were inspected and found to be maintained in good condition and within the limits as prescribed by the Sabah Government of 20 metres width on both sides of streams. All permanent water courses have buffers in place and these comply with the permits respectively. Extensive buffers are in place in all estates and are on estate land and are indicated on each estate map. There are signs in place to protect these buffers from encroachment by outsiders.

Bird life was observed in abundance at riparian areas. Stream bank areas are planted with plant species to prevent erosion on steep natural banks and on the sides of drains

Monitoring of the buffer zone condition is undertaken at least on a yearly basis.

There has been no construction of bunds, weirs or dams across any water ways and rivers in any of the Sakilan Group estates.

The natural rivers flowing through each estate are being monitored. Measurements are taken 6 monthly of a number of Water Quality parameters of rivers both upstream and downstream from the oil mill. These tests are for the following items: dissolved oxygen, biological oxygen demand, chemical oxygen demand, ammoniacal nitrogen, total suspended solids and pH. The additional parameters include phosphorous, potassium, Magnesium, Calcium, Boron, Copper, Zinc, Nickel, Cadmium, Mercury, Glyphosate, Paraquat, total solids, E. Coli and Total Coli form.

The purpose of monitoring is to determine whether the activities of the estates have any detrimental effects on the water sources. The test results reveal minimal effect on the rivers and waterways passing through the estates for the parameters measured as per the Interim National Water Quality Standards (INWQS).

Records indicate that Sakilan Mill effluent discharge is in compliance with Government guidelines for treated effluent discharge in relation to BOD and within the limits for other indices such as Oil & Grease and Suspended solids.

All monitoring results were well within limits prescribed in the environmental permit and national regulations. The only exception was when very heavy abnormal rain fall occurred and the limits were exceeded, but this was out of the control of the mill.

Sakilan Mill is monitoring use of water per tonne of FFB, for example 0.53 tonnes of water per tonne of FFB (Oct 2008). This monitoring commenced in 2004 (not yet 5

years)but includes only water into the Boiler. It does not at this stage include general purpose process water. Additional flow meters are about to be installed to enable IOI Sakilan to monitor all water use per tonne of FFB.

A Nonconformity was assigned against Minor Compliance Indicator 4.4.7 – Refer Section 3.2 for details

Sakilan Group needs to introduce a formal water management plan. There is no formal plan to ensure all water use is being tracked and includes a plan to reduce use by monitoring leaks and wastage of available water.

Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

Sakilan Group` are monitoring the toxicity of pesticides used and to date records are available for the last five years and are tabulated.

There is an Integrated Pest Management Programme (IPM) for specific pests. There is a measurement of the amount of each pesticide used and type for each specific pest e.g. for Leaf Eating Caterpillars - use methamidophos. On identification of damage warranting control, a programme is put in place recommending the use of chemicals in the control of pests. The estates monitors pests and disease as part of the IPM.

The Integrated Pest Management Plan (IPMP) has been recently updated and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals.

The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use.

There is in place justification for the use of the following chemicals in Linbar 1 Estate. The following chemicals are used Glyphosate, Methyl Amine, Metsulfuron, Paraquat, methamidophos & Brodifacoum – with reasons given why they are used and conditions for their use.

The amount and type of pesticides used and the locations where they are used are recorded for each chemical.

IOI are monitoring and measuring pesticides used per hectare and per tonne. There has been a steady decline in the use of pesticides over the last 3 years as can be seen from records which indicate a lower usage rate overall. In some instances use of some pesticides is reduced markedly. For example, in Sakilan Estate the recorded use of Paraquat was reduced from 2944 litres in 2003/4 to nil in 2007/8. The use of methamidophos has also reduced.

The use of some pesticides has been almost totally eliminated. For example, the use of methamidophos is almost nil as is the use of 2.4. D Dimethylamine 60%

A number of beneficial plant species are used in biological control of pests. Among the plant species are *Turnera subulata*, *Cassia cobenensis* and *Antigonon leptopus*.

Observation 4.5.2 – Refer Section 3.2 for Details

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.

There is a formal justification for agro chemical use and this is documented within the IPMP, which attempts to ensure that the most effective and least harmful chemicals are always first choice.

The IPMP provides guidance on the selection of the appropriate chemical for particular locations and field conditions. It stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals. The usage data provide evidence to demonstrate that this is in fact happening. There are time frames and targets in place in the PMP whereby chemical use is to be reduced. All chemicals have to be approved for use by Agronomy as well as the frequency of use. This was supported by the chemicals listed for use by Pesticides Act 1994 in accordance with USECHH Regulations (2000).

Records of chemicals used, areas treated, amount applied and frequency of application is recorded and controlled via the Pest Management Plan and are available. The records of pesticide are available since 2004. The information includes amounts used per hectare and number of applications per year.

Paraquat is used only for selective spraying of volunteer oil palm seedlings and for situations where continuous rain precludes use of alternatives. Paraquat use is being slowly reduced while the industry comes up with a viable alternative. As with all chemicals, records are kept of any paraquat applications. Linbar 1 and 2 estates are subject to seasonal flooding and paraquat is used for control of volunteer oil palm seedlings. At Sakilan estate, which is not affected by flooding, the use of paraquat has been nil in the previous 3 years

There is in place an ongoing IPMP which is controlled via the PMP with regards to the use of WHO Type 1A or 1B chemicals. No suitable alternative to paraquat has been identified by the RSPO at this time.

There is no aerial spraying of pesticides.

Records of training are kept in each estate office for the following:

- Pesticide Mixers
- Pesticide Sprayers

The training records also show the training topics covered.

PPE for sprayers is supplied and instructions on its use demonstrated in the StOP's. The company supplies adequate PPE for sprayers so that sprayers will always be protected. PPE is washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take protective equipment home and therefore the risk of cross contamination with family members is eliminated.

There is a minimum requirement of PPE that must be worn / used in the handling and application of pesticides. Some chemicals such as methamidophos require more extensive protection and this is nominated in the SaOP's & StOP's for pesticide application.

Material Data Safety Sheets (MSDS) are held for all chemicals used and are available at the areas of mixing. All MSDS are translated into Bahasa Malaysia. No concentrates are taken into the field as all spray solutions are pre-mixed in a designated area.

Storage of chemicals is in specially locked areas with restricted access. All areas where chemicals are stored appear to be adequately ventilated through cross flow ventilation. This will be further improved as a design for a standardised pesticide store is put in place and progressively used to replace current stores and become standard practice. *Refer 8.1.*

All chemical containers are triple rinsed and if not recycled are placed in the Scheduled Waste storage area for disposal by contractor.

Methods of storage and disposal of chemicals (pesticides) are included in training provided. Sakilan group are using only chemicals that are officially registered under the Pesticides Act 1994 in accordance with USECHH Regulations (2000)

Female pesticide handlers may be employed by Sakilan Group so long as not pregnant, or breast feeding.

Health checks are conducted for pesticide handlers. These are carried out by the clinics on a monthly basis and annually by an Occupational Health Doctor (OHD) via a physical check and annually as per the CHRA for plantation pesticide operators. Records of these checks are kept in each clinic, and for annual surveillance CHRA in each estate office

A Nonconformity was assigned against Minor Compliance Indicator 4.6.6 – Refer Section 3.2 for Details

Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.

There is an OHS Plan in place in all the following areas:

- Estates
- Mill
- Workshops
- Clinics
- Stores

All areas have implemented and monitor the OHS plan though some better than others. This has improved considerably since the pre-audit with OHS becoming very well entrenched throughout the organisation with awareness on the increase. The plan is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Copies available).

Hazards and Risks have been identified for all operations and in all areas. This also includes the degree of risk as well as the controls in place. Procedures and plans are in place to address all operational hazards and risks. These

plans have been distributed to all areas and to the respective managers and supervisors.

It appears that some areas have again implemented the procedures and plans better than others but all areas are seen to be improving with high use of PPE as on all occasions PPE was being used when appropriate. Signage also largely supports the use of PPE.

There are emergency procedures in each area and these are tested to a large degree. All areas have regular evacuation drills which are recorded to determine the level and efficiency of response.

Emergency Shutdown procedures are available in the mill and are in the local language. IOI Sakilan also carried out emergency shutdown procedures at the mill of which records are kept

The records of safety drills are extensive and comprehensive and records give a clear indication of the results of the drill.

There are company clinics on all plantation divisions and at the mill which are staffed by trained Hospital Assistants and are on call 24 hours a day. The clinics are regularly checked by the VMO to ensure they are hygienic and sharps and medical waste is handled correctly.

The company has Red Crescent trained first aiders and first aid kits in all field and mill work areas that are checked and restocked regularly. A number of First Aiders are available in the mill at all times including day and afternoon shifts.

There are records kept by Administration of training First Aiders. A dedicated person has been appointed as the overall OHS Manager who coordinates all OHS matters. Furthermore an OHS representative has been appointed in all operations areas. OHS Representatives have been appointed at:

- Sakilan Mill
- Linbar Estates 1 & 2
- Sakilan Estate
- Workshops
- Head Office

All areas have regular meetings to discuss OHS. These are now scheduled at 3 monthly intervals for all operational areas. Each area now has a standardised agenda and meetings are conducted following workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety like use of PPE.

Minutes are kept of all meetings and these are distributed to certain workers to carry out actions as a result of these meetings within given timetable and time frames. For example meetings were held in Sakilan Mill – February, July, September and November 2008. The OHS representatives are also responsible for taking the information to other fellow workers and contractors via morning musters.

In Estates workers appear to use PPE in the correct manner as required. Dust Masks and Respirators are made available for all workers in dusty areas or involved in chemical mixing and spraying.



Pesticide Sprayers using full PPE

All potentially hazardous operations are identified and if required PPE is provided.

All workers are covered by workers compensation accident insurance.

The safety policy is in place and widely distributed and placed on notice boards in all areas.

Records of all accidents and incidents are kept for each estate and the mill. All records are compiled for LTI's. These records and reports are then forwarded to government (Manpower) as required under law. These records are kept on an estate or mill basis then compiled for the whole operation and reported to authorities monthly. All injuries and incidents are investigated to determine cause and eliminate recurrence where possible. Accidents are also reviewed at Quarterly safety committee meetings.

Observation: It should be ensured that hazards and risks, when determined, are correctly rated as far as risk, and take into account previous "accident/incident" records when determining risk level

Criterion 4.8: All staff, workers, smallholders and contractors are appropriately trained.

There are training programmes in place to improve and increase staff skills when seen as required by management. The training involves requirements such as pesticide application, pesticide mixing and other field training such as harvesting, etc. This is planned for each estate.

A training needs analysis is completed for all operations at the start of each year to ensure training is carried out and skills and competencies are re-inforced

Specialised training courses are also planned as the need arises and this includes group or in house training. Some training is carried out on demand.

Other training includes Emergency Response training and many topics associated with field and mill related work.

Training needs are assessed on an annual basis. There does not appear to be a formal training plan for all staff.

The training is mainly to ensure that skills required to perform tasks successfully and safely are in place.

There are formal training records for all supervisory staff up to the level of Senior management. This includes recording of external course attended and skills attained – these records are maintained by the Administration area or each operation.

All Hospital Assistants have received training in chemical use and regulations regarding the use of chemicals. Records of this training are available.

There are training records in place at each operational site recording skills and training and these were sighted at Linbar Estates, Sakilan Estate and Sakilan Mill.

Some of these records are in the form of attendance at training which is given in the field or formal skills such as plant operators, driver's licenses, boiler operators and Red Cross First Aid.

Training records are therefore kept for all employees in each operational area. Records of training attendance is also kept along with photographic records of all training run within each area of operations

Control of training and training programmes with the associated records is very well managed by all areas

There are training plans in all areas for 2008 which are now almost complete and future training plans already in place for 2009.

Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored to demonstrate continuous improvement.

An Environmental Aspects and impacts register has been developed and is reviewed and updated at least annually or when the external audit is completed. These aspects further nominate which are the significant environmental aspects and also nominate any legal requirements or restriction classed with the aspects. This register scope covers all operations of Sakilan Group.

There are individual aspects and impact identified for Linbar Estates 1 & 2, Sakilan Estate and Sakilan Mill and other operational areas

Having environmental management plans is part of the environmental management process for the operations of the Sakilan Group. The role of the aspects register is to help provide the organisation with a system to control and reduce negative impacts and promote positive impacts such as buffer zones, waste management plans, spill control plans and emergency plans. The Environmental Plans are in place and indicate the controls used to ensure any impacts are controlled and reduced and where possible eliminated and better practices put in place.

Criterion 5.2: The status of rare, threatened or endangered species and 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 their conservation taken into account in management plans and operations.

A conservation biologist from the IOI Group Sustainability Team has carried out an assessment of the presence of HCVs within and adjacent to the Sakilan plantations. The conservation biologist used the Malaysia National Interpretation of the international HCV Toolkit and prepared a report on the findings. All of the land within the plantations was previously owned by the Sabah Government and has been logged or used for growing cocoa. The areas identified with HCVs present are summarised below:

Sakilan Estate

HCV4 was assigned to the steep hills of about 2.2 hectares in field 97U that were planted with 1260 Mahogany trees in 1997 prior to acquisition by IOI. Another steep hill of about 1.5 hectares was planted with 30 *Albizia* trees.

Within the Sakilan Estate, some areas were not planted to oil palm but have been left in their natural state and have been designated by IOI as protected areas for wildlife. These set-aside areas are protected from disturbance and appear to attract wildlife. HCVs1-3 were not identified at any areas within Sakilan Estate.



Reserve on Sakilan Estate

Segaliud Lokan Forest Reserve.

Linbar 1 and Linbar 2 Estates share a border with the Segaliud Lokan Forest Reserve. Estate personnel have sighted elephant, sun bear, long-tail macaque, sambar deer, hornbill, eagle, otter, wild boar and flying fox along the boundary with Linbar Estates. A number of the fauna species of the Forest Reserve are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and/or classified under IUCN Red List 2008. The Segaliud Lokan Forest Reserve bordering the Linbar Estates was assigned HCV1. At the time of the audit, Forestry Department Officers indicated the adjacent Forestry Department land is relatively undisturbed.

Linbar 1 Estate

There are some areas classified as HCV 4 within the Linbar 1 Estate and these have been left as reserves as a means of watershed protection and to control erosion in any steep areas. For example, steep hills have not been planted but set-aside (Field 92N about 3 hectares, 92 H about 3 hectares, 92Q about 1 hectare) and remain as secondary forest.

Sg. Lokan is a major river located along the boundary of the Linbar 1 and Linbar 2 Estates. The HCV 4 has been assigned to the riparian reserve or buffer zone along Sg. Lokan, which includes a series of ox-bow lakes. The buffer zone provides protection of the riverbanks from erosion and a corridor for movement of wildlife.

Linbar 2 Estate

There are two major rivers along the boundary of Linbar 2 Estate i.e. Sg. Lokan (Eastern boundary extending to south of the estate) and Sg. Rawong Besar (that flows from the south west of the estate to the east). Both HCV 1 and HCV 4 are considered present at the riparian reserve or buffer zone as it is a corridor for wildlife movement from the south western part of the Segaliud-Lokan forest reserve to the south eastern part of the same forest. Maintaining the buffer zone is important for protecting the riverbanks from erosion, as the function of HCV 4.

Steep hills within Linbar 2 Estate are not planted such as Field 91A/DivA where about 2.5 hectares remains as secondary forest (HCV 4).

Flood prone land within the land title adjacent to the rivers is now considered as HCV 4, and is being rehabilitated by planting trees. The Estate commenced planting the flood tolerant indigenous tree *Mitregyne speciosa* (Sapat), with 10,828 seedlings planted between 2006 and 2008. The total area of flood-prone land is 199 hectares and will be connected to the Segaliud –Lokan forest reserve via the Sg. Lokan riparian reserve.

The IOI Group Sustainability Team has developed management plans for the protection and enhancement of HCV's within Sakilan Estates. The values that are protected are maintaining forest vegetation cover for erosion protection on steep land as well as along low lying flood prone areas and riparian reserves. In addition these forested areas have important values as habitat for wildlife. The Estates are carrying out enrichment planting of tree species, as noted above for the flood-prone areas.

The Management Plans focus on the protection of habitat from disturbance. The Estates have installed sign boards that indicate to any one passing through the types of fauna that may be encountered in the peripheries of the estates. Warning signs indicate that the wild life is protected and that hunting and collecting are prohibited. The Estates promote awareness of buffer zones to workers and local communities via the prominent use of sign boards.

Inspection during the audit indicated there was no inappropriate hunting, fishing or collecting activities in

the Sakilan areas that were visited. Sakilan Group is discouraging people to encroach into the riparian buffers. Signboards have been erected in order to deter access to the buffers and awareness has been conducted for staff and workers. Sakilan Group has enforced gate pass entry to monitor the people entering into and going out of the estates. Estate staff also carry out inspections of the protected areas within the estates to check for any disturbance, such as encroachment.

Criterion 5.3: Waste is reduced recycled, re-used and disposed of in an environmentally and socially responsible manner.

There is a waste management plan in place and it is current. There are formal rubbish collections in all areas at least weekly.

The following waste streams have been identified and are controlled

- Office Waste – segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill.
- Human waste – Septic and soak aways.
- Mill Effluent – through effluent ponds and land application.
- Fibre – Fuel for furnace.
- EFB – Fertiliser.
- Oils and Hydrocarbons (including containers) to scheduled waste area.
- Pesticides (including containers which are stored in the scheduled waste area for proper disposal).
- Pesticide spills – cleaned with spill kits used kits sent to scheduled waste area
- Hydrocarbon spills treated with sawdust. Burnt in boiler.
- Used oil – recycled.

Sakilan needs to ensure that the quantity of waste recycled or sent to land fill is recorded.

The control of household and other waste at Linbar Estate 1 housing is not under control – see major Non conformity raised below.

Scheduled waste is segregated and disposed of in line with EQA (Scheduled Wastes) Regulations 2005. Records are in place to show disposal of scheduled waste picked up by a Contractor – receipts were viewed.

All crop residue and bio mass are recycled into the field as nutrients and POME is discharged to the field for land application as is well inside the allowable limits as prescribed in the Sabah regulations regarding BOD limits

The control of hydrocarbons has also been addressed elsewhere in this report. The collection of household waste is not well controlled.

However the Sakilan Group has produced a document that includes all sources of pollution and waste from all operations in the form of a waste stream management plan.

In a formal manner all sources of pollution and waste are identified through the company's aspects register which includes mitigation measures. This register is updated at least annually or when new sources become apparent.

Records include disposal of sharps and contaminated medical waste, amount destroyed and where transported from and dates. All clinics are supposed to have their waste picked up by the main clinic on a roster however this does not always occur. This office needs to be reminded of their obligations in these areas.

A Nonconformity was assigned against Major Compliance Indicator 5.3.1 – closed out at the on presentation of photographic evidence presented between 12 & 14 December 2008

A Major Nonconformity was raised due to the fact that high levels of waste generated at Linbar 1 is not either identified or correctly disposed of and is unsightly. There are many areas of pollution via poor control of waste throughout this line site. Refer Section 3.2

The landfill areas set aside for waste management are well located in relation to topography and drainage which can be used successfully for landfill management. However the landfills require much better management than was observed during the audit. There does not appear to be an effective plan in place to manage the landfills. If managed correctly and properly these landfills can last many years and this will concentrate all waste in one area. The plan should also include better management of hydrocarbon wastes and collection.

A Nonconformity was assigned to Minor Indicator 5.3.2

There is a need to properly plan and control all landfills and raise awareness to improve their effectiveness and management. Landfills to be clearly defined as to boundaries require control of rubbish collection and dumping, ensure dumping parameters are in place, mark landfill with GPS and also record start and finish dates for each landfill. Refer Section 3.2

A further Nonconformity was assigned to Indicator 5.3.2 with regards to the management and disposal of hydrocarbon waste. Refer Section 3.2

The control of hydrocarbon including spills and bulk containment is not adequately controlled. There was evidence of many untreated spills. Drip trays are not being used to catch hydrocarbon spills and drips resulting in ground pollution and possible water pollution. Improvement is also required in some areas of pesticide spill control. All minor leaks or drips, which waste resources and cause pollution to be reported and repaired immediately

Observation 5.3.1 – Refer Section 3.2 for Details

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.

Sakilan Mill uses fibre and shell to fuel the boiler which produces steam which drives the turbine to produce electrical power, the use of renewable energy in this case is almost 100%. Sakilan Group maintains records for monitoring both kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB. These records are in place and are available for each mill as part of energy

control and use. Sakilan Group monitors the use of non renewable energy (diesel). This is monitored as diesel used by the production process per tonne of FFB.

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, as identified in the ASEAN guidelines or other regional best practice.

There is a no burning policy at replanting. Burning is not allowed by SAKILAN GROUP and there is no evidence of burning in the estates. There has been no replanting at this stage.

Sakilan Group will record any areas of sanitary burning where for example it is the most effective way of destroying rotten FFB. This only happens in extreme cases or what would be termed abnormal conditions when FFB cannot be processed in time due to impassable roads during flooding. .

No replanting until 2009/10 so therefore no previous crop at this stage

Burning of domestic waste is against company policy and has mostly been eradicated. There was however evidence of burning domestic waste in at least two areas

A minor Non Conformity was therefore assigned against this Indicator. Refer Section 3.2 for details

Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases are developed, implemented and monitored.

Sakilan Group are keeping adequate records of mill emissions and effluent including critical data such as BOD levels, TSS, Oil & grease as required by the relevant environmental permits.

Significant pollutants have been identified through the waste management plan as well as the means to reduce pollution.

Plans indicate that waste control measures and plans such as segregation and recycling of general waste are to be introduced.

If the amounts of pollutants cannot be quantified plans to reduce cannot be effective.

The treatment of POME is recorded in effluent pond plans and results on the whole indicate SM is achieving levels of BOD discharge below allowable legal limits. This is supported by independent test results provided by the Government National Analytical Laboratory.

The records of the Company laboratory appear to closely match the records from the independent accredited laboratory.

In the case of stack emissions the level of pollution can be determined through possession and keeping track of records and therefore reduction plans in this case are now meaningful. Recording and monitoring was started in 2004. There is an internal measurement of stack emissions and the Mill is monitored daily using the “Ringlemann” method as well as 6 monthly government testing of emissions. These latest tests in April and November 2008 indicated that emissions are within limits.

Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts 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 continuous improvement.

Social Impacts are identified in part via the grievance process for employees, contractors and other parties for negative impacts and through social interaction for positive impacts as reported in 6.5.

IOI prepared in house social impact assessment regarding its operation in Sakilan Mill, Sakilan Estate, Linbar 1 and Linbar 2 Estates.

Available reports show that stakeholders participated during the assessment process. For example, for mill assessment, stakeholders’ participation was held on 12 August 2008 (mill’s workers), 20 September 2008 (contractors and suppliers), 23 September 2008 (religious group), 27 September 2008 (clinic, kindergarten, police station).

Local Communities are not involved considering the estate is surrounded by other plantations and closest communities are 7 km away from the mill.

Sakilan EST: stakeholders participation was held between 08 July 2008 to 15 October 2008, attended by 97 participants from government, Visiting Medical Officer, NGO’s, neighbouring estates and smallholders, religious representatives, contractors, suppliers, shop keeper, fish monger (no local communities).

Linbar Estate held public consultation on 4, 21 and 29 August 2008; 17 September 2008; 16 October 2008 attended by government, village representatives, neighbouring estates and smallholders, village representatives, general workers, manuring gang, sprayers, harvester, suppliers, harvesters, supervisory staffs).

IOI prepared social action plan to resolve social issues in “5 Year Management Plan”. The plan includes description of each issue, proposed mitigation measure, and time bound.

Observation: There are no persons in charge to ensure that mitigation measures are properly monitored and implemented

Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

A procedure is in place in relation to communication. The policy has been designed and implemented but it is not understood by everybody e.g. housing committees.

There is in place a communication procedure but the policy has not yet been formalised. This will have an impact on the effectiveness of the policy and will limit the communication between management and other levels within the company unless completed. Senior management needs to engage with other levels within the IOI in relation to the communication policy.

This will be monitored but excellent progress has been made in this area since the pre-audit conducted 22 to 26 March 2008.

The Consultation and communication procedure for stakeholders is through IOI website: www.ioigroup.com otherwise for those who do not have internet connection follow Stakeholders Request Procedure. Verbal request by phone call IOI Group General Line: +60389478888 or written request to Two IOI Square, IOI resort, 62502 Putrajaya, Malaysia. Written procedure held on file Management Plan point 10.0 Stakeholders Request Procedure.

Social Liaison Officer or Estate Manager (or Estate Manager) are the persons responsible for communications with communities and other stakeholders.

A formal list of stakeholder has been prepared consisting of local communities, neighbouring estates, government offices, suppliers, contractors, workers, NGO, doctors, consultants, banks, external auditors complete with address, contact number and persons in charge. Records are held on file List of Stakeholders.

A Minor Nonconformity was raised against indicator 6.2.3

All NGO's have not been included in the listed of stakeholders – only Humana included

Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Grievance mechanism has been developed and included in “5 Years Management” document. The procedure was developed in consultation with stakeholders affected. Complaint and grievances have been recorded in “Complaint/Grievance Book” since June 2008.

The “Grievance/Complaints” book is used to record all enquiries not only complaints and grievances. In fact all enquiries are requests for assistance which each estate provides on almost all occasions. Records of all assistance are recorded in the grievance book.

IOI has established and implemented ECC (Employee Consultative Committee) for resolving employment issues at local level. The ECC has meetings regularly with the representative of management and workers (including women and foreign workers).

There were no documented external disputes at the time of the audit. The ECC is open to external parties including foreign workers. It was confirmed during assessment that foreign workers have their representatives in ECC.

Observation: Sakilan group has not yet nominated the person responsible for implementation and review and findings of plans to mitigate any social impacts

Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary 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.

At the time of the audit all Sakilan Group operations are based on state land to which they have Leasehold title. This indicator applies for customary land (Interview of community leaders and forestry department officers confirm that there were no claims in relation to customary land).

All documents are in English but can be translated into local languages as necessary.

Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Most of the workers are migrants from Indonesia, who work on 3 year contracts. Pay and conditions are documented in the employment agreement between company and workers.

Separate terms and conditions are prepared for foreign workers and are available in Bahasa Malaysia. For local workers, IOI follows “Sabah Labour Ordinance (Sabah Cap. 67), Amended as at 10.02.2005 by Act A1238) that includes detailed pay and conditions of the contract.

The Pay slips are in Bahasa Malaysia, and interviews with workers indicated understanding of the details of payment in the pay slip. Harvester, FFB loader, and fertilizer applicators are paid on piece rate. The rate was made available and interviews with the Harvesters, FFB loaders, and fertilizer applicators confirm understanding of pay rate.

Workers are paid above minimum standard as laid out for Sabah (“Sabah Labour Ordinance (Sabah Cap. 67), and are therefore able to make savings.

Housing is provided for free to the workers. Housing meets the minimum standard, however, IOI is replacing the older wooden houses with new brick houses. The newly built housing complex in Sakilan estate received approval from Ministry of Human Resources number JTK.H.SDK.600-1/3/2 JLD. 3 (13) dated 28 August 2008, and meets requirements of Sandakan Human Resources Department. Electricity is available continuously to all tenants at a subsidised rate (RM3 per month).



New Style Housing at Sakilan

Free medical treatment is available for all workers and their dependents including during pregnancy and births.

Observation: In Sakilan clinic, although records are available, sharps and medical wastes disposal are not in accordance with SaOP provided. Check of stock recorded no stock of tetracycline however inspection found 100 tablets of tetracycline is on stock.

The drinking water, which is supplied to the Line Sites via individual rain water tanks for catching rain from the gutters, is not being tested for quality. As these tanks are not always monitored there is a possibility of these tanks and water being polluted. Some tanks were observed with lids off, evidence of rusty iron funnelling water into the tanks. Although the residents are instructed to boil water for human consumption it is necessary that this water is tested regularly by sampling as you cannot be sure all residents are boiling water prior to consumption. Water is inadequate, people rely on rain water.

A Minor Nonconformity was raised under indicator 6.5.3. Refer Section 3.2 for details

There no evidence of testing of drinking water from individual tanks provided even though at times these tanks are mis-used by residents, there is some evidence of the keeping of pesticide applicators near housing, drains in the line site require de-silting to reduce mosquito breeding and attraction of vermin. Refer Section 3.2 for details

Criterion 6.6: The employer respects the right 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.

In Sabah Regulations it is forbidden for foreign workers to join any labour union in accordance to letter of Immigration Office dated 10 December 2007. Although there were no Labour Unions on site, but workers and staff are represented in Employee Consultative Committee (ECC) which was established at 11 September 2007.

Members are elected from representatives of every division including foreign workers. Regular meetings are held every three months. For Sakilan estate, the most

recent meeting was on 12 November 2008. Minutes of meetings are kept on file: Employees Consultative Committee.

For Sakilan Mill last meeting on 23 September 2008 with discussions about passports, labour rules and work discipline. Records are held on file Employees Consultative Committee.

All workers are free to join ECC and this was made known to all workers after establishment of the ECC in September 2007. A Statement of Freedom of Association is available in Management Plan point 6.0 General Work / Labour Conditions

Observation: The ECC is in place for foreign workers as they are not allowed by law to form trade unions

Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

IOI have a policy to contract workers in age range from 18 – 50 years old. Confirmed during assessment that age check was done prior to employment where Malaysian workers must provide National Identity Card while Indonesia workers provide passport. No children workers were observed in field. Workers stated during assessment that no underage worker was employed in IOI.

Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.

Equal opportunity policy was approved by Sandakan SRO Manager 25 November 2008 available in English only.

Observation: Equal Opportunity policy needs to be translated and made known to workers. Refer Section 3.2

It was confirmed during assessment that no claim from employee that they have been discriminated against had been received. Inspection on ECC minutes of meeting did not find any discrimination. Examination of records of salary between local and foreign workers did not find any differential on the same jobs level.

Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

A Policy on sexual harassment in Bahasa Malaysia is displayed in offices. Interviews with women workers confirm that they are aware of the policy and understand where to report on the occurrence of sexual harassment.

IOI also has prepared a complaint form in Bahasa Malaysia (Borang Laporan Aduan Gangguang Seksual). Inspection of records found no complaints had been received. A Gender committee has been established locally.

Grievance procedures on sexual harassment were established and implemented. Records are held on file: Prosedur Aduan Gangguan Seksual, procedure was prepared on 25 November 2008 (during audit) and needs further communication to workers.

Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.

Only FFB from company owned land is processed – there are no smallholders.

The Company has standard terms and conditions of contracts bound into the contractor contract agreement. In addition, during induction, details of the contract were explained. Interviews with contractors confirmed they understand contract terms and conditions.

Observation: There should be a record of any payment claims from sub contractors and suppliers even if claims are not warranted to guarantee fairness and transparency Refer Section 3.2

Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.

IOI provides assistance in several ways, such as: Yayasan Tan Sri Sheng Cheng Scholarships, awards and adoption programme for all deserving employees' children.

IOI also provides free treated water and electricity to Sakilan Desa School.

Linbar 1 estate is maintaining 24 km of main road leading to desa Lung Manis, that benefits kampong Pahu inhabitants.

Under Yayasan Tan Sri, 130 children received free school bags, stationery and monthly financial contributions to the Humana School.

Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The company has implemented a Management System that includes many improvement plans.

Objectives and Targets have been developed and an improvement plan prepared. The main focus of continual improvement to date has been environmental performance, while more attention has now been given to social impacts.

The company has implemented best practices for management of pesticides and the improved controls associated with this program has reduced overall chemicals usage over the past 5 years.

The company has implemented a best practice system for the segregation of wastes at source into composts, recyclables and non recyclable for disposal at landfills. This program has reduced substantially the quantity of waste disposed in landfills.

Riparian buffer strips are being established at replant to trap coarse grained sediment from discharge into streams. Vetiver and Guatemala grass are being used to strengthen river and creek banks to prevent erosion.

Social impact assessments have been carried out for each estate and the mill and improvement programmes introduced.

A Continuous Improvement Plan is attached (Appendix C).

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D)

MAJOR NONCONFORMITIES

Two (2) Nonconformities were assigned against Major Compliance Indicators. Details of these Nonconformities and Corrective Actions are provided below:

2.1.2 Evidence of compliance with legal requirements.

The drinking water being provided by IOI Sakilan to residents is outside the pure drinking water national standards via outside laboratory results. There is no evidence of either any action being taken to ensure the water is compliant and to have the water retested. Evidence of E.Coli.

Therefore cannot determine if legal drinking water requirements are being met

Corrective Action Taken

Closed out by provision of written evidence submitted between 12 & 14 December 2008

5.3.1 Documented identification of all waste products and sources of pollution

A Major Nonconformance was raised due to the fact that high levels of waste generated at Linbar 1 Estate is not either identified of correctly disposed of and is unsightly. There are many areas of pollution via poor control of domestic refuse throughout this line site.

Corrective Action Taken

Closed out by provision of written and photographic evidence submitted between 12 & 14 December 2008

See comments appendix D

MINOR NONCONFORMITIES

Seven (7) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

4.1.2 Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.

The results of monitoring of operating procedures are not always consistent and therefore actions are not always taken to rectify any non conformity in a timely manner or that management is aware of any non conformity.

Sakilan Group has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

4.4.7 Evidence of a water management plan

IOI are required to introduce a formal water management plan. There is no formal plan but environmental permits allow water extraction to an agreed amount - this needs to be recorded and tracked. Sakilan Group needs to ensure water use is being tracked and includes a plan to reduce use by monitoring leaks and wastage of water.

Sakilan Group has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution

There is a need to properly plan and control all landfills and raise awareness to improve their effectiveness and management. Landfills are to be clearly defined as to boundaries and require control of rubbish collection and dumping, and ensure dumping parameters are in place. Mark landfill locations with GPS and also record start and finish dates for each landfill.

Sakilan Group has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution

The control of hydrocarbon including spills and bulk containment is not adequately controlled. There is evidence of many small untreated hydrocarbon spills. Drip trays are not being used to catch hydrocarbons resulting in ground pollution and possible water pollution. Improvement is also required in some areas of pesticide spill control. All drips which waste resources and cause pollution to be reported and repaired immediately.

Sakilan Group has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

5.5.3 No evidence of burning waste (including domestic waste

There were at least two instances observed, which indicated that burning of domestic waste does take place

Sakilan Group has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

6.2.3 Maintenance of a list of stakeholders, records of all communications and records of actions taken in response to input from stakeholders

All NGO's have not been included in the listed of stakeholders – only Humana included

Sakilan Group has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).

There no evidence of testing of drinking water from individual tanks provided even though at times these tanks are miss –used by residents, there is some evidence of the keeping of pesticide applicators near housing, drains in the line site require de-silting to reduce mosquito breeding and attraction of vermin

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified Twelve (12) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the Surveillance Assessment visit scheduled for October 2009.

1. 4.3.2 Sakilan estate needs to ensure that palm fronds are thinned to allow sufficient sunlight to propagate growth of ground cover plant to prevent erosion is sloped or steep areas

2. 4.3.3 The road maintenance plan for Sakilan Estate does not show details of actual roads to be graded and maintained in the road management plan. It needs to indicate dates and roads to be maintained as well as whether the plan has been followed

3. 4.4.1 Some buffer/riparian zones are inside the limit set in Sabah with regards to some rivers and streams. It is acknowledged that these palms were planted prior to 2005, however they are to be re-established at earliest replant and rehabilitated.

4. 4.7.1 It should be ensured that hazards and risks, when determined, are correctly rated as far as risk and take into account previous "accident/incident" records when determining risk level

5. 5.3.2 There is a requirement to systematically inspect sediment traps and other pollution control devices to ensure they are working efficiently. This includes the introduction of a scheduled regular inspection regimen and cleaning when required. Records of this inspection and cleaning are to be kept and current

6. 5.6.1 There is a requirement to monitor and maintain a scheduled timetable/plan to reduce and control pollution levels. All inspections to be carried on a timed basis rather than ad hoc

7. 6.3.1 Sakilan group has not yet nominated the person responsible for implementation and review and findings of plans to mitigate any social impacts

8. 6.3.1 The register named the grievance/complaint book should be renamed the enquiry book as it includes many requests for assistance and very few complaints. Any donations made by IOI Sakilan should determine the monetary value of these donations and record them

9. 6.5.3 Observation: In Sakilan clinic, although records are available, sharps and medical wastes disposal are not in accordance with SaOP provided. Check of stock recorded no stock of tetracycline however inspection found 100 tablets of tetracycline is on stock

10. 6.6.1 The ECC is in place for foreign workers as they are not allowed by law to form trade unions

11. 6.10.3 There should be a record of any payment claims from sub contractors and suppliers even if claims are not warranted to guarantee fairness and transparency

3.3 CORRECTIVE ACTION AND CLOSEOUT OF NONCONFORMITIES

IOI Corporation Berhad – Sakilan Group has prepared a Corrective Action Plan for addressing the identified Major nonconformities. Plans attached in Nonconformity appendix.

The Minor Nonconformities will be addressed during the 12 months following Initial Certification and will be checked at the Surveillance Assessment scheduled within twelve months of the RSPO approval of the Initial Certification.

The progress with the observations/opportunities for improvement will also be checked at the Surveillance Assessment visit.

3.4 Noteworthy Positive Components

1. OHS

The status of the OHS throughout the Sakilan group is excellent. All staff are wearing correctly the PPE supplied by the company and treating it to prevent damage. The records of OHS incidents shows that OHS measures being taken are effective

2. Humana



Humana School at Linbar

IOI Sakilan Group has supported the Humana group for many years. Providing funding for schools, books, and teachers and allowed the children of workers to gain an education they might otherwise have missed. 130 children received free school bags and stationery and monthly financial contributions to Humana School

3. Roads

IOI Sakilan Group is up-keeping many roads in the areas surrounding their estates. Even though these roads do not run through their property IOI supplies equipment and man power to keep these roads in good condition for all users. Linbar 1 estate maintains 24 km of main road leading to desa Lung Manis that benefits kampung Pahu inhabitants.

4. Wild Life

There are many signs throughout the boundaries of the Sakilan Group estates with pictures of Endangered or Protected Fauna. These signs boards prohibit any tampering with this fauna and raise awareness of the varied wild life in the reserves bordering the estates

5. Protected Areas

Land that is unsuitable for planting to oil palm has been set aside and is now protected from disturbance, such as the wild life areas on all Estate .

Previously there were limited controls to protect the unused land. IOI has conducted awareness to staff and workers on the importance of protecting the set aside areas from disturbance.

6. Local Government School

IOI provide assistance in several ways, such as: Yayasan Tan Sri Sheng Cheng Scholarships, awards and adoption programme for all deserving employees' children. IOI

also provide free water and electricity for Sakilan Desa School. Tan Sri Dato' Lee Shin Cheng awards and adoption programme for all deserving employees' children, construction of badminton court, provision of providing free school books

3.5 *Issues Raised By Stakeholders and Findings with Respect To Each Issue*

Stakeholders Comments

Mill, Estate Workers, and Staff

Workers in general are happy to work with the company, however, several issues were raised during assessment as the following: (1) housing provided and electricity is supplied daily and controlled with time limit.

Water supply also is limited, workers rely on rain water; in case of prolonged drought will depend on pond water which its quality is questionable; (2) Stack emission from Sakilan mill, affected school and worker's housing; (3) clinic having problem with dust from Sakilan mill road, (4) poor road maintenance makes it difficult to travel, (5) EFB along the road to Sakilan Mill store looks dirty.

IOI Response:- to provide support in all areas addressed above by taking action to control any relevant matters reported. All areas are documented as feedback

Audit team findings – The responses of IOI are encouraging and positive and will be reviewed at surveillance audits.

Contractors and Suppliers

Contractors and suppliers commented positively with the company, having good relationship, doing business fairly. Contractors commented the issue of delay of payment and asking possibility that payment to be made earlier. Poor road maintenance also becomes a problem because during heavy rain no tractors are able to pass by and that affects FFB transport to the mill.

IOI Response:- To continue to have a good relationship with all stakeholders, more resources have been allocated to road maintenance and greater attention given to ensure the programme is carried out.

An audit team finding – The response of IOI is acceptable and will be reviewed at surveillance audits.

Local Community

Kampung Pahu village head raised issues on road maintenance that will help him (and his people) travel easier and easier to transport of FFB. There was no significant issue in relation to kampongs so far.

IOI Response:- To complete road maintenance programmes for the local communities

Audit team findings – The response of IOI is acceptable. This support of local communities is encouraged

Government Official

Labour Department official confirmed that majority of workers come from Indonesia, and there were no outstanding issues regarding the contractual arrangement. Contractual arrangement is in accordance with Malaysia' Employment Act 1955 (Incorporating 1998 Amendment).

IOI Response:- to ensure all workers from Indonesia comply with local Malaysian Employment Act

Audit team findings – All workers interviewed had been properly documented and were legally contracted.

NGO

Borneo Child Aid Society is familiar with the estate location, and commented positively about IOI, and appreciates IOI support toward better education for Indonesian workers' children under the Humana school program.

IOI Response:- To continue to support Humana School

Audit team findings – good support of foreign workers' children and is beneficial to all children.

3.5 *Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings*

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of

Sakilan Group
IOI Corporation Berhad



Mr Dato Foong Lai Choong
Group Plantation Director
Date: 15.12.08

Signed for on behalf of
BSi Management Systems Singapore Pte Ltd



.....
Mr Allan Thomas
Lead Auditor
Date: 15.12.08

Appendix “A”

IOI Sakilan RSPO Certificate Details

Sakilan Palm Oil Mill
Sandakan Regional Office
Mile 45 Sandakan / Telupid, wdt 164
Sandakan, 90009, Malaysia

Certificate Number:

Certificate Issue Date:

(RSPO Approval Date)

Website:

Applicable Standards: RSPO Principles & Criteria : 2007; Malaysian National Interpretation : 2008

Sakilan Palm Oil Mill and Supply Base		
Location	West of Sandakan, Sabah, Malaysia	
Address	Mile 45 Sandakan / Telupid, wdt 164 Sandakan, 90009, Malaysia	
GPS	E117 50' 37" N5 50' 21"	
CPO Tonnage	36986	
PK Tonnage	9136	
Plantations FFB Tonnages	Linbar 1	62804.06
	Linbar 2	51783.91
	Sakilan	73433.58

Appendix “B”

Certification Audit Programme

Auditors- Allan Thomas & Iman Nawireja

Auditors visited all estates and mill together and then split up for tasks as stated below.

One interpreter accompanied each auditor – Junecel Maloloy accompanied Iman for interviewing female workers, stakeholders and residents

Tuesday 25th AM : MAIN OFFICE

All Assessors : Opening Meeting & Documentation Review – including P & C 1 & 2

Wednesday 26th AM: SAKILAN ESTATE

Allan & Joel – Visited estate Linbar 1– checks of processes including StOP's for: Spraying, Upkeep, Erosion control, Fertiliser application, Buffer Zones, HCV's, Soil Quality, Land fills, Accident reporting – EMS & OHS Aspects and Hazards, Training, Housing incl. places of worship

Iman: Line Site, Social Issues, Interview of workers, Pay issues, Clinic,

Wednesday 26th PM; SAKILAN MILL

Allan: All Mill operations – inspection of all aspects including control of waste and effluent, conservation, OHS – hazards/workplace inspection

Iman: Interview workers, pay issues, freedom of association, clinic, first aid provisions

Thursday 27th AM LINBAR 1 ESTATE

Allan - Visited estate – checks of processes including StOP's for: Spraying, Upkeep, Erosion control, Fertiliser application, Buffer Zones, HCV's , Soil Quality, Land fills, Accident reporting – EMS & OHS Aspects and Hazards, Training, Housing incl. places of worship

Iman: Line Site, Social Issues, Interview workers, Pay issues, Clinic

Thursday 27th PM: LINBAR 1 ESTATE

Allan – Documentation Review, Soil records. Maps, grievances/enquiries

Iman: External Stakeholders – arranged interview of stakeholders from list provided – cross sample of contractors, suppliers, neighbours, local governments, NGO's

Friday 28th AM LINBAR 2 ESTATE

Allan – Visited estate – checks of processes including StOP's for: Spraying, Upkeep, Erosion control, Fertiliser application, Buffer Zones, HCVs, Soil Quality, Land fills, Accident reporting – EMS & OHS Aspects and Hazards, Training, Housing incl. religious sites

Iman – continued interviewing stakeholders

Friday 28th PM

Auditor's caucus

4 PM – CLOSING MEETING – Presented findings

Appendix “C”

Continuous Improvement Plan

LISTS OF CONTINUOUS IMPROVEMENT PROGRAMMES ON ENVIRONMENT

Items	Continuous Improvement Programmes for Environment	Target time
<p>Palm Oil Mill Effluent (POME) Covers indicators 8.1.2, 8.1.3 and 8.1.4.</p>	<ol style="list-style-type: none"> Oil mill to implement POME as land application as per the approved by Department of environment and IOI management schedule and budget in fields 97F and 97G. Schedule for de-sludging solids from furrows and effluent ponds (by oil mill) to be budgeted on a yearly basis and the activity to be carried out according to monitoring solid build up to 2m from the bottom of 5m depth pond. Group is in the process of testing Hy-flux system in one of the oil mill to reduce the effluent from the current level of 1 ton: 0.5 ton Effluent. Once it is successful there is a possibility to reduce methane gas emission by reducing effluent quantity. 	<p>June 2009</p> <p>March 2010</p> <p>Within 5 years, June 2013</p>
<p>Empty fruit bunch (EFB) Covers indicators 8.1.2, 8.1.3 and 8.1.4.</p>	<ol style="list-style-type: none"> Biomass renewable energy development from EFB to burn fuel for IOI Group refinery. 	<p>June 2009</p>
<p>Efficient usage of electricity and office papers</p>	<ol style="list-style-type: none"> Conversion of current lights to energy saving lights after consultation with Sr. Management. 	<p>4 years December 2012</p>
<p>High Conservation Area Covers indicators 8.1.2</p>	<ol style="list-style-type: none"> Conversion of the flood prone plain (199 hectares) from HCV4 to HCV1. Planting of flood plain with Sapat (<i>Mitregyne speciosa</i>) Family. Rubiaceae and other suitable flood tolerant trees. To carry out preliminary biodiversity study in the floodplain within landholding. Recruitment of the natural conservationist under oil palm sustainable department. Repairs of road and bridges along wildlife corridor 	<p>5 years December 2013</p> <p>3 years December 2011</p> <p>From April 2009 to June 2009</p> <p>April 2009</p> <p>To be completed by June 2009</p>
<p>Reduction of Pesticide usage by especially Class IA and Class IB for leaf eating caterpillars <i>Metisa plana</i>, <i>Mahasena corbetti</i> and <i>Setora nitens</i>.</p>	<ol style="list-style-type: none"> Promotes more on biological control on leaf eating pests by planting more beneficial nectariferous plants species like <i>Turnera subulata</i>, <i>Cassia cobenensis</i> and <i>antigonon leptopus</i>. 	<p>Linbar 1 will need 3 years to complete the programme June 2011</p> <p>Linbar 2 to be completed by 3 years June 2011</p> <p>Sakilan estate to be completed by 2 years</p>

Indicator 8.1.1		June 2010.
Construction of New Fertilizer Store in Linbar 1	1. Fertilizer store 1 unit 90'X35'with pollution prevent plans	June 2010
Estate Name	Continuous Improvement Programmes in Social	Target
Sakilan	Division1 -Creche 1 unit. Division 1 -Worker's housing development 6X4 units. Division 2 – Building Creche 1 unit Division 2 Worker's housing development 3X4 units Division 2 Worker's housing development 3X4 units	June 2009 June 2010 June 2010 June 2010 June 2012
Linbar 1	Assistants' Manager's Housing 1X2 units Staff Housing 4X2 units(Semi Detached) Worker's' housing 4X4 units Humana School 1 unit	June 2009 June 2009 June 2011 June 2012
Linbar 2	Workers' housing development 4X4 units Workers' housing development 4X4 units	June 2009 June 2010
Sakilan Oil mill	Housing are fully integrated, therefore no programmes	-

The detail of calculation and data are shown in excel format file 6. indicator 8.1.1 reduction in pesticide
This summary shows the chemicals that only show reduction in usage (a.i. (l) or (g) per oil palm planted hectare basis)

Mean Reduction in some pesticides use

Types of pesticide	Uses of pesticide and Classification	a.i. (l) or (g) per planted hectare ^{1/}			
		2004/2005	2005/2006	2006/2007	2007/2008
Paraquat dichloride 13%	Used in frequent flood prone areas and wild oil palm seedlings and to avoid new weeds succession Class 1A	0.2444	0.0624	0.1064	0.1023
Fluroxypyr 1-Methyl Hephthyl 29.6%	Used specially for creepers Class 1V	0.0966	0.0057	0.00	0.00
2.4. D Dimethylmine 60%	General weed and underground stem Class II.	0.0118	0.0111	0.0214	0.00800
Triclopyr butoxy ethyl ester (32.1%)	Meant for hardy shrubs Class IV	0.0526	0.0831	0.0555	0.0287
Methamidophos 50%	Exclusively used for trunk injection to kill leaf eating nettle caterpillar or bagworms. Class 1B	0.00	0.00	0.00	0.01149
Monocrotophos 55%	Exclusively used for trunk injection to kill leaf eating nettle caterpillar or bagworms Class 1A	0.00	0.00	0.00	0.00
Brodifocum 0.003%	This is a rodenticide Class IV	2.53 x 10 ⁻⁶	7.57 x 10 ⁻⁶	3.95 x 10 ⁻⁶	9.64 x 10 ⁻⁷

1/ Oil palm planted area of 3 estates is 6442 hectares

Reduction of herbicide usage was shown in Paraquat di chloride, Fluroxypyr 1-Methyl Hephthyl, 2.4. D Dimethylmine, Triclopyr butoxy ethyl ester. As for rodenticide, reduction was seen in brodifocum usage. Methamidophos and monocrotophos are used only if necessary as per integrated pest management programme. Methamidophos was only used in Sakilan estate lately, but the usage in other 2 estates was zero quantity.

There were no reduction in glyphosate isopropylamine 41%, and metsulfuron methyl 20% in all the 3 estates.

Appendix “D”

Nonconformities, Corrective Actions and Observations Summary

Observations / Opportunities for Improvement - 12

4.3.2 Sakilan estate needs to ensure that palm fronds are thinned to allow sufficient sunlight to propagate growth of ground cover plant to prevent erosion is sloped or steep areas

4.3.3 The road maintenance plan for Sakilan Estate does not show details of actual roads to be graded and maintained in the road management plan. It needs to indicate dates and roads to be maintained as well as whether the plan as been followed

4.4.1 Some buffer/riparian zones are inside the limit set in Sabah with regards to some rivers and streams. It is acknowledged that these palms were planted prior to 2005 however they are to be re-established and restored

4.7.1 It should be ensured that hazards and risks when determined are correctly rated as far as risk and take into account previous "accident/incident" records when determining risk level

5.3.2 There is a requirement to systematically inspect sediment traps and other pollution control devices to ensure they are working efficiently. This includes the introduction of a scheduled regular inspection regimen and cleaning when required. Records of this inspection and cleaning are to be kept and current

5.6.1 There is a requirement to monitor and maintain a scheduled timetable/plan to reduce and control pollution levels. All inspections to be carried on a timed basis rather than ad hoc

6.1.3 Sakilan group has not yet at this stage nominated the person responsible for implementation and review and findings of plans to mitigate any social impacts

6.3.1 The register named the grievance/complaint book should be renamed the enquiry book as it includes many request for assistance and very few complaints. Any donations made by IOI Sakilan should determine the monetary value of these donations and record them

6.5.3 There is no StOP is place for disposal of medical waste. Should maintain a record (up to date) of disposal of sharps and also up date and keep current the inventory for medicines etc. Ensure that when suppliers deliver medicines with an expiry date that the date has sufficient time to allow for use. Should also report when responsible people do not pick up waste as scheduled

6.6.1 The ECC is in place for foreign workers as not allowed by law to form trade unions

6.8 Equal Opportunity policy needs to be translated and made known to workers

6.10.3 There should a record of any payment claims from sub contractors and suppliers even if claims are not warranted to guarantee fairness and transparency

Nonconformities (Summary)

7 Minor Nonconformities/Improvement Requests

2 Major Nonconformities

Minor Nonconformities/Improvement Requests (Detail)

RSPO Indicator	NCR Ref	Details
4.1.2 Records of monitoring and the actions taken are	AT 01	The results of monitoring of operating procedures are not always consistent and therefore actions are

<p>maintained and kept for a minimum of 12 months</p>		<p>not always taken to rectify any non conformity in a timely manner or that management is not aware of any non conformity</p> <p>Action taken: This indicator 4.1.2 is the follow up of indicator 4.1.1. i.e. about standard operating procedures. Sakilan Group have a standard operating procedures for both estate and oil mill. Sakilan Group would like to emphasize that all the operations in the estate and oil mill needs to be monitored closely as indicated in the standard operating procedures. It is the company internal Group policy to keep all the records for 7 years for internal auditing, external auditing and moreover the country's annual income tax auditing too (Attachment 3). Without monitoring and book keeping of operation, one cannot run a plantation and oil mill cost effectively. Items given in standard operating procedure are completely monitored from nursery to crop milling up to Crude Palm Oil (CPO). Some of the monitoring of operations documents that I can think of now in the estate and oil mill is as follows, but is not necessarily limited to mention below;</p> <p>There is a Cost book for manuring, weeding, crop book for harvesting, stock issue, store issues of pesticide, work programme, payment records, work order, muster chit, IC1 and IC2, mill daily quality report, daily weighbridge tickets, harvesting round, rat baiting record book, map of beneficial plants for planting, leaf eating bagworm or nettle caterpillar census, road maintenance programme (records of payment on road-works with attachment of map and Final Contract Certificate of Payment (FCCP)), pruning records, EFB programme and daily weighbridge tickets and payment of EFB through check roll, cost book for rodenticide application, vehicle running book, vehicle service book, daily diesel usage records etc.,. Maintenance and monitoring records are available for each palm oil processing station. Sterilizer, Kernel plant, oil room, boiler, tippler press stations, effluent ponds, empty fruit bunch bay and workshop.</p> <p>This action is acceptable and would be effective if put in place</p>
<p>4.4.7 Evidence of a water management plan</p>	<p>AT 02</p>	<p>There is no formal water management plan in place at Sakilan group</p> <p>Action Taken: In oil palm agriculture, water management is essential in acid sulphate, potential acid sulphate and peat, whereby field drains are cut at every four to eight palm rows and connect to collection drain to maintain water at certain level. As for saline soils, high tide bunds are made along the boundaries of the field to prevent high tide water to enter in the field. Even to build a bund one may need a stakeholder consultation and Government licence because by protecting a person's land will create a nuisance to neighbouring landowners. However, Sakilan Group has plans and standard operating procedures for water management of acid sulphate and peat areas (Attachment 6) in the estates that is applicable, although it is not applicable for Linbar Grouping and Sakilan estates.</p> <p>This action is acceptable to rectify the lack of a Water Management Plan</p>
<p>5.3.2 Having identified wastes</p>	<p>AT 03</p>	<p>There is a need to properly plan and control all</p>

<p>and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution</p>		<p>landfills and raise awareness to improve their effectiveness and management. Landfills to be clearly defined as to boundaries require control of rubbish collection and dumping, ensure dumping parameters are in place, mark landfill with GPS and also record start and finish dates for each landfill.</p> <p>Action Taken: Much of the landfill issues on management plans have been drawn out and the actions mentioned here is related to major non compliance NCR Ref AT09</p> <p>Action is acceptable</p>
<p>5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution</p>	<p>AT04</p>	<p>The control of hydrocarbon including spills and bulk containment is not adequately control. Evidence of many untreated spills. Drip trays are not being used to catch hydrocarbons resulting in ground pollution and possible water pollution. Improvement is also required in some areas of pesticide spill control. All drips which waste resources and cause pollution to be reported and repaired immediately.</p> <p>Action Taken: It was immediately instructed that the hydro carbon spills from bulk container to be salvaged by drip trays and the leaks on the floor and ground to be swept by dry fibre (easily available from the oil mill) or saw dust. Use of spill kits (with fibre and/or saw dust) was extended to Workshop, Schedule waste stores and pesticide stores.</p> <p>This action is acceptable and should be effective in controlling of spills and managing containment of hazardous substances</p>
<p>5.5.3 No evidence of burning waste (including domestic waste)</p>	<p>AT 05</p>	<p>There were at least two instances observed which indicated that burning of domestic waste does take place</p> <p>Action Taken: No Burning policy will be enforced via regular inspections of domestic areas</p> <p>Action will be reviewed at surveillance audit however plan is acceptable</p>
<p>6.2.3 Maintenance of a list of stakeholders, records of all communications and records of actions taken in response to input from stakeholders</p>	<p>AT 06</p>	<p>All NGO's have not been included in the listed of stakeholders – only Humana included</p> <p>Action Taken: No plans at this stage. The inclusion of additional NGO's will have to decide at Senior Management level. No decisions can be made at this time</p>
<p>6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).</p>	<p>AT 07</p>	<p>There no evidence of testing of drinking water from individual tanks provided even though at times these tanks are miss –used by residents, there is some evidence of the keeping of pesticide applicators near housing, drains in the line site require de-silting to reduce mosquito breeding and attraction of vermin</p> <p>Action Taken: Programmes have been put in place to clean the tanks once in a year. The water quality on basic fundamental parameters will be analysed in a random sample manner (at 10% of the population at each sampling time) at quarterly basis.</p> <p>Action acceptable</p>

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Major Nonconformities (Detail)

<p>2.1.2 Evidence of compliance with legal requirements</p>	<p>AT 08</p>	<p>The drinking water being provided by IOI Sakilan to residents is outside the pure drinking water national standards via outside lab results. There is no evidence of either any action being taken to ensure the water is compliant and to have the water retested. Evidence of E.Coli Therefore cannot determine if legal drinking water requirements are being met</p> <p>Action Taken: We have the first qualitative water testing on <i>E. coli</i> after chlorination treatment (Attachment 7). The results are negative. The chlorination was initiated 18th October 2008. The test results that you show in Sakilan oil mill was before chlorination. We will continue to do quarterly testing on E. coli through an independent Lab. I hope this matter will looked into favourably – records indicate water quality is now within guidelines.</p> <p>This action was acceptable as evidence was provided of water testing by an Independent Accredited Laboratory and results were within legal limits</p>
<p>5.3.1 Documented identification of all waste products and sources of pollution</p>	<p>AT 09</p>	<p>A Major Non Conformance was raised due to the fact that high levels of waste generated al Linbar 1 is not either identified of correctly disposed of and is unsightly. There are many areas of pollution via poor control of waste throughout this line site</p> <p>Action Taken: IOI have enclosing some pictures (pages 5 6 7 and 8) of cleaning worker's quarters before and after in Linbar 1. A new management plan for Linbar 1 is enclosed herewith (Attachment 8). IOI have conducted a campaign of neighbourhood cleaning. At the same time, training has been given to workers to maintain their own housing area clean. Discipline will be instilled within the workers community on keeping the houses clean through programmes and by plans for executives to visit housing area on cleanliness. IOI will continue to use the recently excavated small landfill in Linbar 1 (photo of landfill shown by Mr. Sinadasan when we were on our way back from Linbar 2) until June 2009. Management plans are included to transfer the domestic waste to Linbar 2 effective from June 2009 with recycling of plastics, paper, metal, tyres batteries etc.</p> <p>All waste and sources of pollution have now been included and identified and action is therefore acceptable – A sample of photographs of the areas identified were received and areas were cleaned up – action accepted</p>

Appendix “E”

Stakeholders – Sakilan Group

Stakeholders – Sakilan Group

Name	Role	Contact Person	Address	Tel. No.
Klinik Liew	Panel Clinic / VMO	Dr. Syed, Dr. Michael, Ms. Catherine.	Lot 3, Block C, Bandar Sibugajaya, Mile 8, BQ 4368, Mail Bag No. 8, 90700 Sandakan	089-660320/660468
Labour Department, Sandakan	Labour issues	En. Abd. Rahman bin Daud	Bangunan SEDCO, Block B, Lot 1, WDT 120, 90200 Kinabatangan E-Mail : pbsdkn@mohr.gov.my	089-5619767
Labour Office	Labour issues	En. Ismail Harun	Bhgn. Sandakan, 4 th Floor, Federal Building, W D T 26, Jalan Labuk, 90500 Sandakan	089-668340/668604
Immigration Department, Sandakan	Immigration issues	En. Pangiran Awang Yusuf bin Pangiran Ali, En. Jairin	1st Floor, Federal Building, Mile 7, 90500 Sandakan	089-668308, 089-668309/668328
Beluran Hospital	Medical	Dr. Choong Khim Fen, En. Borring	Locked Bag No. 2, 90109 Beluran	089-511233/511333
Kinabatangan Hospital	Medical	Pn. Maimunah	W D T 200, 90200 Kota Kinabatangan	089-561857
Duchess of Kent Hospital	Medical	Norzaimah	KM 3.2, Jln Utara, 90000 Sandakan	089-212111
Sandakan Municipal Council	Council	Pn. Nurmidah binti Hamid, En. Mansur Kawi	Ground Floor, MPS Building, 90000 Sandakan E-Mail : Nurmidah.Hamid@sabah.com.my, P O Box 221, 90700 Sandakan	089-226442, 089-275400
Telekom Malaysia Berhad	Tele-communications	En. Bakar	Kedai Telekom, 6 th Floor, Khoo Siak Chiew Building, Sandakan	089-219122
Malaysian Palm Oil Association (MPOA) Sabah	Palm Oil Association	Tuan Haji Awaludin Haji Abd. Ghani	1st Floor, Lot 3, Block 6, Bandar Indah, Mile 4, Jalan Utara, 90000 Sandakan E-Mail : mpoa@tm.net.my	089-225863
Malaysian Palm Oil Board (MPOB) Sabah	Palm Oil Board	En. Ahzahar bin Amir & En. Noor Sidek bin Dali	KM 10, Jalan Tengah Nipah, Locked Bag No. 4, 91109 Lahad Datu	089-822029
Land & Survey Department	Land & survey issues	En. Alan Chua	W D T No. 29, 90500 Sandakan	089-667816
Forest Research Centre, Sepilok	Forestry	Dr. Lee Nying Fah	P O Box 1407, Mile 14, Labuk Road, 90715 Sandakan E-Mail : yingfah.lee@sabah.gov.my	089-531184
Forestry Department	Forestry	Mr. Robert Ong	Batu 6, Jalan Labuk, Sandakan	019-6682945, 089-538202/3
AY Enterprise	Sapling	Mr. Clement	Lot 378, Phase 3, Taman Fajar, Jalan Airport, Sandakan	089-224858,

	supplier (Linbar 2)			013-8831896
Veterinary Department	Veterinary	En. Hassim Awang	P O Box 36, 90107 Beluran, Sandakan	019-5844520
Social Security Organisation (SOCSO)	SOCSCO	Cik Rafidah Binti Ansar, En. Imlan	Lot 4, Block 5, Lrg. Bandar Indah 1, Bandar Indah, Mile 4, Utara Road 9000 Sandakan	089-219937
Department of Safety and Health (DOSH)	Safety &Health	En. Jaili Dollah, Pn. Marilene	1st Floor, Wisma Perkeso, No. 11, Lorong Sempalang, 88858 Tanjong Aru, Kota Kinabalu E-Mail : jktsb@mohr.gov.my	088-235855 / 230855
Department of Environment (DOE), Sandakan	Environment	En. Abdul Aziz bin Shik	2nd Floor, Wisma Saban, Mile 7 1/2, Labuk Road, 90000 Sandakan E-Mail : acc@doe.gov.my	089-674745
Fire Brigade Department (Bomba)	Fire & Rescue	Tuan Ali bin Abu, En. Malik, Tn. Alias Abu	Mile 3, Jalan Utara, P O Box 1465, 90716 Sandakan	089-214444 / 214144
Employee Provident Fund (KWSP)	EPF	En. Josley Tiasing	Lot 116, Bandar Pasarya, Locked Bag No. 36, Utara Road, 90009 Sandakan	089-210632
Inland Revenue, Sandakan	Inland Revenue	En. Syahar Bin Md. Shukor	3rd Floor, Federal Building, P. O. Box 1350, 90714 Sandakan	089-674711
Public Works Department (JKR), Sandakan	Public Works	Tuan Haji Kamaruddin bin Awang Abbas	Mile 3 1/2, Utara Road, P. O. Box 29, 90700 Sandakan	089-273733
Public Works Department (JKR), Beluran	Public Works	En. Andrew Durat Misun	P. O. Box 116, 90107 Beluran	089-511206 / 511380
Sabah Elektrik Sdn. Bhd.	Utilities	Ms. Chua	Jln Batu Sapi, Sandakan	089- 619623/615454
Police Station ,Sandakan	Law Enforcement	DSP Bong Lian Min, Constable Nicholas	P. O. Box 37, 90700 Sandakan	089-212222
Police Station Mile 30, Sandakan	Law Enforcement	S. Zaini	Mile 30, Sandakan	089-565517
Police Station, Sandakan Town	Law Enforcement	En. Rosli Mohd Isa	Sandakan	089-203222
Police Station, Beluran	Law Enforcement	Chief Inspector En. Abdul Salam Ayub, Sergeant Dollah	W D T 12, 90109 Beluran	089-511222
Police Station, Kinabatangan	Law Enforcement	Sergeant Shafee	District Headquarters, Police District Headquarters, W D T 17, 90200 Kinabatangan	089-561890
SK Sakilan Desa	Education	Pn. Saloma Ismail	W D T 135, 90009 Sandakan	089-232038
SK Moynod	Education	En. Zakaria Abdullah	W D T 1, 90109 Beluran	013-5563881
Humana Child & Society Sabah (HUMANA)	NGO Education	Mr. Torben Venning	P. O. Box 61850, 91127 Lahad Datu E-Mail : info@borneochild.org	089-886400
WWF-Malaysia	NGO Environment	Julia Majail / Kertijah Abdul Kadir	WWF-Malaysia, Suite 1-6-W11, 6th Floor, CPS Tower, Ctr. Point Complex, No.1, Jalan Centre Point, 88800 Kota Kinabalu, Sabah. Email: jmajail@wwfmalaysia.org	089-886400
Ng Sian Hap Pottery Factory (Sabah) Sdn. Bhd.	Scheduled (used engine and hydraulic	Mr. Ng Sing Kuai	KM 29, Kpg Bakut, Jalan Tuaran, 89209 Turan	016-8716320

	lubricants) Waste Agent			
c/o Tiong Chong Transport Enterprise	Scheduled (used engine and hydraulic lubricants) Waste Agent	Mr. Norbert Su	Mile 18, Kampung Bakut, Jalan Tuaran	088-788591 Fax: 088-793526
Faber Medi-Serve Sdn. Bhd.	Scheduled Waste (Clinical) Agent	Paulus Yong	Lot 6 & 7, Lorong Grace, Square 2, 88100 Kota Kinabalu	088-257592 Fax: 088-253584
Kedai Runcit Maju Jaya Trading	Shopkeeper	Mrs. Pang Lee Mee	Batu 8, Jalan Labuk, Peti Surat 837, 90008 Sandakan	013-5557555 019-8046229
Best Trading	Shopkeeper	Tan Hai Chai	P.O. Box 100 Batu 1 ½, 900307 Sandakan	013-5557555
Kampung Lung Manis	Market Stall Operator	Mustari/Burhannudin	Jalan Lungmanis, Mile 45, Sandakan	019-5834209
Admund Yasung	Surrounding smallholder (Linbar 1)	Admund Yasung	Kg. Pahu Sg. Lokan	014-8728801
Safri Binti Nara	Surrounding smallholder (Linbar 1)	Safri Binti Nara	Kg. Pahu Sg. Lokan	013-8707417
Malsa Corporation Sdn. Bhd	Neighbouring Plantations (Sakilan)	Paul Lo Phin	P.O. Box 892, 90710 Sandakan	089-518898
Chip Pau Estate	Neighbouring Plantations (Sakilan)	Chia	P.O. Box 144, 90710 Sandakan	019-8826000
IJMP (Minat Teguh Estate)	Neighbouring Plantations (Sakilan)	Murugan A/L Munusamy	BQ 3933 Mail Box 08, 90009 Sandakan	019-8041138 089-231038
Gedau Estate	Neighbouring Plantations (Linbar 1)	Sani Lim	KM 10, Mile 65, Sandakan	089-518803, 011-812606
Sri Pin Estate	Neighbouring Plantations (Linbar 1)	Mr. Lee Choi Seng	P.O. Box 112, 90710 Sandakan	011-887385
Malbumi Estate	Neighbouring Plantations (Linbar 1)	Edward Eng	P.O. Box 3535, 90739 Sandakan	089-230055
PPNS	Neighbouring Plantations (Linbar 1)	Habib Abdul Malik	Jalan Lungmanis (Sandakan-Telupid)	016-5857892

Appendix “F”

Time Bound Certification Plan – IOI Corporation Berhad

SCHEDULE FOR RSPO CERTIFICATION OF IOI ESTATES IN SABAH AND PENINSULAR MALAYSIA

Jan'08	Feb'08	Mar'08	Apr'08	May'08	Jun'08	Jul'08	Aug'08	Sep'08	Oct'08	Nov'08	Dec'08
				Pamol Sabah Oil mill (Covering 6 estates) *						Sakilan Oil mill (Covering 3 estates) *	
Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09
	Pamol Kluang Oil mill (Covering 6 estates)					Gomali Oil mill (Covering 9 estates)	Pukin Oil mill (Covering 5 estates)		Bukit Lee Lau Oil mill (Covering 5 estates)		
Jan'10	Feb'10	Mar'10	Apr'10	May'10	Jun'10	Jul'10	Aug'10	Sep'10	Oct'10	Nov'10	Dec'10
		Baturong Oil mill (Covering 4 estates)		Mayvin Oil mill (Covering 5 estates)			Ladang Sabah Oil mill (Covering 8 estates)				
Jan'11	Feb'11	Mar'11	Apr'11	May'11	Jun'11	Jul'11	Aug'11	Sep'11	Oct'11	Nov'11	Dec'11
		Morisem Oil mill (Covering 9 estates)	Leepang oil mill (7 estates)		Syarimo Oil mill (Covering 9 estates)-	-	-	-	-	-	-

- Completed the audit.

NAME OF THE PLANTATION MANAGEMENT UNIT:			
Estates	Size (ha)	Location	Other Information
<i>Pamol Sabah Oil Mill, Sabah (Audited in May 2008).</i>			
Meliau Estate.	2,998	Sandakan, Sabah	
Bayok Estate.	2,210	Sandakan, Sabah	
Tindakon Estate.	1,579	Sandakan, Sabah	

Rungus Estate.	2,560	Sandakan, Sabah	
Nangoh Estate.	1,834	Sandakan, Sabah	
Ulu Estate.	2,331	Sandakan, Sabah	
Sugut Estate (certification under IJM)	713	Sandakan, Sabah	100% Crop sent to IJM Plantation Oil Mill.
<i>Sakilan Oil Mill, Sabah (Audited November 2008).</i>			
Sakilan Estate.	2,142	Sandakan, Sabah	
Linbar 1 Estate.	2,458	Sandakan, Sabah	
Linbar 2 Estate.	1,842	Sandakan, Sabah	
<i>Pamol Kluang Oil Mill, Peninsular (to be audited by February 2009).</i>			
Pamol Barat Estate.	2,213	Kluang, Johor	
Mamor Estate.	1,902	Kluang, Johor	
Pamol Timur Estate.	2,167	Kluang, Johor	
Swee Lam Estate.	1,234	Kluang, Johor	
Unijaya Estate.	1,194	Kluang, Johor	
Kahang Estate.	2,271	Kluang, Johor	
<i>Gomali Oil Mill, Peninsular (to be audited July 2009).</i>			
Bukit Serampang.	2,725	Tangkak, Johor	
Gomali.	3,595	Segamat, Johor	
Sagil.	2,518	Tangkak, Johor	
Paya Lang	1,476	Segamat, Johor	
Tambang.	2,020	Segamat, Johor	
Reagent Estate.	2,313	Tampin, N. Sembilan	
Kuala Jelai.	678	K. Pilah, N. Sembilan	
Bukit Dinding.	1,660	Bentong, Peninsular	
Bahau.	3,028	K. Pilah, N. Sembilan	
Bertam Estate	734	Malacca.	
<i>Pukin Oil Mill, Peninsular (to be audited August 2009)</i>			
Leepang A Estate.	2,404	Rompin, Pahang	
Laukin A Estate.	1,620	Rompin, Pahang	
Shahzan IOI.	3,204	Rompin, Pahang	
Segamat Estate.	1,946	Segamat, Johor	
Pukin Estate.	2,437	Pekan Rompin, Pahang	
<i>Bukit Leelau Oil Mill, Peninsular (to be audited October 2009).</i>			
Bukit Leelau Estate.	2,096	Pekan, Pahang	
Merkassar Estate	1,216	Pekan Rompin, Pahang	
Merchong.Estate	1,952	Pekan, Pahang	
Detas Estate.	2,301	Pekan, Pahang	

<i>Baturong Oil Mill, Sabah (to be audited March 2010).</i>			
Baturong 1	2,822	Lahad Datu, Sabah	
Baturong 2	2,351	Lahad Datu, Sabah	
Baturong 3	1,858	Lahad Datu, Sabah	
Cantawan	1,452	Lahad Datu, Sabah	
<i>Mayvin Oil Mill, Sabah. (to be audited May 2010).</i>			
Mayvin 1.	1,509	Lahad Datu, Sabah	
Mayvin 2 / 3.	1,657	Lahad Datu, Sabah	
Mayvin 5.	1,644	Lahad Datu, Sabah	
Mayvin 6.	1,717	Lahad Datu, Sabah	
Tangkalap	2,192	Lahad Datu, Sabah	
<i>Ladang Sabah Oil Mill (to be audited August 2010)</i>			
Luangmanis	2505	Sandakan, Sabah	
Terusan Baru / Mayvin 4	2118	Sandakan, Sabah	
Moynod.	2804	Sandakan, Sabah	
Laukin.	1998	Sandakan, Sabah	
Sg. Sapi.	1220	Sandakan, Sabah	
Labuk	1646	Sandakan, Sabah	
Bimbingan 1.	1795	Sandakan, Sabah	
Bimbingan 2	1735	Sandakan, Sabah	
<i>Morisem B Oil Mill, Sabah (to be audited March 2011).</i>			
Tas	1,168	Lahad Datu, Sabah	
Halusah.	760	Lahad Datu, Sabah	
Morisem 1	1,919	Lahad Datu, Sabah	
Morisem 2	1,892	Lahad Datu, Sabah	
Morisem 3.	1,886	Lahad Datu, Sabah	
Morisem 4.	1,909	Lahad Datu, Sabah	
Leepang 2.	2,003	Lahad Datu, Sabah	
Leepang 3.	1,846	Lahad Datu, Sabah	
Leepang 4	1,388	Lahad Datu, Sabah	
<i>Leepang Oil Mill, Sabah (to be audited in April 2011).</i>			
Permodalan 1.	2,131	Lahad Datu, Sabah	
Permodalan 2.	1,829	Lahad Datu, Sabah	
Permodalan 3.	2,437	Lahad Datu, Sabah	
Permodalan 4.	1,760	Lahad Datu, Sabah	
Leepang 1.	2,229	Lahad Datu, Sabah	
Leepang 5.	1,658	Lahad Datu, Sabah	

Morisem 5.	1,798	Lahad Datu, Sabah	
<i>Syarimo Oil Mill, Sabah. (to be audited June 2011).</i>			
Syarimo 1	1,836	Lahad Datu, Sabah	
Syarimo 2	1,750	Lahad Datu, Sabah	
Syarimo 3	2,328	Lahad Datu, Sabah	
Syarimo 4	1,945	Lahad Datu, Sabah	
Syarimo 5	2,094	Lahad Datu, Sabah	
Syarimo 6	1,614	Lahad Datu, Sabah	
Syarimo 7	1,977	Lahad Datu, Sabah	
Syarimo 8	1,650	Lahad Datu, Sabah	
Syarimo 9	1,655	Lahad Datu, Sabah	