

**MALAYSIAN SUSTAINABLE PALM OIL  
- ANNUAL SURVEILLANCE ASSESSMENT 2  
Public Summary Report**

<b>IOI Corporation Berhad</b>
Head Office: IOI City Tower 2, Lebuhr IRC IOI Resort City 62502 Putrajaya, Malaysia
Certification Unit: Ladang Sabah Sdn Bhd Ladang Sabah Palm Oil Mill & Group Estates
Location of Certification Unit: Mile 45, Sandakan/Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia

**Report prepared by:**  
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**Report Number: 3143013**

**Assessment Conducted by:**  
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### Section 1: Executive Summary

<b>1.1 Organizational Information and Contact Person</b>			
MPOB License	Ladang Sabah Palm Oil Mill, license no. 500264-104000 valid until 30/06/2020 Ladang Sabah Sdn Bhd (Moynod, Luangmanis, Sungai Sapi, Labuk Estate) license no. 501728-102000 valid until 30/04/2020 Laukin Estate, license no. 502981-602000 valid until 31/12/2020 Palmco Plantation (Sabah) Sdn Bhd (Bimbangan 1 and Bimbangan 2 Estate) license no. 503278-702000 valid until 31/12/2020 Terusan Baru Estate, license no. 502292-602000 valid until 30/11/2020		
Company Name	IOI Corporation Berhad		
Address	IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Malaysia		
Group name if applicable:	Ladang Sabah Sdn Bhd Ladang Sabah Palm Oil Mill		
Subsidiary of (if applicable)	Mile 45, Sandakan/Telupid WDT 164 90009 Sandakan, Sabah, Malaysia		
Contact Person Name	Mr. William Siow Kar Dat - Sustainability Manager, Plantation Division, IOI HQ		
Website	<a href="http://www.ioigroup.com">www.ioigroup.com</a>	E-mail	<a href="mailto:william.siow@ioigroup.com">william.siow@ioigroup.com</a>
Telephone	+603-89478888 (Head Office) +6089-509101 (Regional Office) +6089-568908 (Ladang Sabah POM)	Facsimile	+603-89432266 (Head Office) +6089-509100 (Regional Office) +6089-568909 (Ladang Sabah POM)

<b>1.2 Certification Information</b>			
Certificate Number	Plantation : MSPO 723824 Mill : MSPO 723823		
Issue Date	20/06/2018	Expiry date	19/06/2023
Scope of Certification	Plantation : Production of Sustainable Oil Palm Fruits Mill : Production of Sustainable Palm Oil and Palm Oil Products		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	09-10/11/2017		
Continuous Assessment Visit Date (CAV) 1	26-28/02/2019		
Continuous Assessment Visit Date (CAV) 2	13-16/01/2020		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
<b>Other Certifications</b>			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date

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RSPO 687135	RSPO P&C 2013 ; MYNI 2014, RSPO SCCS 2017	BSI Services Malaysia Sdn. Bhd.	02/04/2023
EU-ISCC-Cert_ID218-20190081	ISCC EU	INTERTEK	10/08/2020
MSPO 712340	MSPO Supply Chain Certification Standard	BSI Services Malaysia Sdn. Bhd.	29/05/2024

### 1.3 Location of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Latitude	Longitude
Ladang Sabah POM	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 43' 47.96" N	117° 34' 39.90" E
Bimbingan 1 Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 38' 3.91" N	117° 28' 35.18" E
Bimbingan 2 Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 37' 0.41" N	117° 26' 3.55" E
Labuk Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 42' 45.99" N	117° 29' 40.91" E
Moynod Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 43' 56.46" N	117° 35' 54.28" E
Luangmanis Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 45' 30.28" N	117° 35' 52.66" E
Terusan Baru Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 46' 50.56" N	117° 34' 36.01" E
Laukin Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 46' 29.35" N	117° 32' 2.47" E
Sg. Sapi Estate	Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah	05° 48' 18.29" N	117° 29' 28.21" E

### 1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Bimbingan 1 Estate	742	127	0	847	0
Bimbingan 2 Estate	512	0	0	1,215	0
Labuk Estate	244	0	1,779	370	0
Moynod Estate	560	154	0	2,029	0
Luangmanis Estate	768	0	0	1,477	198
Terusan Baru Estate	433	799	156	637	201

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Laukin Estate	363	0	0	1,530	0
Sg. Sapi Estate	235	0	0	975	0
<b>Total</b>	<b>3,857</b>	<b>1,080</b>	<b>1,935</b>	<b>9,080</b>	<b>399</b>

### 1.5 FFB Production (Actual) and Projected (tonnage)

Producer Group	Estimated 2018/2019	Actual (Feb 19 – Dec 2019)	Forecast (Jan – Dec 20)
Bimbingan 1 Estate	32,550	23,468.06	29,765
Bimbingan 2 Estate	33,670	27,952.41	20,346
Labuk Estate	64,060	57,320.30	56,936
Moynod Estate	58,860	52,643.88	51,260
Luangmanis Estate	58,800	48,520.66	38,598
Terusan Baru Estate	44,460	43,279.71	38,060
Laukin Estate	47,330	36,083.66	34,136
Sg. Sapi Estate	35,380	28,722.47	26,022
<b>Total</b>	<b>375,110</b>	<b>317,991.15</b>	<b>295,123</b>

### 1.6 Certified CPO / PK Tonnage

Ladang Sabah POM 90 MT/hr	Estimated (2018/2019)	Actual (Feb 19 – Dec 2019)	Forecast (Jan – Dec 20)
	<b>CPO (OER: 21.00 %)</b>	<b>CPO (OER:20.59 %)</b>	<b>CPO (OER: 21.00 %)</b>
	78,773	65,474.38	61,975.83
Module: MB	PK (KER:5.5 %)	PK (KER: 5.54 %)	PK (KER:5.5%)
	20,631	17,171.52	16231.77

### 1.7 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Bimbingan 1 Estate	1,716.00	0	221.39	1,937.39	88.57
Bimbingan 2 Estate	1,727.00	0	228.61	1,955.61	88.31

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Labuk Estate	2,299.00	85.97	189.53	2,668.50	86.15
Moynod Estate	2,743.00	0	300.71	3,043.71	90.12
Luangmanis Estate	2,443.00	0	270.29	2,713.29	90.04
Terusan Baru Estate	2,226.00	60.97	216.56	2,503.53	88.91
Laukin Estate	1,893.00	0	235.00	2,128.00	88.96
Sg. Sapi Estate	1,210.00	33.70	55.60	1,299.30	93.13
<b>Total</b>	16,257.00	180.64	1717.69	18,249.33	89.10

*\*planted area reduced due to resurvey during replanting*

### 1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment 2 (ASA2) of Ladang Sabah Sdn Bhd, Ladang Sabah Palm Oil Mill located at Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah comprising 1 mill, 8 estates and infrastructures.

The onsite assessment was conducted to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.

The assessment is a combined assessment for the mill and the group of estates that is supplying to the mill. However the assessment criteria for the mill and the estates were separated following to the required standards. The certification assessment scope is , Ladang Sabah Palm Oil Mill and Ladang Sabah Sdn Bhd group estates which acts as the group manager for the certification unit. This report is the combined report for Ladang Sabah Palm Oil Mill and Ladang Sabah Sdn Bhd group estates.

The onsite assessment was conducted on 13-16/1/20. Based on the assessment result, Ladang Sabah Palm Oil Mill and Ladang Sabah Sdn Bhd group estates complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 25304:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification to be continued.

## **Section 2: Assessment Process**

### **Certification Body:**

BSI Services Malaysia Sdn Bhd,  
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BSI is a leading global provider of management systems assessment and certification, with more than 80,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

### **Assessment Methodology, Programme, Site Visits**

This on-site assessment was conducted from 13-16 January 2020. The audit programme is included as Appendix A. The approach to the audit was to treat the mill or plantations as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes 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 and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 and MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula  $N = 1.0\sqrt{y}$  where  $y$  is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement. The sampling of smallholders were based on the formula  $(1.0\sqrt{y}) \times (z)$ ; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where  $y$  is total number of group members and where  $z$  is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix B.

All the previous nonconformities are remains closed. The assessment findings for the initial assessment are detailed in Section 4.2.

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This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by MSPO approved Peer Reviewer prior to certification decision by BSI.

**The following table would be used to identify the locations to be audited each year in the 5 year cycle**

<b>1. Assessment Program</b>					
<b>Name (Mill / Plantation / Group smallholders)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>
Ladang Sabah POM	√	√	√	√	√
Bimbingan 1 Estate	-	√	-	√	-
Bimbingan 2 Estate	-	-	-	√	-
Labuk Estate	-	√	-	-	√
Moynod Estate	√	-	-	√	-
Luangmanis Estate	√	-	√	-	√
Terusan Baru Estate	√	-	√	-	-
Laukin Estate	-	√	-	-	√
Sg. Sapi Estate	-	-	√	-	-

**Tentative Date of Next Visit:** January 11, 2021 - January 14, 2021

**Total No. of Mandays:** 8

### **BSI Assessment Team:**

#### **Mohamed Hidhir Zainal Abidin – Lead Auditor**

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 14001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

#### **Rahayu Zulkifli – Team Member**

Holds a Degree in LLB (Hon), she was a practicing lawyer before joining WWF-Malaysia and RSPO as a Dispute Settlement Facility Manager. She is now working as a freelance RSPO auditor. In this assessment, the focus element includes social aspects, legal requirements, employees welfare and stakeholders consultations. She is able to communicate in Bahasa Malaysia and English.



## Section 3: Assessment Findings

### 3.1 Details of audit results

This assessment has been assessed using the following MSPO normative requirements. The assessment details are provided in Appendix A.

- MSPO MS 2530-2:2013 – General Principles for Independent Smallholders
- MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders
- MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills

### 3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During this assessment, only 1 minor nonconformity and 4 OFIs raised. Ladang Sabah POM certification unit has submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted. The effective implementation of the Corrective Actions for the minor nonconformity will be verified in the surveillance assessment.

<b>Finding Reference</b>	1873477-202001-N1	<b>Certificate Reference</b>	MSPO 723823
<b>Certificate Standard</b>	MS 2530:2013 Part-3	<b>Clause</b>	4.4.1.1 part 3
<b>Category</b>	Minor		
<b>Area/Process:</b>	Ladang Sabah group estates		
<b>Statement of non conformance:</b>	Existing and potential land issues with smallholders adjacent to the Sg Sapi Estate boundaries have not been identified in the Social Impact Assessment Review Report dated 2 January 2020.		
<b>Clause requirements</b>	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones		
<b>Objective Evidence</b>	Smallholders' allegations of overplanting by Sg Sapi Estate beyond its estate boundaries and onto land adjacent to Block 95B and Block 96A have not been identified in the SIA Review report dated 2 January 2020, and therefore, no plans for mitigation implementation is available.		
<b>Cause</b>	<p>The issue of overplanted as alleged by the smallholders has been settled since 17.07.2014. Practically, review of SIA report takes place on an annual basis and contain result from the prior stakeholder consultation conducted. Considering latest updates and result of consultation, the management had excluded the 2014 settled issue as part of content in the SIA review report dated 02.01.2020. In supporting the updates exclusion, the management had actually submitted an invitation letter to the smallholders adjacent with Sg. Sapi Estate to attend the annual stakeholder consultation on 26.09.2019 however none of the smallholders attended which had resulted on non-identification of smallholder current issues including related land issues if any.</p>		

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<b>Correction/containment</b>
Since land issues were still being indirectly brought up by smallholders, the aspect and impact of land dispute issue will be added in the SIA review report to ensure the mitigation measure and management action plan could be properly establish should there is any potential of land dispute occurrence.
<b>Corrective action</b>
The estate management will continue the current practice of stakeholder consultation where the smallholders of Sg. Sapi are included. Provided that the smallholders were not able to attend the proposed date of stakeholder consultation meeting, a separate session for them in Sg. Sapi Estate will be conducted. This is to ensure that the SIA review is conducted with smallholder participation to ensure both parties can come to an agreement over the mitigation implementation plan if any dispute case happened in future.
The corrective action plan is accepted. Effectiveness of corrective action taken will be further verified in the next surveillance assessment.

<b>Finding Reference</b>	1873477-202001-I1	<b>Certificate Reference</b>	MSPO 723823
<b>Certificate Standard</b>	MS 2530:2013 Part-4	<b>Clause</b>	4.4.4.1 part 4
<b>Category</b>	Opportunity for Improvement		
<b>Area/Process:</b>	Ladang Sabah POM		
<b>Details</b>	Monitoring of contractor - Permit to Work @ PTW is used to monitor contractor activities in the mill. Permit issuance and cancellation is on daily basis. Information and details in the PTW can be further improved on; <ul style="list-style-type: none"> <li>i) Specific task or activity to be carried out on the said date. i.e hot work, working at height etc.</li> <li>ii) Availability of competent person and certificate of competent at site in compliance with BOWEC Regulation 1986.</li> <li>iii) Evidence of inspection done by appointed personnel to be clearly reported.</li> </ul>		

<b>Finding Reference</b>	1873477-202001-I2	<b>Certificate Reference</b>	MSPO 723823
<b>Certificate Standard</b>	MS 2530:2013 Part-3	<b>Clause</b>	4.4.4.2 (b) part 3
<b>Category</b>	Opportunity for Improvement		
<b>Area/Process:</b>	Ladang Sabah group estates		
<b>Details</b>	Hazard and risk for some of the operation/activity has yet to be specific for accurate risk analysis and control measures in the register.		

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<b>Finding Reference</b>	1873477-202001-I3	<b>Certificate Reference</b>	MSPO 723823
<b>Certificate Standard</b>	MS 2530:2013 Part-3	<b>Clause</b>	4.5.1.3 part 3
<b>Category</b>	Opportunity for Improvement		
<b>Area/Process:</b>	Ladang Sabah group estates		
<b>Details</b>	Environmental impact assessment (EIA) and management plan is documented under Environmental Impact Assessment Management Plans and CIP dated 3/1/19. Negative and positive impacts for operation have been identified and yet to include other related environmental receptors for improvement. i.e replanting and work station (genset)		

<b>Finding Reference</b>	1873477-202001-I4	<b>Certificate Reference</b>	MSPO 723823
<b>Certificate Standard</b>	MS 2530:2013 Part-4	<b>Clause</b>	4.4.4.2 (h) part 4
<b>Category</b>	Opportunity for Improvement		
<b>Area/Process:</b>	Ladang Sabah POM		
<b>Details</b>	Lesson learned/shortcoming identified during fire drill exercise to be reported for improvement.		

#### Noteworthy Positive Comments

1	Good cooperation and commitment from the management and staff
2	Management, staff and workers were able to demonstrate good understanding on sustainability

### 3.3 Status of Nonconformities Previously Identified and OFI

<b>Finding Reference</b>	N° 1 of 1	<b>Certificate Reference</b>	SGS-MSPO-MY18/1102977931
<b>Certificate Standard</b>	MS 2530:2013 Part-3	<b>Clause</b>	4.5.3.3
<b>Category</b>	Minor		
<b>Area/Process:</b>	As per summary report.		
<b>Details:</b>	Although the management has established Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 however the implementation to ensure proper and safe handling, storage and disposal was not implemented completely.		
<b>Objective evidence:</b>	It was noted that Bimbingan 1 Estate was not using the appropriate labelling for the Scheduled waste and in Labuk Estate no label was used to identify the Scheduled Waste.  Some Scheduled Waste like oil filter or empty paint container were sighted at the workshop scrap iron yard of Labuk Estate		

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	Kencis chemical tins in Labuk Estate were not tripled rinsed although they have been stored in the empty container Store.
<b>Cause</b>	
Negligence of responsibility by the responsible personnel on the importance to comply with the requirement on proper management of scheduled waste (SW).	
<b>Correction / containment</b>	
<ol style="list-style-type: none"> <li>To replace the improper labelling of SW at Bimbingan 1 Estate and to place the proper labelling to the unlabelled SW at Labuk Estate in accordance to Environmental Quality (Scheduled Wastes) Regulations 2005.</li> <li>To clear out the SW sighted at the workshop scrap iron of Labuk Estate and store at proper SW store. Inventory record will be updated.</li> </ol>	
<b>Corrective action</b>	
<ol style="list-style-type: none"> <li>Issuance of reminder letter to the person responsible for neglecting their responsibility.</li> <li>To conduct refresher training on SW management to estate personnel including topics in accordance to Environmental Quality (Scheduled Wastes) Regulations 2005 and triple rinse procedure.</li> <li>To conduct workplace inspection on regular basis to ensure correct implementation is practised and any irregular issue to be reported immediately to the management if any.</li> </ol>	
<b>ASA2 verification</b>	
<p>Refresher training was carried out on 30/4/19 by estate's assistant manager. Person in charge for scheduled waste from workshop (chief mechanic) and store (store keeper) were attended the training. Observed during site audit, proper management of schedule waste was sighted with proper storage area and labelling waste in the designated area. No issues reported in workplace inspection checklist with regards to scheduled waste management. Thus the minor NC is effectively close on 16/1/20. Continuous implementation will be further verified in the next surveillance assessment.</p>	

<b>Opportunity For Improvement</b>		
<b>Ref: OBS 1</b>	<b>Area/Process:</b>	<b>Clause: 4.5.6.1</b>
Objective Evidence:	<p><b>Bimbingan 1 Estate:</b> The latest treated water analysis conducted by Dynakey Lab Sdn Bhd sampled on 21st March 2018 was sighted. Record show that out of all the parameters tested the following were not within the Drinking Water quality standard, coliform (20 MPN / ml vs 0 MPN / 100ml)</p> <p><b>Labuk Estate:</b> Records of the treated water for Labuk Estate sampled dated 25/9/18 and March 2018 was sighted. Both the analysis showed that the iron as Fe mg/l was higher (0.589 and 0.400) mg/l) than the standard of 0.3 mg/l</p> <p><b>Laukin Estate:</b> The last 3 analysis (14/1/19, 25/9/18, 21/3/18) show that out of all the parameters tested the following was not within the Drinking Water quality standard, coliform (20 MPN / ml vs 0 MPN / 100ml)</p>	

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ASA2 verification	Based on water testing results, slight improvement was observed and most of the parameter tested are with the stipulated limit. As recommended by water chemical supplier, dosage need to be adjusted accordingly to ensure water quality is drinkable and comply with DWQS.
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<b>Opportunity For Improvement</b>		
Ref: OBS 1	Area/Process:	Clause: 4.4.5.1
Objective Evidence:	<p>At present, patrolling monitoring report in Ladang Sabah Grouping is only in estates having identified HCV area e.g. Labuk and BB1</p> <p>However, there were markings of wild boar activities along the PM99C buffer zone and sighting a monitor lizard crossing the road</p> <p>Patrolling recordings should also include these sightings within the estate instead of sightings in the identified HCV area</p>	
ASA2 verification	Based on records, patrolling activities were also covered to the areas that may have potential endangered species and adaptive management is being applied. Those area which has evidence of sightings are included in the patrolling activities.	

### 3.4 Issues Raised by Stakeholders

IS #	Description
<b>1</b>	<p><b>Feedbacks:</b></p> <p>Nine individual smallholders who claim user rights to land adjacent to Sg Sapi Estate (in particular Blocks 95B, 96B) informed that when Sg Sapi Estate first planted oil palm in the 1990's, there were over-planting which resulted in encroachment onto land which they claim to have user rights to. They have applied to the state government circa 1980's for land under the Smallholder Scheme. However, they have not yet obtained land title despite land survey being carried out. They have also showed evidence of written confirmation from the Land and Survey Department that Sg Sapi Estate has planted beyond their legal boundaries. Among the issues raised were:</p> <ul style="list-style-type: none"> <li>a) One smallholder claimed that several fruit trees such as durian, mango, mangosteen, and <i>mata kucing</i> were felled when over-planting occurred. However, she has no intention of claiming compensation because she feels that the losses would be hard to prove;</li> <li>b) The previous management of Sg Sapi Estate were aware of this over-planting. Letters were written to Manager of Ladang Sabah by a smallholder and the Lands and Surveys Department informing of this over-planting. However, no formal meetings were held to resolve the matter, and all discussions were only verbal and never recorded/minuted. They have never received any records/documentation from Sg Sapi Estate on this matter;</li> <li>c) Sg Sapi Estate has not restricted their rights to use the area where over-planting occurred;</li> <li>d) They allege that some Sg Sapi Estate workers still encroach into the area and harvest FFB beyond Sg Sapi Estate boundaries;</li> <li>e) The smallholders have felled some of the palms that Sg Sapi Estate planted to enable them to do their own replanting. However, when Sg Sapi estate commences replanting, they would like Sg Sapi Estate to fell also the overplanted palms;</li> </ul>

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	<p>f) They will strongly oppose any replanting by Sg Sapi Estate on their claimed land;</p> <p>g) They would like to commence discussion with the management of Sg Sapi Estate on items b) to f) above.</p>
	<p><b>Management Responses:</b></p> <p>This matter is inherited from the previous management. The existing management are not aware of all the identities of the smallholders. The issue of over-planting was only apparent when Sg Sapi Estate commenced replanting activities recently. However, Sg Sapi Estate is committed to resolve the matter using the correct procedures. The management will attempt to trace the smallholders, commence discussions and will ensure proper documentation of all discussions and resolutions.</p>
	<p><b>Audit Team Findings:</b></p> <p>Visual inspection of the boundary at Block 95B showed that there was over-planting. The following documents were reviewed during the audit:</p> <ol style="list-style-type: none"> <li>a. Receipt of registration fee of RM10 for land application at Beluran (L/A 82083220 serial No. G331124 dated 21 December 1982) issued to Jini Mating.</li> <li>b. Letter dated 18 May 2006 (Refence LOB:32 16 Vol. 3/88) from Juruteknik Ukur Rendah to Penolong Pemungut Hasil Tanah Beluran confirming that visual inspection showed over-planting on the part of Ladang Sabah, thus encroaching onto the piece of land one smallholder had applied for.</li> <li>c. Letter from the Land and Survey Department dated 17 October 2006 (Reference LOB 32/16 Vol.4 to Manager, Ladang Sabah Sdn Bhd informing that since it has been verified that Ladang Sabah has over-planted and encroached onto the land a smallholder had applied for, Ladang Sabah was advised not to "disturb" ("ganggu") the area, and not to prohibit the smallholder from working the land she had applied for.</li> </ol> <p>Nevertheless, the smallholders confirmed that since Sg Sapi Estate stopped maintaining and harvesting FFB from the over-planted palms, their user rights have not been curtailed, and that they are free to use the land as they wish. However, no documentation to record any discussions or resolution with the smallholders is available. All discussions were only verbally done, and therefore any purported resolutions could not be verified.</p> <p>Also sighted was IOI Group's Grievance Procedure for Land Owner Issues Process Map/Flowchart. Following the audit interview with the smallholders on 16 January 2020, the management of Sg Sapi Estate met and had a discussion with the smallholders present. The meeting was to:</p> <ol style="list-style-type: none"> <li>a. To introduce the new management team responsible for resolving the outstanding over-planting issue with affected smallholders;</li> <li>b. To hear the grievances from the smallholders;</li> <li>c. To brief them on the existing grievance and complaints procedure on matters relating to land disputes;</li> <li>d. To discuss the way forward.</li> </ol> <p>The Minutes of the meeting dated 16 January 2020 was duly sighted.</p>
<p><b>2</b></p>	<p><b>Feedbacks:</b></p> <p>Teachers from SK Moynod informed that the school is located within the premises of Moynod estate. The school receives cash and in-kind contributions from Moynod, Terusan Baru and Luangmanis estates; all of which are under the IOI group. Among them assistance received include repair of school</p>

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	<p>desks, leaking roof, electrical wiring, and provision of transportation services to ferry pupils for activities. Other critical aspects that need attention are the teachers' quarters which include leaking roof and rotting ceiling. Although the school is a government-run school, the government could not carry out repair works because the school is located within private land (Moynod Estate). However, the teachers understand the constraints of limited funding, and agree that repair works need to be prioritised by the estates, and cash contributions take time to be approved.</p> <p>The teachers also mentioned about receiving treated water from Moynod Estate. Sometimes the colour of the water is brown and odorous.</p> <p><b>Management Responses:</b></p> <p>Requests from SK Moynod would be referred to the Regional Office and would then be referred to the General Manager. The amount given is also subject to availability of budget. However, the school has been receiving contributions in kind in terms of manpower for repair works. Cash contributions as also given, but shared between Moynod, Terusan Baru and Luangmanis Estates.</p> <p>Treated water is provided by Moynod Estate. Therefore, the management of Terusan Baru, Sg Sapi and Luangmanis Estates which are under this audit scope are not able to comment on the matter.</p> <p><b>Audit Team Findings:</b></p> <p>SK Moynod is located within the Moynod Estate premises, and issues such as quality of treated water are dealt with by Moynod Estate. Since Moynod Estate is not subject to this audit, the auditors could not verify the same with Moynod Estate and actions taken, if any. Sighted the written requests from SK Moynod dated 4 July 2019 for transportation services to ferry pupils to an event. This was granted by Luangmanis Estate via letter dated 5 July 2019.</p>
<p><b>3</b></p>	<p><b>Feedbacks:</b></p> <p>Buhari Enterprise and Jen Siong Trading are FFB (estate ramp to Ladang Sabah Palm Oil Mill) and EFB (Ladang Sabah Palm Oil Mill to estate) transporters for Terusan Baru Estate. Both contractors confirmed that they have contracts signed with Terusan Baru Estate, and they understand the terms and conditions in the contract as these have been explained to them by the estate official prior to signing. The contractors also confirmed that rate calculations/pricing mechanism are clearly understood and inserted in the contracts they have signed. Payment is received within 1 month of issuance of invoice. The proprietor of Buhari Enterprise drives his own lorry, whereas Jen Siong Transport engage two drivers. Jen Siong Transport submits the drivers' pay slips to the Terusan Baru Estate office as required. So far, they have no grievances or complaints against Terusan Estate. They are aware of the Green Book where grievances can be lodged. They were briefed of the grievance procedures during the Stakeholder Consultation meeting held in September 2019.</p> <p><b>Management Responses:</b></p> <p>Stakeholders' comments are noted.</p> <p><b>Audit Team Findings:</b></p> <p>EFB /FFB Transportation Agreements dated 1 January 2020 were sighted for both contractors. The contracts contain rights and obligations of both parties to the contract, duration, commitment to MSPO requirements and legal compliances. The payment term and rate calculations are also clearly stipulated. Pay slips of workers belonging to Jen Siong Transportation were sighted, and it was confirmed that the wages are above the Minimum Wages (Amendment) Act 2018.</p>
<p><b>4</b></p>	<p><b>Feedbacks:</b></p>

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	<p>Agensi MNK provides services to the Ladang Sabah Palm Oil Mill, Terusan Baru, Sg Sapi and Luangmanis Estates. This is the service to renew foreign workers' passports and work permits, as well as legalization of foreign workers. The business partnership has been going on for a long period of time, and currently there is no grievances against the Estates and Mill. Payment has also been prompt.</p>
	<p><b>Management Responses:</b></p> <p>Comments of the stakeholders are noted.</p>
	<p><b>Audit Team Findings:</b></p> <p>No further issue.</p>
<b>5</b>	<p><b>Feedbacks:</b></p> <p>Pengangkutan Halisa has only been an EFB/FFB transporter for four months. They have signed an agreement with Sg Sapi Estate and understands the terms of the contract and the payment terms stipulated therein. Sg Sapi Estate makes timely payments. They are not aware of the grievance procedure and mechanism, but admits that they did not themselves attend the Stakeholder Meeting held on 26 September 2019 despite receiving the meeting invitation. Instead, the driver attended the meeting, and he did not pass on the information to the Directors. The Directors commit to attend future Stakeholder Meetings.</p>
	<p><b>Management Response:</b></p> <p>Invitation to attend Stakeholder Meeting on 26 September 2019 was sent, but Pengangkutan Halisa directors did not attend the meeting. Instead the driver attended. Grievance mechanism and complaints procedure was briefed to all stakeholders during the meeting.</p>
	<p><b>Audit Team Findings:</b></p> <p>No further issue.</p>

### 3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
N° 1 of 1	Minor	28/2/2019	Closed on 16/1/2020
1873477-202001-N1	Minor	16/1/2020	To be further verified in the next annual surveillance



**3.6 Summary of the findings by Principles and Criteria**

**MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders**

Criterion / Indicator		Assessment Findings	Compliance								
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>											
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>											
<b>4.1.1.1</b>	A policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	IOI Group has established policy entitled "Sustainable Palm Oil Policy" dated on March 2018 signed by Dato' Lee Yeow Chor (Group Chief Executive Officer) and Dr. Surina Ismail (Group Head of Sustainability) made available and posted on notice boards. All the IOI plantation and mill in Sabah and Peninsular Malaysia has thus certified by end 2018	Complied								
<b>4.1.1.2</b>	The policy shall also emphasize commitment to continual improvement. <b>- Major compliance -</b>	Stated under section 4 of IOI Group Sustainable Sustainability Palm Oil Policy; "committing towards sustainable production of palm oil and its continuous improvement as outlined in the MSPO guidelines".	Complied								
<b>Criterion 4.1.2 – Internal Audit</b>											
<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. <b>- Major compliance -</b>	Internal audit was carried by Sustainable Palm Oil Department team for all Ladang Sabah Group Estates. Audit covered both documentation and field operation. Summary of audit findings at all audited estates as per the following: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th>Date of audit</th> <th>Finding</th> <th>Verification</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Date of audit	Finding	Verification	Estate					Complied
Date of audit	Finding	Verification	Estate								

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		5/12/19	5 major NC	Report IOI/SR/SPO/20/G-01/SSP/IR-002. Closed on 9/1/20	ref.	Sg Sapi	
		27/11/19	3 major NC	Report IOI/SR/SPO/19/M-01/050 Closed on 10/1/20	ref.	Terusan Baru	
		4/12/19	4 major NC	Report SPO/SDK/F/001-2019 Closed on 10/1/20	ref.	Luangmanis	
<b>4.1.2.2</b>	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. <b>- Major compliance -</b>	Internal audit process is defined under Internal audit procedure, MSPO/SOP/IA/2, rev:2 dated 16/11/2018. Audit was carried out Sustainable Palm Oil Department team. Details of finding reported under 4.1.2.1.					Complied
<b>4.1.2.3</b>	Reports shall be made available to the management for their review. <b>- Major compliance -</b>	Internal audit report prepared by Sustainable Palm Oil Department dated 5/12/19 is made available to the management for review.					Complied
<b>Criterion 4.1.3 – Management Review</b>							
<b>4.1.3.1</b>	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. <b>- Major compliance -</b>	The latest management review was carried out on 27/12/19 at Sg Sapi Estate. The combined MSPO/RPO meeting was chaired by estate manager and attended by assistant manager and head of department. All pertinent elements in the standard has been discussed for effective implementation of MSPO towards continual improvement.					Complied

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<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p><b>- Major compliance -</b></p>	<p>The Estates have established a Management Plan covering safety, environment and social as listed herein; -</p> <ul style="list-style-type: none"> <li>a. Environmental Management Plan</li> <li>b. Occupational Safety &amp; Health Program</li> </ul> <p>On CAPEX, new excavator and workshop are budgeted for the operation. New bin system will be introduced for mechanization.</p>	Complied
<b>4.1.4.2</b>	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p><b>- Major compliance -</b></p>	<p>The management continuously reviewed the estates performance and work method for a continual improvement to achieve better results.</p> <p>There is no new application of new technology implemented during the certification period. The current practices continued and guided by Estate General Manager.</p>	Complied
<b>4.1.4.3</b>	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p><b>- Major compliance -</b></p>	<p>There is no new application of new technology implemented during the certification period. Both estates management will implement and monitor any new technologies being introduced and trained the personnel. Currently, both estates conducted the training based on the estate current practices</p>	Complied
<b>4.2 Principle 2: Transparency</b>			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
<b>4.2.1.1</b>	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or</p>	<p>The Managements of Sg Sapi, Terusan Baru and Luangmanis Estates had an external stakeholder meeting on 26 September 2019. This meeting was attended by approximately 90 external stakeholders comprising contractors, suppliers, neighbouring estates, nearby schools,</p>	Complied

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	<p>disclosure that could result in negative environmental or social outcomes.</p> <p><b>- Major compliance -</b></p>	<p>and sundry shops. During this meeting, it was communicated to the external stakeholders the following information which included:</p> <ul style="list-style-type: none"> <li>- Relevant information on environmental, social and legal issues.</li> <li>- All of IOI policies</li> <li>- MSPO certification requirements</li> <li>- List of documents that stakeholders can have access to</li> <li>- Grievance mechanism</li> <li>- High Conservation Value areas</li> <li>- Conservation areas</li> <li>- Relevant laws and legal register.</li> </ul> <p>The meeting was conducted in Bahasa Malaysia.</p>	
<p><b>4.2.1.2</b></p>	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p><b>- Major compliance -</b></p>	<p>The management documents that are publicly available include IOI Group Policies, SIA report, HCV report, public summary of certification documents, relevant laws and legal register and land titles.</p>	<p>Complied</p>
<p><b>Criterion 4.2.2 – Transparent method of communication and consultation</b></p>			
<p><b>4.2.2.1</b></p>	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p><b>- Major compliance -</b></p>	<p>The Ladang Sabah group of estates subscribe to the Consultation and Communication Procedure documented under Group Social Impact Assessment and Management Action Plans (Guidance Document for period 2019 – 2024) approved by Plantation Director dated March 2019.</p> <p>The procedure also states that grievances can be communicated via the Green Book, HQ hotline, (using WhatsApp and SMS) or via the Employee Consultative Committee.</p>	<p>Complied</p>

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		<p>Interviews conducted with workers confirmed their awareness of the above. The workers also confirmed its implementation because they have used this method of consultation and communication and have seen positive actions being taken by management following this.</p>													
<p><b>4.2.2.2</b></p>	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p><b>- Minor compliance -</b></p>	<p>The management officials nominated are as follows:</p> <table border="1" data-bbox="1050 608 1870 842"> <thead> <tr> <th data-bbox="1050 608 1323 667">Estate/Mill</th> <th data-bbox="1323 608 1597 667">Person appointed</th> <th data-bbox="1597 608 1870 667">Letter of appointment</th> </tr> </thead> <tbody> <tr> <td data-bbox="1050 667 1323 726">Ladang Sapi Estate</td> <td data-bbox="1323 667 1597 726">Assistant Manager</td> <td data-bbox="1597 667 1870 726">July 2019</td> </tr> <tr> <td data-bbox="1050 726 1323 785">Terusan Baru Estate</td> <td data-bbox="1323 726 1597 785">Assistant Manager</td> <td data-bbox="1597 726 1870 785">2 January 2019</td> </tr> <tr> <td data-bbox="1050 785 1323 842">Luangmanis Estate</td> <td data-bbox="1323 785 1597 842">Assistant Manager</td> <td data-bbox="1597 785 1870 842">13 August 2019</td> </tr> </tbody> </table> <p>Their duties and responsibilities include assisting the Manager in implementing the requirements of MSPO certification standards, stakeholder engagement and consultations, conduct management review based on internal audit report, monitor compliance and track update on changes in regulatory requirements.</p> <p>Interviews conducted with the nominated management officials indicate that they understand their roles and responsibilities.</p>	Estate/Mill	Person appointed	Letter of appointment	Ladang Sapi Estate	Assistant Manager	July 2019	Terusan Baru Estate	Assistant Manager	2 January 2019	Luangmanis Estate	Assistant Manager	13 August 2019	<p>Complied</p>
Estate/Mill	Person appointed	Letter of appointment													
Ladang Sapi Estate	Assistant Manager	July 2019													
Terusan Baru Estate	Assistant Manager	2 January 2019													
Luangmanis Estate	Assistant Manager	13 August 2019													
<p><b>4.2.2.3</b></p>	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p><b>- Major compliance -</b></p>	<p>Each of the audited estates has its own stakeholder list. These lists comprise their external stakeholders such as:</p> <ul style="list-style-type: none"> <li>- Relevant government agencies (e.g. Sabah Forestry Department, Immigration Department, PERKESO, Department of Safety and Health, Labour Department)</li> <li>- Embassies and Consulates (Philippines, Indonesia)</li> <li>- Contractors</li> </ul>	<p>Complied</p>												

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		<ul style="list-style-type: none"> <li>- Suppliers</li> <li>- Consultants</li> <li>- Neighbouring estates</li> <li>- Clinics, hospitals, fire brigade, police, etc.</li> </ul> <p>The stakeholder lists have been updated as follows:</p> <ul style="list-style-type: none"> <li>- Sg Sapi Estate – 2 January 2020</li> <li>- Terusan Baru Estate – 2 January 2020</li> <li>- Luangmanis Estate – 8 January 2020</li> </ul> <p>Correspondence with stakeholders are properly maintained and records of all consultation and communication during the past one year and records of action taken are also properly maintained. Sighted during the audit was Luangmanis 's record of correspondence with SMK Beluran II where via letter dated 8 April 2019, the school requested for transport to ferry students to a camping activity. The response from Luangmanis Estate dated 9 April 2019 was also sighted. Similarly, request from SK Moynod dated 4 July 2019 for a vehicle. Reply received from Luangmanis Estate dated 5 July 2019 was also maintained and sighted.</p>	
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p><b>- Major compliance -</b></p>	<p>The company has established traceability procedure. The procedure specifies responsibility of PIC for "before work operation", "during operation" and "after operation". It covers every aspect of FFB Evacuation process starting from plantation to the mill.</p>	Complied
<b>4.2.3.2</b>	<p>The management shall conduct regular inspections on</p>	<p>Regular inspection on traceability system is done on daily basis. FFB bunches will be recorded by bunch checker/counter to trace the</p>	Complied

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	compliance with the established traceability system. <b>- Major compliance -</b>	location/field, no. of bunches cut and name of cutter for traceability. By end of the day, summary by each block/field yield will generated. This also wil be used as an indication of productivity by each assigned cutter and SYP (site yield performance) to the management.										
<b>4.2.3.3</b>	The management should identify and assign suitable employees to implement and maintain the traceability system. <b>- Minor compliance -</b>	The appointed MSPO Officer is responsible in carrying out regular inspections on compliance with established traceability system.	Complied									
<b>4.2.3.4</b>	Records of sales, delivery or transportation of FFB shall be maintained. <b>- Major compliance -</b>	All production of the estate is being recorded on daily basis into FFB Record Book. The information recorded including daily crop (mt), todate crop (mt), and yield. Delivery documents are being retained accordingly as per established SOP.	Complied									
<b>4.3 Principle 3: Compliance to legal requirements</b>												
<b>Criterion 4.3.1 – Regulatory requirements</b>												
<b>4.3.1.1</b>	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. <b>- Major compliance -</b>	<p>Licenses/permits checked and verified at visited estates were:</p> <p>Sg Sapi Estate</p> <table border="1"> <thead> <tr> <th></th> <th>Licence/permit</th> <th>Validity Period</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>MPOB sell and transport FFB license: 501728102000</td> <td>1/5/19–30/4/20</td> </tr> <tr> <td>2</td> <td>Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4</td> <td>3/5/19-2/5/20</td> </tr> </tbody> </table>		Licence/permit	Validity Period	1	MPOB sell and transport FFB license: 501728102000	1/5/19–30/4/20	2	Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4	3/5/19-2/5/20	Complied
	Licence/permit	Validity Period										
1	MPOB sell and transport FFB license: 501728102000	1/5/19–30/4/20										
2	Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4	3/5/19-2/5/20										

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		3	Diesel permit, serial no. O00012 (SDK), quantity: 18,200 litre	4/3/19 – 3/3/20
		4	Air compressor license SB PMT 10359	Valid until 24/9/20
<b>Terusan Baru Estate</b>				
			Licence/permit	Validity Period
		1	MPOB sell and transport FFB license: 502592602000	1/12/19 – 30/11/20
		2	MPOB nursery license: 616358011000	1/4/19 – 31/3/20
		3	Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/1/01261/003859, Indonesia: 194, Philippines: 29, Peninsular Malaysia: 0	1/11/19 – 30/9/20
		4	Diesel permit, serial no. S002328, quantity: 20,000 litre	20/12/19 – 19/12/20
		5	Air compressor license SB PMT 80296	Valid until 4/11/20
<b>Luangmanis Estate</b>				
			Licence/permit	Validity Period
		1	MPOB sell and transport FFB license: 501728102000	1/5/19 – 30/04/20
		2	MPOB nursery license: 616376011000	1/4/19 – 31/3/20



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		<table border="1"> <tr> <td data-bbox="1037 359 1111 555">3</td> <td data-bbox="1111 359 1541 555">Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4</td> <td data-bbox="1541 359 1805 555">3/5/19-2/5/20</td> </tr> <tr> <td data-bbox="1037 555 1111 624">4</td> <td data-bbox="1111 555 1541 624">Diesel permit, serial no. S002342, quantity: 15,100 litre</td> <td data-bbox="1541 555 1805 624">3/1/20 – 21/1/21</td> </tr> <tr> <td data-bbox="1037 624 1111 703">5</td> <td data-bbox="1111 624 1541 703">Air compressor license SB PMT 9198</td> <td data-bbox="1541 624 1805 703">Valid until 6/4/20</td> </tr> <tr> <td data-bbox="1037 703 1111 804">6</td> <td data-bbox="1111 703 1541 804">Electrical installation license, serial no. 40323, license no. 2019/03584 for 980 kW</td> <td data-bbox="1541 703 1805 804">01/01/20 – 31/12/20</td> </tr> </table>	3	Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4	3/5/19-2/5/20	4	Diesel permit, serial no. S002342, quantity: 15,100 litre	3/1/20 – 21/1/21	5	Air compressor license SB PMT 9198	Valid until 6/4/20	6	Electrical installation license, serial no. 40323, license no. 2019/03584 for 980 kW	01/01/20 – 31/12/20		
3	Lesen Untuk Menggaji Pekerja Bukan Pemastautin, license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4	3/5/19-2/5/20														
4	Diesel permit, serial no. S002342, quantity: 15,100 litre	3/1/20 – 21/1/21														
5	Air compressor license SB PMT 9198	Valid until 6/4/20														
6	Electrical installation license, serial no. 40323, license no. 2019/03584 for 980 kW	01/01/20 – 31/12/20														
		<p>A Proposed Replanting of 16,888 Hectares of Oil Palm Plantation at Ladang Sabah Group Estates, District of Beluran, Sabah by IOI Corporation Berhad.</p> <p>“Surat Aku Janji” dated 9/4/12 between IOI Corporation Berhad Sustainability Manager and Environmental Protection Department Director which stipulated set of conditions for the said project, ref: JPAS/PP/02/600-1/11/1/117 dated 30/3/12. The frequency of Environmental Compliance Reporting @ ECR every 4 month (before 31 August, 31 December and 30 April) until completion of project.</p> <p>ECR (report no. 011), January to April 2019, date of assessment 25-29th March 2019.</p> <ul style="list-style-type: none"> <li>- Water quality monitoring (10 sampling stations), parameters for some of sampling points exceeded class IIB of NWQS i.e Total Suspended Soil @ TSS, Oil and Grease (O&amp;G) and Turbidity.</li> </ul>														

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		<p>ECR (report no. 011), May to August 2019, date of assessment 15th and 19th July 2019.</p> <ul style="list-style-type: none"> <li>- Water quality monitoring (10 sampling stations), parameters for some of sampling points exceeded class IIB of NWQS i.e Total Suspended Soil @ TSS, Oil and Grease (O&amp;G) and Turbidity.</li> </ul>	
<b>4.3.1.2</b>	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>Legal Register established namely "Legal Requirements Register" consist of Federal Laws, State Laws and Codes of Conduct/Practice and other standard. The legal register dated 6/1/20 was made available for review. OSHA (Noise Exposure) Regulation 2019 and Employee Social Security Act 1969, circular no.3 2018, effective 1 January 2019. Sighted several licenses and permits from all estates visited. Observed all sampled permits and licenses are valid.</p>	Complied
<b>4.3.1.3</b>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p><b>- Major compliance -</b></p>	<p>"Mechanism of Tracking Law Changes" was shown. Every department was appointed to track any changes of laws such as Human Resources Department, Sustainability Department, Administration &amp; Legal Department, Safety and Health Department, Estate Manager, Visiting Medical Officer, Security Advisor.</p>	Complied
<b>4.3.1.4</b>	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p><b>- Minor compliance -</b></p>	<p>Appointed MSPO Officer, estate assistant manager is responsible of monitoring and updating regulatory requirements. Refer to appointment letter dated 14/6/19.</p>	Complied
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p>	<p>There is no evidence of any land dispute or overlapping land claims at Luangmanis and Terusan Baru Estates. Based on stakeholder map of and Terusan Baru and Luangmanis Estate, their immediate neighbours</p>	Complied

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	<p><b>- Major compliance -</b></p>	<p>are Moynod Estate, Luangmanis Forest Reserve, Terusan Baru estate, IJM Plantations and Fon Yen Estate and there is no evidence of diminished user rights. No local communities are involved.</p> <p>However, at Sg Sapi Estate, nine individual smallholders claim user rights onto land adjacent to Sg Sapi Estate (in particular adjacent to Blocks 95B, 96B) when they had submitted application for the land from the state government. The smallholders had informed that when Sg Sapi Estate first planted oil palm in the 1990's, there were over-planting beyond the estate boundaries, which resulted in encroachment onto land which they claim to have user rights to. Although the smallholders have applied to the state government circa 1980's for land under the Smallholder Scheme, they have yet to obtain land title despite land survey being carried out. Sighted during the audit were the following documents:</p> <ol style="list-style-type: none"> <li>1. Receipt for RM10 for application made at Beluran (L/A 82083220 serial No. G331124 dated 21 December 1982) by one Jini Mating;</li> <li>2. Letter dated 18 May 2006 (Refence LOB:32 16 Vol. 3/88) from Juruteknik Ukur Rendah to Penolong Pemungut Hasil Tanah Beluran confirming that visual inspection confirmed over-planting on the part of Ladang Sabah, thus encroaching onto the piece of land a smallholder had applied for;</li> <li>3. Letter from the Land and Survey Department dated 17 October 2006 (Reference LOB 32/16 Vol.4) sent to Manager, Ladang Sabah Sdn Bhd informing that since it has been verified that Ladang Sabah has over-planted and encroached onto the land a smallholder had applied for, Ladang Sabah was advised not to disturb ("<i>ganggu</i>") the area, and not to prohibit the smallholder from working the land she had applied for.</li> </ol>	
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		<p>The smallholders informed that the previous management of Sg Sapi Estate were aware of this over-planting based on the letters in paragraph 3 above. However, no formal meetings have been held to resolve the matter, and all discussions were only verbal and never recorded/minuted. However, it was also noted that:</p> <ol style="list-style-type: none"> <li>4. Sg Sapi Estate has not restricted the smallholders’ rights to use the area where over-planting occurred. Their user rights have not been curtailed, and that they are free to use the land as they wish;</li> <li>5. However, the smallholders allege that some Sg Sapi Estate workers still encroach into the area and harvest FFB beyond Sg Sapi Estate boundaries.</li> </ol> <p>During the audit, visual inspection of the boundary at Block 95B showed that there was over-planting.</p> <p>On 16 January 2020, the management of Sg Sapi Estate met and had a discussion with approximately 8 smallholders. The meeting was to:</p> <ul style="list-style-type: none"> <li>➤ To introduce the new management team responsible for resolving the outstanding over-planting issue with affected smallholders;</li> <li>➤ To hear the grievances from the smallholders;</li> <li>➤ To brief them on the existing grievance and complaints procedure on matters relating to land disputes;</li> <li>➤ To discuss the way forward.</li> </ul> <p>The Minutes of the meeting dated 16 January 2020 was duly sighted.</p>	
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<p><b>4.3.2.2</b></p>	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p><b>- Major compliance -</b></p>	<p>The management of Sg Sapi, Luangmanis and Terusan Baru Estates have provided documents to show legal ownership. Sighted during the audit were the title documents issued to Sg Sapi Estate, Terusan Baru Estate and Luangmanis Estate.</p> <table border="1" data-bbox="1048 523 1861 1375"> <thead> <tr> <th data-bbox="1048 523 1189 635">Name of Estate</th> <th data-bbox="1189 523 1330 635">Country Lease No</th> <th data-bbox="1330 523 1451 635">Land size (Ha)</th> <th data-bbox="1451 523 1630 635">Duration</th> <th data-bbox="1630 523 1861 635">Special terms</th> </tr> </thead> <tbody> <tr> <td data-bbox="1048 635 1189 799">Ladang Sabah Sdn Bhd (For Sg Sapi Estate)</td> <td data-bbox="1189 635 1330 799">085322578</td> <td data-bbox="1330 635 1451 799">1299.3</td> <td data-bbox="1451 635 1630 799">1.1.1989 – 31.12.2087</td> <td data-bbox="1630 635 1861 799">To be cultivated with cocoa or an agricultural crop of economic value.</td> </tr> <tr> <td data-bbox="1048 799 1189 963">Terusan Baru Sdn Bhd</td> <td data-bbox="1189 799 1330 963">085322710</td> <td data-bbox="1330 799 1451 963">1867</td> <td data-bbox="1451 799 1630 963">1.1.1991 – 31.12.2089</td> <td data-bbox="1630 799 1861 963">To be cultivated with cocoa or an agricultural crop of economic value.</td> </tr> <tr> <td data-bbox="1048 963 1189 1102">Multi Yield Sdn Bhd</td> <td data-bbox="1189 963 1330 1102">095310946</td> <td data-bbox="1330 963 1451 1102">188.91</td> <td data-bbox="1451 963 1630 1102">1.1.1979 to 31.12.2077</td> <td data-bbox="1630 963 1861 1102">To be cultivated with cocoa or an agricultural crop of economic value.</td> </tr> <tr> <td data-bbox="1048 1102 1189 1241">Multi Yield Sdn Bhd</td> <td data-bbox="1189 1102 1330 1241">095310937</td> <td data-bbox="1330 1102 1451 1241">82.07</td> <td data-bbox="1451 1102 1630 1241">1.1.1979 to 31.12.2077</td> <td data-bbox="1630 1102 1861 1241">To be cultivated with cocoa or an agricultural crop of economic value.</td> </tr> <tr> <td data-bbox="1048 1241 1189 1375">Century Plantations Sdn Bhd</td> <td data-bbox="1189 1241 1330 1375">PL 096290103</td> <td data-bbox="1330 1241 1451 1375">365.55</td> <td data-bbox="1451 1241 1630 1375">1.1.1979 to 31.12.2077</td> <td data-bbox="1630 1241 1861 1375">To be cultivated with cocoa or an agricultural crop of economic value.  To be cultivated with cocoa or an</td> </tr> </tbody> </table>	Name of Estate	Country Lease No	Land size (Ha)	Duration	Special terms	Ladang Sabah Sdn Bhd (For Sg Sapi Estate)	085322578	1299.3	1.1.1989 – 31.12.2087	To be cultivated with cocoa or an agricultural crop of economic value.	Terusan Baru Sdn Bhd	085322710	1867	1.1.1991 – 31.12.2089	To be cultivated with cocoa or an agricultural crop of economic value.	Multi Yield Sdn Bhd	095310946	188.91	1.1.1979 to 31.12.2077	To be cultivated with cocoa or an agricultural crop of economic value.	Multi Yield Sdn Bhd	095310937	82.07	1.1.1979 to 31.12.2077	To be cultivated with cocoa or an agricultural crop of economic value.	Century Plantations Sdn Bhd	PL 096290103	365.55	1.1.1979 to 31.12.2077	To be cultivated with cocoa or an agricultural crop of economic value.  To be cultivated with cocoa or an	<p>Complied</p>
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					agricultural crop of economic value.	
		Ladang Sabah Sdn Bhd (for Luangmanis Estate)	085317497	2713.29	1.1.1984 – 31.12.2082	To be cultivated with cocoa or an agricultural crop of economic value.
<b>4.3.2.3</b>	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.  - Major compliance -	Although only some of the boundary stones were managed to be found by the company, the demarcation of boundaries at the visited estates using wooden pegs painted with blue and white was very obvious, especially at the boundaries with third parties				Complied
<b>4.3.2.4</b>	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).  - Minor compliance -	<p>There is no evidence of any disputes between Terusan Baru Estate and Luangmanis Estate and any other third parties.</p> <p>At Sg Sapi Estate, no legal acquisition is involved. Instead, there was over-planting on several land adjoining the estate. This was evidenced by letter dated 18 May 2006 (Refence LOB:32 16 Vol. 3/88) from Juruteknik Ukur Rendah to Penolong Pemungut Hasil Tanah Beluran and letter from the Land and Survey Department dated 17 October 2006 (Reference LOB 32/16 Vol.4) sent to Manager, Ladang Sabah Sdn Bhd informed that Ladang Sabah had over-planted and encroached onto the land a smallholder had applied for.</p> <p>Sg Sapi Estate has stopped all activities on the area of over-planting, and has not curtailed or prohibited the smallholders from using the land they claim to have user rights to. There is currently no dispute between the smallholders and Sg Sapi Estate.</p>				Complied

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		As of the date of this audit, the smallholders have not yet been issued with land titles and have not submitted any claims for compensation.	
<b>Criterion 4.3.3 – Customary rights</b>			
<b>4.3.3.1</b>	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no evidence that the land on which Sg Sapi Estate, Terusan Baru Estate and Luangmanis Estate are situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Complied
<b>4.3.3.2</b>	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - <b>Minor compliance</b> -	There is no evidence that the land on which Sg Sapi Estate, Terusan Baru Estate and Luangmanis Estate are situated is encumbered the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Complied
<b>4.3.3.3</b>	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - <b>Major compliance</b> -	There is no evidence that the land on which Sg Sapi Estate, Terusan Baru Estate and Luangmanis Estate are situated is encumbered the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Complied
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - <b>Minor compliance</b> -	Social impact assessment for Sg Sapi, Terusan Baru and Luangmanis Estates were carried out internally by the Sustainability Team and are being revised annually. These assessment reports are reviewed annually and prepared by the Social Liaison Officers of each Estate and approved by the respective Estate Managers.  The reviews took into account inputs received from internal stakeholders (workers, Joint Consultative Committee, Employee Consultative Committee, Gender Consultative Committee), and external stakeholders	Minor Non-Compliance

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		<p>(suppliers, contractors, government agencies). The inputs are compiled in the SIA and Time Bound Action Plan where social impacts, action plan, officer responsible, priority level and completion status are tabulated.</p> <p>For Terusan Baru Estate, the latest SIA annual review was done on 10 Jan 2020, and for Sg Sapi Estate, on 2 January 2020.</p> <p>However, the SIA annual review for Sg Sapi Estate has not identified the issue of over-planting on land which smallholders claim to have user rights to.</p> <p><b>Therefore, a Minor Non-Compliance was raised.</b></p>	
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p><b>- Major compliance -</b></p>	<p>The Ladang Sabah Estates subscribe to the consultation and communication procedure documented under Group Social Impact Assessment and Management Action Plans (Guidance Document for period 2019 – 2024) approved by Plantation Director dated March 2019.</p> <p>Additionally, the procedure also states that grievances can be communicated via the Green Book, HQ hotline, (using WhatsApp and SMS) or via the Employee Consultative Committee.</p> <p>Interviews conducted with workers confirmed their awareness of the above, and they also confirmed its implementation.</p>	Complied
<b>4.4.2.2</b>	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p><b>- Major compliance -</b></p>	<p>There is evidence that the system has been able to resolve disputes in an effective and appropriate manner accepted by all parties.</p> <p>The Green Book at Sg Sapi Estate contained a complaint dated 15 Nov 2019 on the need to repair ceiling at drain. Records show that repair works were done on 19 Nov 2019. Similarly, a complaint on broken kitchen cement was made on 24 Oct 2019, and repaired on 29 Oct 2019.</p>	Complied



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		At Terusan Baru Estate, main electrical switch and fan not functioning lodged on 20 Nov 2019 and was repaired on 26 Nov 2019. Complaint on faulty wiring system was lodged on 25 Sept 2019 and repair works were completed on the same day.	
<b>4.4.2.3</b>	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.  <b>- Minor compliance -</b>	All the Estates makes the Green Book available at the office premises where workers and stakeholders can have access to the same. Interviews conducted with the estate workers confirmed their awareness of the Green Book, and some have submitted their grievances in the same.  Interviews held with contractors (Buhari Enterprise and Jen Siong Transport) also confirmed their awareness of the complaint procedure and the Green Book.	Complied
<b>4.4.2.4</b>	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.  <b>- Minor compliance -</b>	There is evidence that employees are made aware that complaints or suggestions can be made anytime during muster briefings. For example, at Luangmanis Estate, the briefing was done during muster on 6 January 2020.  For external stakeholders, this was made aware during the stakeholder meeting held on 26 September 2019.  Interviews conducted with workers and contractors (Buhari Enterprise and Jen Siong Transport) confirmed their awareness that complaints /suggestions can be made anytime.	Complied
<b>4.4.2.5</b>	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.  <b>- Major compliance -</b>	All the Estate Green Book have records of complaints and resolutions for the past 24 months, mostly since 2014.	Complied

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Criterion 4.4.3: Commitment to contribute to local sustainable development			
<b>4.4.3.1</b>	<p>Growers should contribute to local development in consultation with the local communities.</p> <p><b>- Minor compliance -</b></p>	<p>There is evidence that Sg Sapi Estate donated cash to HUMANA based on the letter from HUMANA dated 12 March 2019.</p> <p>At Terusan Baru, a request was received from HUMANA dated 26 Aug 2019 for transportation to Laukin Estate for 35 pupils and 3 teachers for national day celebrations and friendly sports meet. Terusan Baru Estate responded on 28 August 2019 in the affirmative.</p>	Complied
Criterion 4.4.4: Employees safety and health			
<b>4.4.4.1</b>	<p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>Occupational Safety and Health Policy was revised in April 2019 and approved by Plantation Director, N B Sudhakaran. All policies being communicated to relevant parties through morning muster, stakeholder meeting, new recruitment induction.</p> <p>Safety Management Plan dated 3/1/20 was sighted entailing safety policy, training, risk assessment, PPE, SOP, OSH Committee, OSH Meeting, Workplace Inspection, Accident Reporting, Chemical Management, Emergency Response Plan etc. Latest changes noted on the organization structure and ERP plan and also review on HIRARC. All Safety Management Plans prepared by HSE Manager, concurred by estate manager.</p> <p>Medical surveillance was last carried out on 30/12/19 for group of sprayers, store keeper, genset and water treatment operator. Total of 31 workers were sent for medical surveillance. Based on the report, all workers are fit to work without any detrimental of health.</p>	Complied
<b>4.4.4.2</b>	The occupational safety and health plan shall cover the following:	The policy has been established with details elaborated in 4.4.4.1 above.	Complied

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<p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <ul style="list-style-type: none"> <li>i. all employees involved shall be adequately trained on safe working practices</li> <li>ii. all precautions attached to products shall be properly observed and applied</li> </ul> <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept</p>	<p>The risk of all operations were assessed and documented under HIRARC. The HIRARC for estate operations was last reviewed on 10/8/19 (Sg Sapi Estate) and 2/1/20 (Terusan Baru Estate) after occurrence of accidents. HIRARC for the following stations/operations/activities among others were sighted;</p> <table border="1" data-bbox="1059 539 1883 975"> <thead> <tr> <th>No</th> <th>Activity</th> <th>No</th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Office</td> <td>9</td> <td>Pruning &amp; harvesting</td> </tr> <tr> <td>2</td> <td>Security</td> <td>10</td> <td>Manuring</td> </tr> <tr> <td>3</td> <td>Weeding</td> <td>11</td> <td>Replanting</td> </tr> <tr> <td>4</td> <td>P&amp;D</td> <td>12</td> <td>Waste</td> </tr> <tr> <td>5</td> <td>Boundary &amp; census</td> <td>13</td> <td>Workshop</td> </tr> <tr> <td>6</td> <td>Road bridges</td> <td>14</td> <td>Nursery</td> </tr> <tr> <td>7</td> <td>Drainage &amp; culverts</td> <td>15</td> <td>Break time</td> </tr> <tr> <td>8</td> <td>transportation</td> <td>16</td> <td>Weighbridge</td> </tr> </tbody> </table> <p>Hazard and risk for some of the operation/activity has yet to be specific for accurate risk analysis and control measures in the register.</p> <p>Training for employees are provided. The training includes for the employees handling chemicals and other safe working procedures. Details of the trainings organised by the mil management is shown in 4.4.6.1.</p>	No	Activity	No	Activity	1	Office	9	Pruning & harvesting	2	Security	10	Manuring	3	Weeding	11	Replanting	4	P&D	12	Waste	5	Boundary & census	13	Workshop	6	Road bridges	14	Nursery	7	Drainage & culverts	15	Break time	8	transportation	16	Weighbridge	<p>Opportunity for Improvement</p>
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	<p>and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>The estates provide PPE to the employees such as apron, safety helmets, gloves, respirator and safety shoes etc relevant to the work handled by the workers. PPE issuance recorded by type of PPE to each individual workers using PPE stock record. Verified issuance records dated 18/10/19 (cotton glove), 15/6/19 (rubber glove), 2/12/19 (cartridge) and yellow boots (14/11/19) at Terusan Baru Estate.</p> <p>The management has established Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal under the Document Reference: IOI-OSH 3.2.2 Appendix 6 (31).</p> <p>It's documents the following procedure in Bahasa:</p> <p><i>1) Pengendalian Bekas Kosong</i></p> <p><i>2) Pembilasan 3 Kali &amp; Tebuk</i></p> <p><i>3) Langkah langkah Pencegahan</i></p> <p>The management appointed the estate manager as the Chairman for the ESH committee. The Manager in turn elects the Engineers to further execute and monitor all the ESH practices in the day-to-day operation of estate.</p> <p>Communications on safety are made through safety meeting /site supervision/dialogue/briefing during the weekly muster. The safety meeting was held 3 monthly having a total of 4 meeting in a year. The dates of meeting held in 2019 were checked and recorded below;</p>	
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		<table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>30/12/19</td> <td rowspan="4">Terusan Baru</td> </tr> <tr> <td>2</td> <td>12/9/19</td> </tr> <tr> <td>3</td> <td>26/7/19</td> </tr> <tr> <td>4</td> <td>4/4/19</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>31/10/19</td> <td rowspan="4">Luangmanis</td> </tr> <tr> <td>2</td> <td>26/7/19</td> </tr> <tr> <td>3</td> <td>29/4/19</td> </tr> <tr> <td>4</td> <td>11/1/19</td> </tr> </tbody> </table> <p>Accident and emergency procedures are available. There is a formation of ERP Team &amp; ERP for all the identified incidences. The organisation chart for the ERP team was appointed and displayed for information of the employees. Drill for fire ERP was latest organised on 24/9/19. Other ERP were briefed during the weekly gathering and explained during the ad-hoc briefing at individual stations. These trainings are recorded in the log book maintained at the operations site.</p> <p>Employees trained in First Aid present at all field operations and mostly estate mandore. First Aid Kit equipped with approved contents should be available at each worksite and in accordance with 4<sup>th</sup> Schedule for first aid guidelines.</p>		Date	Estate	1	30/12/19	Terusan Baru	2	12/9/19	3	26/7/19	4	4/4/19		Date	Estate	1	31/10/19	Luangmanis	2	26/7/19	3	29/4/19	4	11/1/19	
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		<p>Records of all accidents are kept. Accident incidences are reviewed during safety meetings. Accidents which involved high lost time incidents (LTI) for 2019 were recorded below:</p> <p><u>Sg Sapi Estate</u></p> <table border="1"> <thead> <tr> <th>Date of accident</th> <th>Lost time incident (LTI)</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>25/1/19</td> <td>13 LTI</td> <td>Temporary disability</td> </tr> </tbody> </table> <p>Total of 14 incident cases in 2019 with 21 LTIs.</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Lost time incident (LTI)</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Terusan Baru</td> <td>14 cases, 5 LTI (Jan - Dec 2019)</td> <td>Minor/first aid cases</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Estate</th> <th>Lost time incident (LTI)</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Luangmanis</td> <td>7 cases, 11 LTI (Jan - Dec 2019)</td> <td>Minor/first aid cases</td> </tr> </tbody> </table> <p>HIRARC was reviewed accordingly and investigation was also held by the committee.</p>	Date of accident	Lost time incident (LTI)	Remarks	25/1/19	13 LTI	Temporary disability	Estate	Lost time incident (LTI)	Remarks	Terusan Baru	14 cases, 5 LTI (Jan - Dec 2019)	Minor/first aid cases	Estate	Lost time incident (LTI)	Remarks	Luangmanis	7 cases, 11 LTI (Jan - Dec 2019)	Minor/first aid cases	
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Criterion 4.4.5: Employment conditions			
<b>4.4.5.1</b>	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p><b>- Major compliance -</b></p>	<p>All the Estates subscribe to IOI Group Sustainable Palm Oil Policy signed by the Group CEO (revised March 2018) which commits the IOI Group to respect and uphold the rights of all workers, including contract, temporary and migrant workers in accordance with the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, etc. This was communicated to all employees during muster briefings and Company Policy training held on 13 Dec 2019 (Sg Sapi Estate) and on 15 Jan 2020 (Terusan Baru Estate). The Policy is also displayed on main notice boards within the Estate premises.</p>	Complied
<b>4.4.5.2</b>	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p><b>- Major compliance -</b></p>	<p>The Estates subscribe to the IOI Plantation Equal Opportunity Employment and Freedom of Association Policy dated October 2017 signed by Plantation Director. This Policy states the IOI Group's commitment to providing equal opportunities in employment and freedom of association. The Policy states that all workers are to receive equal treatment regardless of gender, race, caste, nationality, religion, age, physical condition, sexual orientation, marital status, union membership, employment status or political affiliation.</p> <p>The implementation of this Policy was confirmed by workers interviewed, where they confirmed that no form of discrimination exists.</p>	Complied
<b>4.4.5.3</b>	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based</p>	<p>Workers' pay slips were sighted for the months of March, August and October 2019. Pay slips belong to the following workers were verified and it showed that all sampled workers receive minimum wages of RM1,100 and above, which is in compliance with the Minimum Wages</p>	Complied

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	<p>on minimum wage.</p> <p><b>- Major compliance -</b></p>	<p>(Amendment) Order 2018. The Malaysian workers' wages are deducted for statutory payments such as the EPF, SOCSO and EIS.</p> <ul style="list-style-type: none"> <li>- Sg Sapi Estate (Workers No. 2824, 2361, 2413, 0440, 0438),</li> <li>- Terusan Baru Estate (Workers No. 2703, 7075, 0016, 4065, 1505, 0967, 3298)</li> </ul> <p>Salary deductions were made for contributions to the <i>surau</i>. Sighted during the audit was a written approval from the Labour Office (Serial No. 600-1/2/8/320(11/SDK/2018-092) dated 12 April 2018, which is valid until 12 April 2020. Approval from workers were also sighted for workers No. 0016, 0967, 3298.</p>	
<b>4.4.5.4</b>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p><b>- Minor compliance -</b></p>	<p>Management for the Estates ensure employees of contractors are paid in accordance with the provisions of the Minimum Wages Order by making it compulsory for contractors to submit their workers' monthly pay slips. For Terusan Baru Estate, FFB transporter's worker (Jen Siong Transport) submits the workers' monthly wage payment voucher. Sighted during the audit were monthly wage payment vouchers from July 2019 until 5 Jan 2020. There is evidence that the driver is paid more than the statutory minimum wages.</p>	Complied
<b>4.4.5.5</b>	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p><b>- Major compliance -</b></p>	<p>All the Estates has records of all employees including contractors' employees. The record contain details such as full name, gender, nationality, date of birth, date of employment, job description, wage and period of employment.</p>	Complied
<b>4.4.5.6</b>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of</p>	<p>All employees (local and foreign) sign employment contracts which contents comply with Section 18 Sabah Labour Ordinance. All contracts</p>	Complied



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	<p>employment contract is available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></p>	<p>are signed by both the employer and the employee, and are made available for all workers.</p> <p>The employment contracts of local workers states that the duration as until retirement age, in accordance with the Minimum Retirement Age Act 2012. For foreign workers, the duration is for 5 years. The employment contract also clearly stipulate that working hours is 8 hours from 5.30AM to 3.30PM inclusive of 2 hours of rest. Among the other terms and conditions in the employment contract include overtime pay, rest day, working hours, rate for working on rest day, termination notice period, public holidays, paid annual leave, paid medical leave, etc. Based on review, the contracts are deemed fair.</p>	
<p><b>4.4.5.7</b></p>	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p><b>- Major compliance -</b></p>	<p>The Estates have established a time recording system which is transparent for both employees and employers. At Terusan Baru Estate, the daily Attendance Monitoring Record was sighted for December 2019. It contains name of worker, block he/she worked, working time, rest hours, and total hours of work. This record is recorded by the mandores, verified by the workers via thumbprint, and further verified by assistant manager and approve by the estate manager.</p>	<p>Complied</p>
<p><b>4.4.5.8</b></p>	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p><b>- Major compliance -</b></p>	<p>The working hours and breaks of each individual employee is recorded in their respective employment contracts which clearly stipulate that working hours is 8 hours from 5.30AM to 3.30PM inclusive of 2 hours of rest. Based on records available, and interviews conducted with the workers confirmed that they work 8 hours. Any overtime work is paid in accordance with the provisions of the Sabah Labour Ordinance.</p>	<p>Complied</p>

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<p><b>4.4.5.9</b></p>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p><b>- Major compliance -</b></p>	<p>Based on March, August, October 2019 pay slips reviewed at Terusan Baru, Sg Sapi and Luangmanis Estates, all workers receive wages and overtime pay in accordance with the Minimum Wages Order, which is RM1,100 and above per month.</p> <p>One worker at Luangmanis Estate received RM522.75 on October 2019, which is less than the minimum wages. However, records from Borang Ulasan Pencapaian Productiviti Kerja for Oct 2019 show that the workers had worked less than 8 hours per day, was absent for 11 days, and was short of 30 working hours in a month.</p>	<p>Complied</p>
<p><b>4.4.5.10</b></p>	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p><b>- Minor compliance -</b></p>	<p>Workers of Terusan Baru, Sg Sapi and Luangmanis Estates receive various social benefits and this include free housing with amenities such as playground, badminton/takraw fields, places of worship, free medical treatment for workers and their dependents, creche facilities, free electricity and treated water, bus transportation for workers' children to attend school, HUMANA. Additionally, field workers also receive productivity bonus, which is a service incentive based on attendance and is paid annually.</p>	<p>Complied</p>
<p><b>4.4.5.11</b></p>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p><b>- Major compliance -</b></p>	<p>Workers of Terusan Baru, Sg Sapi and Lunganis Estates are provided with on-site living quarters with basic amenities such as playground, badminton/takraw fields, sundry shop, community hall, places of worship. Each house has between 2 to 4 rooms. Workers confirmed that any repair works that need to be done are being carried out promptly.</p> <p>There remain several blocks of wooded houses at Terusan Baru and Luangmanis Estates build circa 1980's but are still occupied. These houses have been identified for replacement.</p>	<p>Complied</p>

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		<p>Sighted at Luangmanis Estate was a capital expenditure for the construction of 2 block x 6 units (12 units) costing RM390,000 and is targeted for completion by Q2 2020.</p> <p>At Terusan Baru Estate, 12 new units of houses have been built in 2019. Also sighted was a budget for capital expenditure for 2020/2021 to build 2 new blocks of houses at RM400,000 (which is pending approval).</p> <p>At Terusan Baru and Luangmanis Estates, many of the workers' houses have extensions build such as car garages, and wooden huts behind each house which can impact emergency evacuations. Some of the huts also have illegal wiring installed.</p> <p>At Luangmanis Estate, this matter was discussed in the JCC Meeting dated 13 December 2019. At the JCC meeting, estate management stressed that the Housing SOP which covers prohibition against illegal electrical wiring and extensions must be complied with. At Terusan Baru Estate, the JCC meeting dated 22 Feb 2019 the management said that such extensions and wiring are prohibited and will be dismantled. Further warnings were given during a muster briefing on 22 Oct 2019 that the structures and wirings will be dismantled.</p> <p>On 2 Jan 2020, the Assistant Manager of Luangmanis Estate stated that firm action will be taken against workers who do extension behind houses &amp; illegal electrical wiring. The grace period is allowed before demolition is carried out in Feb 2020.</p>	
<p><b>4.4.5.12</b></p>	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>Luangmanis , Terusan Baru and Sg Sapi Estates subscribe to the Policy on Harassment at Workplace which was signed by the Plantation Director dated June 2018. The IOI group views sexual harassment as a serious violation and will treat all incidents seriously, and will investigate all allegations Guilty will face stern disciplinary action including dismissal.</p>	<p>Complied</p>
<p><b>4.4.5.13</b></p>	<p>The management shall respect the right of all employees to</p>	<p>There is no trade union within Luangmanis , Terusan Baru and Sg Sapi</p>	<p>Complied</p>

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	<p>form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p>Estates. However, in its place, it has established the Employee Consultative Committee (ECC) which comprises worker representatives they had themselves elected. Together with the Estate Manager and Social Liaison Officer, the members of ECC will form the Joint Consultative Committee. The JCC meets at least every quarter. The ECC meeting discuss issues raised by workers using the Information Gathering Form. If unresolved, the issues would be brought up to the JCC meeting.</p> <p>At Sg Sapi Estate, the JCC meeting was held 17 Dec 2019 attended by worker representatives and management, where issues raised at ECC are brought up and discussed. At Terusan Baru Estate, the JCC meetings were held on 27 Feb 2019, 19 June 2019, 28 Aug 2019, 11 Oct 2019 and 18 Dec 2019. Among the issues discussed included house repair issues, use of electricity during wedding celebrations, prohibition against the use electrical kettle as it may damage the genset, and prohibition against building any house extensions.</p> <p>At Luangmanis Estate, the JCC met on 11 Jan 2019, 27 March 2019, 28 May 2019, 19 July 2019 and 11 Sept 2019.</p> <p>Based on interviews and records, there is no evidence that workers exercising this right has been discriminated against or suffered repercussions.</p>	
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<p><b>4.4.5.14</b></p>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not be exposed to hazardous working conditions.</p> <p><b>- Major compliance -</b></p>	<p>The Sustainable Palm Oil Policy signed by the Group CEO (revised March 2018) commits to the elimination of all forms of illegal, forced bonded, compulsory or child labour. Based on list of Estate workers, are all above 18 years when they were employed.</p> <p>At Sg Sapi Estate, the youngest worker was born on 26 June 2000 and joined on 26 June 2018. At Luangmanis Estate youngest was 14 Aug 2020 joined on 10 May 2019</p>	<p>Complied</p>
<p><b>Criterion 4.4.6: Training and competency</b></p>			
<p><b>4.4.6.1</b></p>	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p><b>- Major compliance -</b></p>	<p>Training programmes were available at all visited estates. Based on the documented programmes, generally the planned trainings cover the OHS, environmental and best practice aspects of all the operations in the field. Examples of training records verified:</p> <ul style="list-style-type: none"> <li>▀ Reparation reserve and buffer zone training – 13/6/19</li> <li>▀ Chemical sprayer training – 14/12/19</li> <li>▀ Scheduled waste training – 22/10/19</li> <li>▀ Sexual harassment training – 6/11/19</li> </ul>	<p>Complied</p>
<p><b>4.4.6.2</b></p>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p><b>- Major compliance -</b></p>	<p>The training needs at all visited estates for Training Program 2019 have been established. It is aimed to provide specific skills and competency required for employees to discharge their duties diligently. Included in this program are subjects related to environment, safety &amp; health and best practices.</p>	<p>Complied</p>
<p><b>4.4.6.3</b></p>	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained</p>	<p>Training programmes are established on annual basis based on training needs. In addition, it is subject for review during the financial</p>	<p>Complied</p>

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	<p>in their job function and responsibility, in accordance to the documented training procedure.</p> <p><b>- Minor compliance -</b></p>	<p>year, if necessary. The details of the training needs include categories of job descriptions, sections, and employees group.</p>	
<p><b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b></p>			
<p><b>Criterion 4.5.1: Environmental Management Plan</b></p>			
<p><b>4.5.1.1</b></p>	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>The environmental management plan is documented in the IOI Plantation Services, Environment Impact Assessment, Management Action Plans and Continuous improvement plan: Sg Sapi Estate Date Reviewed: 2 January 2020</p> <p>The document identifies the following:</p> <ul style="list-style-type: none"> <li>1) Environment Impact Identification               <ul style="list-style-type: none"> <li>- 1.1 Identification &amp; management Plan of Waste products</li> <li>- 1.2 Identification and Management Plan of Potential Pollutant Source</li> <li>- 1.3 Identification of side product (or mill by product)</li> <li>- 1.4 Identification of Potential Source of GHG Emission and GHG Reduction Plan</li> <li>- 1.5 Identification of IPM</li> <li>- 1.6 Impact from replanting and its management plan</li> <li>- 1.7 Road Construction and culvert Maintenance</li> <li>- 1.8 Water Management</li> </ul> </li> <li>2.0 Environmental Hazard and its Management plan</li> </ul>	<p>Complied</p>

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<p><b>4.5.1.2</b></p>	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> <li>a) An environmental policy and objectives;</li> <li>b) The aspects and impacts analysis of all operations.</li> </ul> <p><b>- Major compliance -</b></p>	<p>3.0 Identification of unplanted Area</p> <p>Among the identified management plan as per below:</p> <table border="1" data-bbox="1048 478 1865 1193"> <thead> <tr> <th>No</th> <th>Activity</th> <th>Environmental Aspects</th> <th>Environmental Impact</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>FFB transport to mill</td> <td>Leaking or spillage of oil</td> <td>Water pollution Land Contamination</td> </tr> <tr> <td></td> <td></td> <td>Smoke from vehicle</td> <td>Global waring Air pollution</td> </tr> <tr> <td>2</td> <td>Loading Loose fruit</td> <td>Loose fruit fall to river / stream</td> <td>Water pollution</td> </tr> <tr> <td>3</td> <td>Manuring manual application</td> <td>Fertilizer spilled on the ground</td> <td>Water pollution Land Contamination</td> </tr> <tr> <td></td> <td></td> <td>Fertilizer washed off during raining</td> <td>Water pollution Land Contamination</td> </tr> </tbody> </table>	No	Activity	Environmental Aspects	Environmental Impact	1	FFB transport to mill	Leaking or spillage of oil	Water pollution Land Contamination			Smoke from vehicle	Global waring Air pollution	2	Loading Loose fruit	Loose fruit fall to river / stream	Water pollution	3	Manuring manual application	Fertilizer spilled on the ground	Water pollution Land Contamination			Fertilizer washed off during raining	Water pollution Land Contamination	<p>Complied</p>
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<p><b>4.5.1.3</b></p>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>The environmental improvement combined with Environment Impact Assessment, Management Action Plans and Continuous improvement plan for 2020. The following activities and areas for improvement plan;</p>	<p>Opportunity for Improvement</p>																								

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		No	Objective	Category	Action	Frequency	
		1	Workshop – To comply with EQA (Scheduled Waste Regulations)	Workshop	1. Scheduled waste disposed as per legal requirement 2. To provide regular inspection for Estate vehicles 3. To maintain oil trap as to prevent oil spillage and to provide proper spill kit.	Quarterly	
		2	To ensure no open burning at the workers housing complex area	Workers Housing Complex.	To erect no open burning signage.  Weekly housing inspection	Weekly	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. <b>- Minor compliance -</b>	Evidence, the positive impact has been included into the continual improvement plan under Environment Impact Assessment, Management Action Plans and Continuous improvement plan for each estates.					Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and	Environmental training program is available in the Training Program updated on a yearly basis or revised as per the management requirement.					Complied



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	improvement plans and are working towards achieving the objectives. <b>- Major compliance -</b>	The policy, objectives and management plan were communicated periodically during morning briefing. Interview with employees and contractors showed that their understandings towards the company's Environmental Policy and Improvement Plan to achieve set objectives were good.	
<b>4.5.1.6</b>	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. <b>- Major compliance -</b>	Enviromental Meeting was conducted on 11/8/19. In addition, dialogue/ safety meeting/briefing during muster are forums used by the management in disseminating issues relating to environment.	Complied
<b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b>			
<b>4.5.2.1</b>	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. <b>- Major compliance -</b>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented in both estates. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement. Monitoring is made using diesel/mt FFB, commentary on variance on irregularities variances.</p> <p>a) Sg Sapi Estate performance recorded from July 2018-June 2019 is 141,306 litre compared to 160,984 litre in FY17/18.</p> <p>b) Terusan Baru Estate performance recorded from July 2018-June 2019 is 292,784 litre compared to 292,784 litre in FY17/18.</p> <p>c) Luangmanis Estate performance recorded from July 2018-June 2019 is 586,368 litre compared to 143,229 litre in FY17/18. (Significant increase due to contribution from engineering/road maintenance team)</p> <p>Reason provided e.g. rainy season, crop pattern and vehicle breakdown, age of vehicle/machinery, contour of estate. Data with graph recorded were sighted and verified.</p>	Complied

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<b>4.5.2.2</b>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p><b>- Major compliance -</b></p>	<p>The estimate for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.</p>	Complied												
<b>4.5.2.3</b>	<p>The use of renewable energy should be applied where possible.</p> <p><b>- Minor compliance -</b></p>	<p>There was no opportunity to use renewable energy in both estate at current technology. Biomass application @ EFB application recommended at 40 mt/ha (mature) and 25 mt/ha (immature). Terusan Baru Estate – mature (1.24 mt/ha), immature (3.22 mt/ha)</p>	Complied												
<b>Criterion 4.5.3: Waste management and disposal</b>															
<b>4.5.3.1</b>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>All waste and pollution are identified and documented in the Waste Management Action Plan. Environmental Impact Assessment, Management Action Plans &amp; Continuous Improvement Plan, dated 5<sup>th</sup> January 2020. Details of waste generated from the estates among others are shown below;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Type of waste</th> <th style="width: 45%;">Items</th> <th style="width: 30%;">Location</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Rubbish</td> <td>Line sites, office, workshop, store,</td> </tr> <tr> <td>Industrial waste</td> <td>Scrap Metal, Fertilizer bag</td> <td>Empty bags store</td> </tr> <tr> <td>SW410</td> <td>Rags, plastics, papers or filters contaminated with scheduled wastes</td> <td>Workshop</td> </tr> </tbody> </table>	Type of waste	Items	Location	Domestic waste rubbish	Rubbish	Line sites, office, workshop, store,	Industrial waste	Scrap Metal, Fertilizer bag	Empty bags store	SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	Workshop	Complied
Type of waste	Items	Location													
Domestic waste rubbish	Rubbish	Line sites, office, workshop, store,													
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		<table border="1"> <tr> <td>SW 305</td> <td>Spent Lubricant Oil</td> <td></td> </tr> <tr> <td>SW 306</td> <td>Spent Hydraulic Oil</td> <td></td> </tr> <tr> <td>SW 404</td> <td>Clinical Waste</td> <td>Clinic</td> </tr> <tr> <td>SW409</td> <td>Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes.</td> <td>Scheduled Waste Store</td> </tr> </table>	SW 305	Spent Lubricant Oil		SW 306	Spent Hydraulic Oil		SW 404	Clinical Waste	Clinic	SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes.	Scheduled Waste Store	
SW 305	Spent Lubricant Oil														
SW 306	Spent Hydraulic Oil														
SW 404	Clinical Waste	Clinic													
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes.	Scheduled Waste Store													
<b>4.5.3.2</b>	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p><b>- Major compliance -</b></p>	<p>Wastes products and sources of pollutions were identified and documented in Environmental Impact Assessment, Management Action Plans &amp; Continuous Improvement Plan, dated 5th January 2020. The document was available for verification.</p>	Complied												
<b>4.5.3.3</b>	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p><b>- Major compliance -</b></p>	<p>For scheduled waste, the following will be referenced: Scheduled Waste Management System: Scheduled Waste Guidelines, IOI/SRO/HSE/SW01 dated 1 January 2017 which has explained on the internal transport of scheduled waste to common collection centre (Ladang Sabah POM) and has been approved by DOE. Based on DOE letter of approval, ref: ASSH(B)91/110/619/001 Ljd 22 (85) dated 22/1/18, Ladang Sabah POM categorized as one common collection centre for 12 estates and division; (Terusan Baru 1 and div.3, Luangmanis, Moynod, Laukin, Sg Sapi 1&amp;2,</p>	Complied												

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		Labuk, Bimbingan 1&2, Linbar 1 and 2. All scheduled waste from the above estates will be transferred to Ladang Sabah POM for storage and disposed by license contractor	
<b>4.5.3.4</b>	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. <b>- Major compliance -</b>	During site visit it has been sighted that the chemical containers are punctured and disposed in an environmentally and socially responsible way to prevent contamination of water source or to human health.  For example the empty pesticide containers at Sg Sapi Estate are disposed to Newgates Industrial Sdn Bhd on 29/10/2019 as follows: - 1. Chemical container – 0.3116 mt 2. Other recyclables (plastic, paper & aluminium can) – 0.174 mt	Complied
<b>4.5.3.5</b>	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. <b>- Minor compliance -</b>	Domestic waste disposed through landfill. Collection is 2 to 3x/week. Monitoring is made by an Executive & staff.	Complied
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
<b>4.5.4.1</b>	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. <b>- Major compliance -</b>	Ladang Sabah Group Estate assessed their polluting activities. This has been incorporated in the Environmental Improvement Plan/Pollution Prevention Plan 2019/20. Details as provided in 4.5.1.3 and 4.5.1.4 Therein is given potential sources of pollutants, objective & targets and action to be taken.	Complied
<b>4.5.4.2</b>	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. <b>- Major compliance -</b>	Details of action plan for identified pollutants are shown in 4.5.1.3	Complied

Criterion 4.5.5: Natural water resources		
<p><b>4.5.5.1</b></p> <p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> <li>a. Assessment of water usage and sources of supply.</li> <li>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.</li> <li>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> <li>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</li> <li>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</li> <li>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</li> </ul> <p><b>- Major compliance -</b></p>	<p>The water management plan for Ladang Sabah Group Estate was sighted. For Sg Sapi Estate, management plan dated 4/10/12 valid until 31/12/20 is referred.</p> <p>It has the following sections in the water management plan:</p> <ol style="list-style-type: none"> <li>1. Introduction</li> <li>2. Main water source/abstraction from river/rain water and treatment method</li> <li>3. Use of water (rainfall data, consumption)</li> <li>4. Water Source Impact – Flood area and drought</li> <li>5. Water Management plans for Ladang Sabah Grouping Estates</li> <li>6. Continuous Improvement Plan and Management review</li> <li>7. Conclusion</li> </ol> <p><u>Sg Sapi Estate</u></p> <p>The average rainfall data for 2019 recorded at 2763 mm. High rainfall recorded in the month of December 2019 (375 mm) and September 2019 (57 mm) respectively.</p> <p>Drinking water analysis was carried out by 3rd party accredited laboratory, Dynakey Laboratories Sdn Bhd. The analysis was done twice per year as per required frequency at treated water point. Refer to certificate of analysis (COA W190926-10B-0) dated 26/9/19. The results shown all parameters were complied with Drinking Water Quality Standard.</p>	<p>Complied</p>

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		<p><u>Terusan Baru Estate</u></p> <p>The average rainfall data for 2019 recorded at 2,146 mm. High rainfall recorded in the month of January 2019 (515 mm) and February 2019 (46 mm) respectively.</p> <p>Drinking water analysis was carried out by 3rd party accredited laboratory, Dynakey Laboratories Sdn Bhd. The analysis was done twice per year as per required frequency at treated water point. Refer to certificate of analysis (COA W190920-01B-0) dated 4/10/19. Coliform count result exceeding the limit of DQWS. Retest was done on 4/12/19; CoA (ref. certificate no. W191204-03-0) reported no coliform detected (ND &lt; 2). Justification for the earlier test detection was due to sample was taken during tank maintenance period.</p>	
<b>4.5.5.2</b>	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p><b>- Minor compliance -</b></p>	<p>During the field visit no construction of such was observed. This was further supported through facts obtained from interviews among the employees</p>	Complied
<b>4.5.5.3</b>	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p><b>- Minor compliance -</b></p>	<p>Road side pits were also available at every 3 palm rows, to divert in event of water overflowing and to benefit the nearest palm at the pit end to obtain additional moisture</p>	Complied
<b>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</b>			
<b>4.5.6.1</b>	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p>	<p>The HCV assessment is conducted through literature review of previous HCV assessment, EIA by environment consultant, Kiwiheng and review data from GIS Dept. Reference of the following were also used:</p>	Complied

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	<p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>b) Conservation status (<i>e.g.</i> The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p><b>- Major compliance -</b></p>	<p>1) `Common guidance for the identification of HCV, Brown, E, MJM Senior 2014, Sept</p> <p>2) Common Guidance for the management and monitoring of HCV, HCVRN Network</p> <p>3) Malaysian nation interpretation for the identification of HCV based on the HCV Resources Network Manual, its guidance and its toolkit.</p> <p>4) IUCN</p> <p>5) CITES</p> <p><u>Sg Sapi Estate</u></p> <p>From the document named HCV and Conservation Area Management Action Plan and CIP dated 2/1/20, there is only 1 (one) internal HCV area classified as HCV 4 (steep hill) located at block 95D (19.45 ha) and 95E (14.25 ha). The other areas identified as conservation area.</p> <p><u>Terusan Baru Estate</u></p> <p>From the document named HCV and Conservation Area Management Action Plan and CIP dated 3/1/20, there is only 1 (one) internal HCV area classified as HCV 4 (steep hill) located at block 93P (19.45 ha). The other areas identified as conservation area.</p>	
<p><b>4.5.6.2</b></p>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p>	<p>There is no RTE recorded. Evidence during site verification, discourage illegal or hunting, fishing or collecting activities signboard were maintained and implemented. Some of patrolling records sighted:</p> <p>Patrolling record - Summary of Field Patrolling Report for Month of December 2019</p> <p>2/12/19, 9/12/19, 16/12/19, 30/12/19 – No encroachment, poaching/illegal hunting</p>	<p>Complied</p>

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	- <b>Major compliance</b> -	Specific checklist for steep hill (HCV4 ) Date inspection: 6/1/20 and 13/1/20 (No encroachment, poaching/illegal hunting)	
<b>4.5.6.3</b>	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.  - <b>Major compliance</b> -	HCV and Conservation Area Management Action Plan and CIP dated 2/1/20 was sighted. Management plan established is consistent with site implementation.	Complied
<b>Criterion 4.5.7: Zero burning practices</b>			
<b>4.5.7.1</b>	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.  - <b>Major compliance</b> -	The Group policy of "Zero Burning Policy" dated May 2018 signed by Plantation Director is referred to. The operating units adhered to the policy of "Zero Burning Policy " for any replanting. From field visits and interviews with the workers there is no open burning being practiced in the estates. Both estates had replanting program spanned over the forthcoming years. Refer details in 4.6.2.2.	Complied
<b>4.5.7.2</b>	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.  - <b>Major compliance</b> -	N/A. Details in 4.5.7.1 above	N/A
<b>4.5.7.3</b>	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.  - <b>Major compliance</b> -	N/A. Details in 4.5.7.1 above	N/A



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<p><b>4.5.7.4</b></p>	<p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p> <p><b>- Minor compliance -</b></p>	<p>This is included in the specification of work orders in event of land preparation during a replanting. It is a standard practice in IOI Plantation.</p>	<p>Complied</p>
<p><b>4.6 Principle 6: Best Practices</b></p>			
<p><b>Criterion 4.6.1: Site Management</b></p>			
<p><b>4.6.1.1</b></p>	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>IOI Ladang Sabah Group will refer to the 'Group Standard Operating Procedure (StOPs) for Estate Operations 'dated 5 Dec 2007' In the document procedures, there are 38 operations</p>	<p>Complied</p>
<p><b>4.6.1.2</b></p>	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p> <p><b>- Major compliance -</b></p>	<p>The estates construct terraces at slope area of more than 6 degrees. Planting of cover crop are made to retain the soil structure and conservation.</p> <p>a) Road side pit are made to divert water at slope areas to prevent road erosion and surface damage.</p> <p>Terraces are constructed inclined towards the terrace wall.</p>	<p>Complied</p>
<p><b>4.6.1.3</b></p>	<p>A visual identification or reference system shall be established for each field.</p> <p><b>- Major compliance -</b></p>	<p>All fields are marked and identified. Information like year planting (field no) and the total hectare is shown in all markers. There are both stencilled at the palm trees and also displayed in signages at the boundary/corners of every fields. This is observed during the field visit in both estates.</p>	<p>Complied</p>
<p><b>Criterion 4.6.2: Economic and financial viability plan</b></p>			

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<p><b>4.6.2.1</b></p>	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p><b>- Major compliance -</b></p>	<p>The estate has the Ladang Sabah Group 5 years Business plan. In Sg Sapi Estate, the document was prepared on June 2018 and approved by estate manager.</p> <p>The 5 years business plan (FY 2018/19 – FY 2022/23 include:</p> <ol style="list-style-type: none"> <li>1) Area Statement</li> <li>2) Crop (FFB) by Year Planting</li> <li>3) Crop (FFB) Monthly Breakdown</li> <li>4) 10 years replanting programme</li> <li>5) Summary of replanting programme by field</li> <li>6) Detail replanting programme by field</li> <li>7) Executive / Staff and workers requirement</li> <li>8) Mature OP Costing Statement</li> <li>9) General Charges Statement</li> <li>10) Capital Expenditure Statement</li> <li>11) Summary Replanting Cost to maturity</li> <li>12) Replanting Cost field by Field</li> </ol>	<p>Complied</p>						
<p><b>4.6.2.2</b></p>	<p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p> <p><b>- Major compliance –</b></p>	<p>Ladang Sabah Group estates have established a replanting program spanned over a 10-years period from 2018/2019 till 2027/2028. The first 5 years programme summarize as per below table:</p> <table border="1" data-bbox="1050 1246 1883 1326"> <tr> <td>Estate</td> <td>2020/21</td> <td>2021/22</td> <td>2022/23</td> <td>2023/24</td> <td>2024/2025</td> </tr> </table>	Estate	2020/21	2021/22	2022/23	2023/24	2024/2025	<p>Complied</p>
Estate	2020/21	2021/22	2022/23	2023/24	2024/2025				

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		<table border="1"> <tr> <td>Sg Sapi Estate</td> <td>122 ha</td> <td>156 ha</td> <td>247 ha</td> <td>226 ha</td> <td>224 ha</td> </tr> <tr> <td>Terusan Baru Estate</td> <td>201 ha</td> <td>194 ha</td> <td>208 ha</td> <td colspan="2">No replanting</td> </tr> <tr> <td>Luangmanis Estate</td> <td>348 ha</td> <td>360 ha</td> <td>398 ha</td> <td>284 ha</td> <td>285 ha</td> </tr> </table> <p><i>*Sg Sapi Estate - No more replanting programme after 2024/2025.</i></p>	Sg Sapi Estate	122 ha	156 ha	247 ha	226 ha	224 ha	Terusan Baru Estate	201 ha	194 ha	208 ha	No replanting		Luangmanis Estate	348 ha	360 ha	398 ha	284 ha	285 ha	
Sg Sapi Estate	122 ha	156 ha	247 ha	226 ha	224 ha																
Terusan Baru Estate	201 ha	194 ha	208 ha	No replanting																	
Luangmanis Estate	348 ha	360 ha	398 ha	284 ha	285 ha																
<b>4.6.2.3</b>	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> <li>a) Attention to quality of planting materials and FFB</li> <li>b) Crop projection: site yield potential, age profile, FFB yield trends</li> <li>c) Cost of production : cost per tonne of FFB</li> <li>d) Price forecast</li> <li>e) e) Financial indicators : cost benefit, discounted cash flow, return on investment</li> </ul> <p><b>- Major compliance –</b></p>	<p>This requirement i.e. crop material, crop projection, yield, production cost is available. It is provided in the business management plan shown in item 4.6.2.1 above.</p> <p>The estates had a format and guideline to calculate the returns on the field operations i.e. Income=sale of FFB (with award of CPO/CPK from the mill) less the expenditure (fixed and direct cost). This format is sighted.</p>	Complied																		
<b>4.6.2.4</b>	<p>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p> <p><b>- Major compliance -</b></p>	<p>The estates performance is recorded in the monthly progress report.</p> <ul style="list-style-type: none"> <li>a) Details on the actual vs budget i.e. crop production, fixed and direct cost are shown therein.</li> <li>b) The management also provides variance report on the performance and reviewed on a monthly basis.</li> </ul> <p>The supervisory personnel maintained a daily cost for the field operations.</p>	Complied																		
<b>Criterion 4.6.3: Transparent and fair price dealing</b>																					

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<b>4.6.3.1</b>	Pricing mechanisms for the products and other services shall be documented and effectively implemented. <b>- Major compliance -</b>	The documentation of price mechanism for services received from contractors are contained in the respective contracts. Sighted during the audit was Contract no SSP/W062/002/19-20 dated 1 Jan 2019 between Ladang Sabah Sdn Bhd – Sg Sapi Estate with Kalang Enterprise for transporting FFB/EFB/Stone and hiring lorries. Rate of transporting FFB and stones are clearly indicated in the contract.	Complied
<b>4.6.3.2</b>	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. <b>- Major compliance -</b>	Reviewed during the audit were contracts entered into between the Estates and third parties. The contracts are fair as they contain provisions relating to the Estates’ and contractors’ obligations, payment calculation, mutual termination clause, and mutually agreed between IOI and contractors. It was also stipulated that payment is to made within 5 weeks of issuance of invoice. Sighted during the audit was invoice from Kalang Enterprise (Inv No 0417) dated 31 July 2019 and was paid on 22 Aug 2019. There is evidence that payments are made in a timely manner.	Complied
<b>Criterion 4.6.4: Contractor</b>			
<b>4.6.4.1</b>	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. <b>- Major compliance -</b>	Sighted during the audit was the inclusion of IOI’s Transport Policy into contracts with transportation contractors. This insertion of this Policy is to ensure contractors are aware and comply with local, national laws such as payment of minimum wage, ratified international laws, and also with MSPO standards. The Policy was also acknowledged by the contractors, and reiterated during the stakeholder meeting.	Complied
<b>4.6.4.2</b>	The management shall provide evidence of agreed contracts with the contractor. <b>- Major compliance -</b>	Evidence of contracts with contractors were provided by the Estate management. At Terusan Baru Estate, reviewed during the audit was Contract No: TRB/024-19/20 dated 1 January 2020 between Terusan Baru Estate and Bohari Enterprise for transporting FFB and EFB. The contract commenced on 1 Jan 2020 shall be completed on 30 June 2020. The contracts contain provisions related to statutory obligations, EPF,	Complied

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		SOCSO, min wages, insurance, safety tools, etc. Schedule 1 of contract states the payment calculation.	
<b>4.6.4.3</b>	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.  - <b>Minor compliance</b> -	Statement on compliance with MSPO requirements is attached to the agreement, and signed and acknowledged by the contractors (Buhari Enterprise and Jen Siong Transport) on 2 Jan 2020. The auditors have been able to have access to the contractors' workers, documentations such as contracts and workers' pay slips for verification during this audit.	Complied
<b>4.6.4.4</b>	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.  - <b>Major compliance</b> -	Each contractor will be observed and monitored via Monitoring Book for FFB transporter and the transporters are required to show the weighbridge ticket from the Ladang Sabah Palm Oil Mill as proof that FFB was delivered to the Mill as agreed.	Complied
<b>4.7 Principle 7: Development of new planting</b> – Ladang Sabah Sdn Bhd group estates did not carry out any new plantings since January 2015. Therefore, Principle 7 is not applicable during this main assessment. The immature areas are replanted area.			

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**MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.**

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	Policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	IOI Group has established policy entitled “Sustainable Palm Oil Policy” dated on March 2018 signed by Dato’ Lee Yeow Chor (Group Chief Executive Officer) and Dr. Surina Ismail (Group Head of Sustainability) made available and posted on notice boards. All the IOI plantation and mill in Sabah and Peninsular Malaysia has thus certified by end 2018	Complied
<b>4.1.1.2</b>	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. <b>- Major compliance -</b>	Stated under section 4 of IOI Group Sustainable Sustainability Palm Oil Policy; “committing towards sustainable production of palm oil and its continuous improvement as outlined in the MSPO guidelines”.	Complied
<b>Criterion 4.1.2 – Internal Audit</b>			
<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. <b>- Major compliance -</b>	Internal audit was carried by Sustainable Palm Oil Department team on 26/11/19 for Ladang Sabah Palm Oil Mill. Audit covered both documentation and field operation for the mill.	Complied
<b>4.1.2.2</b>	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of	Internal audit process is defined under Internal audit procedure, MSPO/SOP/IA/2, rev:2 dated 16/11/2018. Audit was carried out	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	strengths and root causes of nonconformities, in order to implement the necessary corrective action. <b>- Major compliance -</b>	Sustainable Palm Oil Department team. There were 2 major NC raised as result of audit. Follow up from Sustainable Palm Oil Department, ref: IOI/SR/SPO/19/M-01/049 dated 11/12/19 was referred to for the corrective action plan request and timeline for closure. Onsite verification for major NC closure was done on 8/1/20 and was effectively closed on the said date.	
<b>4.1.2.3</b>	Reports shall be made available to the management for their review. <b>- Major compliance -</b>	Internal audit report prepared by Sustainable Palm Oil Department dated 26/11/19 is made available to the management for review.	Complied
<b>Criterion 4.1.3 – Management Review</b>			
<b>4.1.3.1</b>	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. <b>- Major compliance -</b>	The latest management review was carried out on 21/12/19. The combined MSPO/RSP0 meeting was chaired by mill manager and attended by assistant manager and head of department. All pertinent elements in the standard has been discussed for effective implementation of MSPO towards continual improvement.	Complied
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. <b>- Major compliance -</b>	Ladang Sabah POM has established action plan for continual improvement covering all aspect of the operations appropriate to the scale and intensity of its operations. Details of the continuous improvement plan for year 2019/2020 is made available to the audit team during the audit.	Complied

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<b>4.1.4.2</b>	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p><b>- Major compliance -</b></p>	<p>The means to improve practices consistent with new information, new techniques or new industry standards were obtained from MPOA/MPOB and etc. Other manners to keep abreast of these development include being members of various oil palm related association e.g. ISP and relationship with suppliers.</p>	Complied
<b>4.2 Principle 2: Transparency</b>			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
<b>4.2.1.1</b>	<p>The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.</p> <p><b>- Major compliance -</b></p>	<p>The Management of Ladang Sabah Palm Oil Mill and its supply base had an external stakeholder meeting on 26 September 2019. This meeting was attended by approximately 90 external stakeholders (contractors, suppliers, neighbouring estates, nearby schools, sundry shops) where the Sabah Palm Oil Mill and its supply base communicated to their external stakeholders the following information which included:</p> <ul style="list-style-type: none"> <li>- Relevant information on environmental, social and legal issues.</li> <li>- All of IOI policies</li> <li>- MSPO certification requirements</li> <li>- List of documents that stakeholders can have access to</li> <li>- Grievance mechanism</li> <li>- High Conservation Value areas</li> <li>- Conservation areas</li> <li>- Relevant laws and legal register.</li> </ul> <p>The meeting was conducted in Bahasa Malaysia.</p>	Complied



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<b>4.2.1.2</b>	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.  <b>- Major compliance -</b>	The management documents that are publicly available include IOI Group Policies, SIA report, HCV report, public summary of certification documents, relevant laws and legal register and land titles.	Complied
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	Procedures shall be established for consultation and communication with the relevant stakeholders.  <b>- Major compliance -</b>	Procedures for consultation and communication with relevant stakeholders have been established. The stakeholders also include media, investors, as well as other stakeholders. At the Mill level, the response may come from the Mill Manager or the Social Liaison Officer, and the stakeholder will be informed of the outcome within 5 working days.	Complied
<b>4.2.2.2</b>	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> .  <b>- Minor compliance -</b>	At the Mill, the management official responsible was the Assistant Manager, Ladang Sabah Palm Oil Mill who appointed via letter dated 21 December 2019. The duties and responsibilities include assisting the Mill Manager in implementing the requirements of MSPO certification standards, stakeholder engagement and consultations, conduct management review based on internal audit report, monitor compliance and track update on changes in regulatory requirements.	Complied
<b>4.2.2.3</b>	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.	List of stakeholders for the Ladang Sabah Palm Oil Mill was updated on 2 Jan 2020. It comprises external stakeholders such as contractors, suppliers, service providers, government agencies, nearby clinics, embassies and consulates, HUMANA,	Complied

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	- <b>Major compliance</b> -	CLC, etc. Consultation records with stakeholders are clearly minuted. Issues raised by the stakeholders are also separately documented for follow-ups in a document entitled Time-Bound Issue (External Stakeholder 2019: Ladang Sabah Group). This document identifies the social and environmental impacts, action plan, timeframe and remarks.	
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.  - <b>Major compliance</b> -	Ladang Sabah POM has established documented procedure, MSPO Supply Chain - Oil Mill: Segregation (SG), document reference no. MSPOSC/SOP/SG/1, rev: 2 dated 1/9/19. This procedure is shared for traceability requirement under part 4 as well as MSPO SCCS requirements.	Complied
<b>4.2.3.2</b>	The management shall conduct regular inspections on compliance with the established traceability system.  - <b>Major compliance</b> -	Incoming FFB from the estate will be accompanied by FFB Weighbridge Ticket. The FFB will be weighed and Weighbridge Ticket will be issued. All incoming and processing of MSPO certified material will be updated into FFB Receive Detail Report that is recorded on the daily basis.  Details of incoming FFB @certiied material has detailed out all related information as per the following: a) The name and address of the seller/buyer – Sg Sapi Estate Div 2 b) Product(s) identification including the applicable supply chain models (mass balance, segregation) - CS FFB c) The quantity of the products delivered – nett weight: 14.98 mt d) The loading or delivery date – 22/12/19	Complied

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		<p>e) Related transportation documentation with a unique identification number – weighbridge ticket no.: 395585            f) MSPO certificate number – SGS-MSPO-MY19 1102977931            g) MSPO certificate validity – 20/6/18 to 19/6/23.</p> <p>a) The name and address of the seller/buyer – Terusan Baru Estate            b) Product(s) identification including the applicable supply chain models (mass balance, segregation) - CS FFB            c) The quantity of the products delivered – nett weight: 20.29 mt            d) The loading or delivery date – 15/12/19            e) Related transportation documentation with a unique identification number – weighbridge ticket no.: 395100            f) MSPO certificate number – SGS-MSPO-MY19 1102977931            g) MSPO certificate validity – 20/6/18 to 19/6/23.</p> <p>a) The name and address of the seller/buyer Luangmanis Estate            b) Product(s) identification including the applicable supply chain models (mass balance, segregation) - CS FFB            c) The quantity of the products delivered – nett weight: 11.11 mt            d) The loading or delivery date – 22/12/19            e) Related transportation documentation with a unique identification number – weighbridge ticket no.: 395580            f) MSPO certificate number – SGS-MSPO-MY19 1102977931            g) MSPO certificate validity – 20/6/18 to 19/6/23.</p>	

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4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. <b>- Minor compliance -</b>	Identification of person in charge for traceability is documented under Ladang Sabah POM organization chart dated 30/12/19 The MSPO Management team is now headed by the new mill manager, Mr Wilfred Moikong and assisted by mill assistant manager to maintain traceability system.	Complied									
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. <b>- Major compliance -</b>	As to date no certified CPO and PK sold to customer/buyer. For MSPO certificate detail, stamp will be used on each delivery ticket which carry the certified product. Delivery of MSPO certified CPO will be accompanied by CPO Delivery Notes and Weighbridge Ticket. Monthly summary of storage, sales, delivery or transportation of crude palm oil and palm kernel reported to MPOB via <a href="http://www.e-kilangmpob.com.my/ekilang_main/">http://www.e-kilangmpob.com.my/ekilang_main/</a>	Complied									
<b>4.3 Principle 3: Compliance to legal requirements</b>												
<b>Criterion 4.3.1 – Regulatory requirements</b>												
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. <b>- Major compliance -</b>	<p>Licenses/permit viewed as complied by Ladang Sabah POM for the legislative requirement among others viewed were:</p> <table border="1"> <thead> <tr> <th></th> <th>License /permit</th> <th>Validity period</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>MPOB license no. 500264104000, storage, maximum processing of FFB for 390,000 mt/year. (Jan – Dec 2019 : 357,708.55 mt)</td> <td>1/7/19-30/6/20</td> </tr> <tr> <td>2</td> <td>DOE license no. 003445 Schedule Of Compliance AS (B) A</td> <td>1/7/19-30/6/20</td> </tr> </tbody> </table>		License /permit	Validity period	1	MPOB license no. 500264104000, storage, maximum processing of FFB for 390,000 mt/year. (Jan – Dec 2019 : 357,708.55 mt)	1/7/19-30/6/20	2	DOE license no. 003445 Schedule Of Compliance AS (B) A	1/7/19-30/6/20	Complied
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			31/152/000/096, processing capacity 90 mt/hr. BOD <sub>3</sub> limit is 20 mg/l	
		3	AESP confined space (44 competent person). Sample of license checked: NW-SBRO-AE-R-1062-R valid until 5/12/21 NW-SBRO-AE-R-1061-R valid until 5/12/21 NW-SBRO-AE-R-0006-P valid until 14/1/21	
		4	AGT-ES competent person (total 6 person) Sample of license checked: NW-NSDK-AGT-R-0021-P valid until 11/4/21 NW-NSDK-AGT-R-0018-P valid until 11/4/21 NW-NSDK-AGT-R-0005-O valid until 15/5/20	
		5	<i>Lesen Untuk Menggaji Pekerja Bukan Pemastautin</i> , license no. JTK.H.SDK.600-4/1/01261/003867, Indonesia: 769, Philippines: 11, Peninsular Malaysia: 4	3/5/19-2/5/20
		6	Fire Certificate, Serial no. 309439, ref: JPBM:SB/7/192/2019	20/9/19-19/9/20
		7	Steam Engineer Grade 1, 148/2018, S/N: 8105	Effective from 3/8/19
		8	Engine driver (grade 1), H/ED/145/92; SN: 16014	Effective from 21/10/1992

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Criterion / Indicator		Assessment Findings		Compliance																							
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		<p>List of certificated machinery registered with DOSH sighted among others as listed below;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 65%;">Machinery/registration no</th> <th style="width: 30%;">Valid until</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Boiler no 2 – PMD 10547</td> <td>21/1//2021</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Boiler no 3 – PMD 180</td> <td>14/7/2020</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Sterilizer no 1 PMT 105391</td> <td>24/2/2021</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Sterilizer no 3 PMT 105393</td> <td>17/2/2021</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Monorail crane no.1 PMA 71084</td> <td>24/2/2021</td> </tr> <tr> <td style="text-align: center;">6</td> <td>Monorail crane no.2 PMA 9492</td> <td>24/2/2021</td> </tr> <tr> <td style="text-align: center;">7</td> <td>Monorail crane no.3 SB PMA 1109</td> <td>17/2/2021</td> </tr> </tbody> </table>			Machinery/registration no	Valid until	1	Boiler no 2 – PMD 10547	21/1//2021	2	Boiler no 3 – PMD 180	14/7/2020	3	Sterilizer no 1 PMT 105391	24/2/2021	4	Sterilizer no 3 PMT 105393	17/2/2021	5	Monorail crane no.1 PMA 71084	24/2/2021	6	Monorail crane no.2 PMA 9492	24/2/2021	7	Monorail crane no.3 SB PMA 1109	17/2/2021
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<b>4.3.1.2</b>	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>Legal Register established namely "Legal Requirements Register" consist of Federal Laws, State Laws and Codes of Conduct/Practice and other standard. The legal register dated 6/1/20 was made available for review. OSHA (Noise Exposure)</p>		Complied																							

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		Regulation 2019 and Employee Social Security Act etc. Sighted several licenses and permits from all estates visited. Observed all sampled permits and licenses are valid.	
<b>4.3.1.3</b>	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. <b>- Major compliance -</b>	"Mechanism of Tracking Law Changes" was shown. Every department was appointed to track any changes of laws such as Human Resources Department, Sustainability Department, Administration & Legal Department, Safety and Health Department, Estate Manager, Visiting Medical Officer, Security Advisor.	Complied
<b>4.3.1.4</b>	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. <b>- Minor compliance -</b>	Appointed MSPO Officer, mill assistant manager is responsible of monitoring and updating regulatory requirements. Refer to appointment letter dated 21/12/19.	Complied
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. <b>- Major compliance -</b>	Ladang Sabah POM is 48.308 ha comprising among others, biogas area, effluent ponds and raw water pond. This area is located within the land title of Ladang Sabah Sdn Bhd (Country Lease 085317497 dated 17 December 1985) which consists of 5766 ha. The lease granted by the Director of Lands and Surveys, for an on behalf of the Government of Sabah is from 1 January 1984 to 31 December 2082. The land is demised only for the purpose of the cultivation of cocoa and oil palm. The Mill premises is demarcated by perimeter fencing. There is no evidence that the oil palm milling activities has diminished land user rights of other users.	Complied

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<b>4.3.2.2</b>	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. <b>- Major compliance -</b>	Ladang Sabah POM is 48.308 ha and is located within the land title of Ladang Sabah Sdn Bhd (Country Lease 085317497 dated 17 December 1985) which consists of 5766 ha. The lease granted by the Director of Lands and Surveys for an on behalf of the Government of Sabah is from 1 January 1984 to 31 December 2082. The land is demised only for the purpose of the cultivation of cocoa and oil palm.	Complied
<b>4.3.2.3</b>	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. <b>- Major compliance -</b>	The perimeter boundary of Ladang Sabah Palm Oil Mill is demarcated by perimeter fencing and visibly maintained.	Complied
<b>4.3.2.4</b>	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). <b>- Minor compliance -</b>	There is no evidence of any disputes between the Ladang Sabah Palm Oil Mill and any third party. Therefore, this Indicator is not applicable.	Complied
<b>Criterion 4.3.3 – Customary rights</b>			
<b>4.3.3.1</b>	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. <b>- Major compliance -</b>	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Complied
<b>4.3.3.2</b>	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Complied



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	- <b>Minor compliance</b> -		
<b>4.3.3.3</b>	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - <b>Major compliance</b> -	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Complied
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - <b>Minor compliance</b> -	Social impact assessment was carried out internally by the Sustainability Team and being revised annually. The latest annual review of the social impacts and plans was carried out on 6 January 2020, where the next review is planned for 6 January 2021. The review report was prepared by the Social Liaison Officer and approved by Mill Manager upon getting the input from the Mill's internal stakeholders (mill workers, Joint Consultative Committee, Employee Consultative Committee, Gender Consultative Committee) and external stakeholders (suppliers, contractors, government agencies). Both positive and negative issues raised by the stakeholders are tabulated in the review form where action plans, timeframe and person in charge were identified. Among the positive impacts identified were compliance with laws, peaceful social existence, provision of basic education for workers' children, availability of sundry shops within near the workers' housing area, etc. Among the negative impacts identified included poor road conditions leading to the workers'	Complied

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		housing. The action plan identified included constant monitoring and road repairs.	
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	A system for dealing with complaints and grievances shall be established and documented. <b>- Major compliance -</b>	The Ladang Sabah Mill subscribes to the consultation and communication procedure documented under Group Social Impact Assessment and Management Action Plans (Guidance Document for period 2019 – 2024) approved by Plantation Director dated March 2019.  Additionally, the procedure also states that grievances can be communicated via the Green Book, HQ hotline, (using WhatsApp and SMS) or via the Employee Consultative Committee.  Interviews conducted with workers confirmed their awareness of the above, and they also confirmed its implementation.	Complied
<b>4.4.2.2</b>	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. <b>- Major compliance -</b>	Based on records available, and interviews conducted with workers, there is evidence that the system is able to resolve disputes in an effective, timely and appropriate manner accepted by all parties.  A grievance report received on 17 Sept 2019 which related to a verbal argument and threat of violence by one worker against the other was investigated, resolved and appropriate action taken within 7 days.	Complied
<b>4.4.2.3</b>	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	Complaints can be lodged via several methods and they are as follows:  a. Green Book which is available at the office;	Complied

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	- <b>Minor compliance</b> -	<ul style="list-style-type: none"> <li>b. Via the Employee Consultative Committee (ECC) via Information Gathering Forms distributed one week before the ECC meeting;</li> <li>c. Via the Joint Consultative Committee (JCC) meeting;</li> <li>d. House Repair forms which is available at the office.</li> </ul> <p>Sighted during the audit were complaints lodged by workers in the Green book, information gathering forms, minutes of the JCC meeting, and house repair forms. The house repair form dated 22 Nov 2019 complained about torn mosquito netting at the worker's house. Record shows that the repair was completed on 25 Nov 2019.</p>	
<b>4.4.2.4</b>	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p>- <b>Minor compliance</b> -</p>	<p>Workers interviewed are aware of the grievance and complaints procedure and all the available forms from the briefing done on 15 July 2019 for 73 workers, and during morning muster briefings.</p> <p>There is no local community within the immediate proximity of the Ladang Sabah Palm Oil Mill.</p>	Complied
<b>4.4.2.5</b>	<p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p>- <b>Major compliance</b> -</p>	<p>The Ladang Sabah Palm Oil Mill has documented complaints and solutions within the past 24 months via its Green Book and House Repair Forms.</p>	Complied
<b>Criterion 4.4.3:</b> Commitment to contribute to local sustainable development			

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<b>4.4.3.1</b>	<p>Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p><b>- Minor compliance -</b></p>	<p>The Ladang Sabah Palm Oil Mill responded to a written request from Hospital Duchess of Kent dated 12 May 2019 which requesting participation at a blood donation campaign on 15 July 2019. 25 mill employees participated in the blood donation campaign. Additionally, the Mill also provided 3 months of on-the-job-training for 4 students from TAS Institute of Oil and Gas.</p>	Complied				
<b>Criterion 4.4.4: Employees safety and health</b>							
<b>4.4.4.1</b>	<p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>Occupational Safety and Health Policy was revised in April 2019 and approved by Plantation Director, N B Sudhakaran. All policies being communicated to relevant parties through morning muster, stakeholder meeting, new recruitment induction.</p> <p>Safety Management Plan dated 3/1/20 was sighted entailing safety policy, training, risk assessment, PPE, SOP, OSH Committee, OSH Meeting, Workplace Inspection, Accident Reporting, Chemical Management, Emergency Response Plan etc. Latest changes noted on the organization structure and ERP plan and also review on HIRARC. All Safety Management Plans prepared by HSE Manager, concurred by mill manager.</p> <p>On the OSH compliance monitoring, annual surveillance carried out as per legal requirements. Summary of compliance monitoring as per below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">OSH monitoring</th> <th style="width: 40%;">Date of monitoring</th> </tr> </thead> <tbody> <tr> <td>Medical surveillance (as per CHRA recommendation)</td> <td>23/8/19 by OHD, HQ/18/DOC/00/0201</td> </tr> </tbody> </table>	OSH monitoring	Date of monitoring	Medical surveillance (as per CHRA recommendation)	23/8/19 by OHD, HQ/18/DOC/00/0201	Opportunity for Improvement
OSH monitoring	Date of monitoring						
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			<p>93 workers examined (workshop, lab, boiler, polishing plant etc)</p> <p>Contractor management PTW, induction etc</p> <p>ESP project by Viridis Engineering Sdn Bhd</p> <p>PTW dated 10 and 11/1/19.</p> <p>Site registration no.: SB/103/19/00716</p> <p>Scaffolding erector: SB/09/PP/01/5</p> <p>Ladder no. rungs: 18</p> <p>No. of standards: 11</p> <p>No. of lift: 10</p> <p>5/1/20</p> <p>Recording/verification check, information of competent person can be improved further.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.4.4.2</b> The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> <li>a) A safety and health policy, which is communicated and implemented.</li> <li>b) The risk of all operations shall be assessed and documented.</li> <li>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:               <ul style="list-style-type: none"> <li>i. All employees involved are adequately trained on safe working practices;</li> <li>ii. All precautions attached to products should be properly observed and applied;</li> </ul> </li> <li>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</li> <li>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</li> <li>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</li> <li>g) The management shall conduct regular two-way communication with their employees where issues that affect their business</li> </ul>	<p>The policy has been established with details elaborated in 4.4.4.1 above.</p> <p>The risk of all operations were assessed and documented under HIRARC. The HIRARC for the mill operations was last reviewed on 01.11.2019.</p> <p>Among those work activities the mill had established were not limited to FFB processing at every workstation from receipt and grading, oil extraction to storage and CPO dispatch and treatment of by-products/waste but includes work activities at Supporting Functions such as:</p> <p>Workshop Maintenance and servicing – all mill and biogas plant machineries, equipment and appurtenances. Welding and cutting job, electrical works, etc.</p> <p>Utility - Water Treatment Plant, Boiler House, Engine Room and Biogas Plant Operation</p> <p>Laboratory - Laboratory analysis of products and by-products/wastes</p> <p>Office and Store – Office activities and administration, weighbridge operation</p> <p>Store – Operation (receiving, storing/racking, issuing) and Materials management</p> <p>Security – Site patrolling, gate keeping and emergency response</p> <p>Contractor – Wide ranging scope of activities that are not normally perform by employees or where expertise are required,</p>	<p>Complied</p>

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<p>such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>for example, boiler repair, servicing and maintenance, desludging of effluent ponds, Chemical Health Risk Assessment (CHRA) , etc.</p> <p>Training for employees are provided. The training includes for the employees handling chemicals and other safe working procedures. Details of the trainings organised by the mill management is shown in 4.4.6.1.</p> <p>The mill issued PPE to all its employees. The common PPE provided are safety boots and safety helmets and cotton gloves. Other specified PPE i.e. are issued for designated type of work such as harness (working at height), leather gloves for the cage handlers and workshop personnel, ear plug for employees working at high noise density etc.</p> <p>SOP of handling of chemicals is available. Therein is shown requirement &amp; selection of chemicals, assessment of chemicals hazards, selection of supplier and transportation of chemicals storage and handling.</p> <p>The management appointed the Mill Manager as the Chairman for the ESH committee.. The Manager in turn elects the Engineers to further execute and monitor all the ESH practices in the day-to-day running of the mill,</p> <p>Communications on safety are made through safety meeting /site supervision/dialogue/briefing during the weekly muster. The safety meeting was held 3 monthly having a total of 4 meeting in a year. Latest meeting dated 31/12/19 was available for verification.</p>	

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	<p>Accident and emergency procedures are available. There is a formation of ERP Team &amp; ERP for all the identified incidences. The organisation chart for the ERP team was appointed and displayed for information of the employees. Drill for fire ERP was latest organised on 21/12/19. Other ERP were briefed during the weekly gathering and explained during the ad-hoc briefing at individual stations. These trainings are recorded in the log book maintained at the operations site.</p> <p>Lesson learned/shortcoming identified during fire drill exercise to be reported for improvement.</p> <p>A basic in-house 1st aid training was conducted on 27/11/18 for 5 appointed personnel from Ladang Sabah POM. List of trained first aider as per the following;</p> <table border="1" data-bbox="1088 948 1718 1197"> <thead> <tr> <th>Training</th> <th>Certificate no.</th> <th>Date of training</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Occupational First Aider Skills and CPR</td> <td>814/2018</td> <td>26-27/11/18</td> </tr> <tr> <td>818/2018</td> <td rowspan="3">(valid for 3 years)</td> </tr> <tr> <td>815/2018</td> </tr> <tr> <td>817/2018</td> </tr> </tbody> </table> <p>Records of all accidents are kept. Accident incidences are reviewed during safety meetings. Accidents which involved high lost time incidents (LTI) for 2019 were recorded below:</p>	Training	Certificate no.	Date of training	Occupational First Aider Skills and CPR	814/2018	26-27/11/18	818/2018	(valid for 3 years)	815/2018	817/2018	<p>Opportunity for Improvement</p>
Training	Certificate no.	Date of training										
Occupational First Aider Skills and CPR	814/2018	26-27/11/18										
	818/2018	(valid for 3 years)										
	815/2018											
	817/2018											



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Criterion / Indicator		Assessment Findings			Compliance
		Date of accident	Lost time incident (LTI)	Remarks	
		9/1/19	22 LTI	Temporary disability	
		10/8/19	20 LTI	Permanent disability	
		Total of 14 incident cases in 2019 with 45 LTIs.			
		HIRARC was reviewed accordingly and investigation was also held by the committee.			
<b>Criterion 4.4.5: Employment conditions</b>					
<b>4.4.5.1</b>	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.  <b>- Major compliance -</b>	Ladang Sabah Palm Oil Mill subscribes to IOI Group Sustainable Palm Oil Policy signed by the Group CEO (revised March 2018) which commits the IOI Group to respect and uphold the rights of all workers, including contract, temporary and migrant workers in accordance with the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, etc. This was communicated to all employees during muster briefings and Company Policy training held on 11 Dec 2019. The Policy is also displayed on main notice boards within the Mill premises.			Complied
<b>4.4.5.2</b>	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment	The Mill subscribes to the IOI Plantation Equal Opportunity Employment and Freedom of Association Policy dated October 2017 signed by Plantation Director. This Policy states the IOI Group's commitment to providing equal opportunities in			Complied

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	<p>regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p><b>- Major compliance -</b></p>	<p>employment and freedom of association. The Policy states that all workers are to receive equal treatment regardless of gender, race, caste, nationality, religion, age, physical condition, sexual orientation, marital status, union membership, employment status or political affiliation.</p> <p>The implementation of this Policy was confirmed by workers interviewed, where they confirmed that no form of discrimination exists.</p>	
<b>4.4.5.3</b>	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p><b>- Major compliance -</b></p>	<p>Based on the pay slips of Workers No. 0627, 0682, 0507 and 0623 sighted for the months of March, August and October 2019, there is evidence that Ladang Sabah Palm Oil workers are paid RM1,100 per month and above, in compliance with the Minimum Wages (Amendment) Order 2018.</p>	Complied
<b>4.4.5.4</b>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p><b>- Minor compliance -</b></p>	<p>There is evidence based on pay slips of drivers employed by Pengangkutan Dagang Tera Sdn Bhd and Juita Baru Sdn Bhd that the contractors' employees are paid more than the stipulated minimum wages.</p>	Complied
<b>4.4.5.5</b>	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p>	<p>Ladang Sabah Palm Oil Mill has records which provide an accurate overview of all employees (check-roll employees and contractors' employees). The records were sighted and verified during the audit. They show details such as full name, gender, nationality, date of birth, date of employment, job description, wage and period of employment.</p>	Complied

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	- Major compliance -		
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Ladang Sabah Mill employs foreign and local employees. Foreign workers sign employment contracts, whereas the local workers are given letters of appointment. Workers interviewed confirmed that a copy of the document is given to each of them.</p>	Complied
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</p>	<p>The Ladang Sabah Palm Oil Mill practices a time recording system where every employee scans his/her thumb print on a scanner which records their arrival and departure of employees. The time recording system contains workers' ID, work group (which shift), attendance report dates, date, day, time in, time out, total hours of work, overtime, total attendance, total hours overall, total overtime, total attendance, total absence, total workday. Workers interviewed confirmed that this is a transparent way of recording their working hours and overtime.</p>	Complied
4.4.5.8	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	<p>Each worker works 8 hours per day, and gets a one- day rest day per week. Any overtime is only done when it has been mutually agreed with both employer and employee. Based on interviews with workers and time records sighted, workers take a one-hour break which comes not more than after 5 hours of working. The working hours, overtime and breaks comply with the provisions of the Sabah Labour Ordinance. For workers who take their breaks within the Mill premises, this break is not recorded in the time recording system as the machine is located at the guardhouse.</p>	Complied

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<b>4.4.5.9</b>	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. <b>- Major compliance -</b>	Pay slips for March, Aug, October 2019 for Workers No. 0627, 0682, 0507 and 0623 show that wages and overtime payments are in line with the Sabah Labour Ordinance and Minimum Wages (Amendment) Order 2018. There is also evidence that statutory deductions for employment provident fund and employment insurance scheme are being made from local workers' wages.	Complied
<b>4.4.5.10</b>	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings. <b>- Minor compliance -</b>	Ladang Sabah Palm Oil Mill offers various social benefits for its workers and this include free housing with amenities such as playground, badminton/takraw fields, places of worship, free medical treatment for workers and their dependents, creche facilities, free electricity and treated water, bus transportation for workers' children to attend school, HUMANA.	Complied
<b>4.4.5.11</b>	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. <b>- Major compliance -</b>	Mill workers are provided with on-site living quarters with basic amenities such as playground, badminton/takraw fields, sundry shop, community hall, places of worship. Each house has between 2 to 4 rooms. Workers confirmed that any repair works that need to be done are being carried out promptly.	Complied
<b>4.4.5.12</b>	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. <b>- Major compliance -</b>	The Ladang Sabah Palm Oil Mill subscribes to the Policy on Harassment at Workplace which was signed by the Plantation Director dated June 2018. The IOI group views sexual harassment as a serious violation and will treat all incidents seriously, and will investigate all allegations Guilty will face stern disciplinary action including dismissal.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.4.5.13</b> The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p>There is no trade union within the Ladang Sabah Palm Oil Mill. However, in its place, it has established the Employee Consultative Committee (ECC) which comprises worker representatives they had themselves elected. Together with the Mill Manager and Social Liaison Officer, the members of ECC will form the Joint Consultative Committee (JCC).</p> <p>The ECC meeting discuss issues raised by workers using the Information Gathering Form. If unresolved, the issues would be brought up to the JCC meeting. The previous JCC meeting was held on 31 Dec 2019 and among the issues raised included painting works at the workers' housing, repair of drains at Block S, request for additional rubbish bins at Block N2, request for fogging to be done, repair of security post, installation of emergency siren, etc.</p> <p>Based on interviews and records, there is no evidence that workers exercising this right has been discriminated against or suffered repercussions.</p>	<p>Complied</p>
<p><b>4.4.5.14</b> Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p><b>- Major compliance -</b></p>	<p>The Sustainable Palm Oil Policy signed by the Group CEO (revised March 2018) commits to the elimination of all forms of illegal, forced bonded, compulsory or child labour. Based on list of Mill workers, the youngest worker was born on 5 July 2000 and joined the Mill on 8 April 2019.</p>	<p>Complied</p>
<p><b>Criterion 4.4.6:</b> Training and competency</p>		

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Criterion / Indicator		Assessment Findings	Compliance																
<b>4.4.6.1</b>	<p>All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.</p> <p><b>- Major compliance -</b></p>	<p>Training records for employees available and maintained at the office. Records are verified on a sampling basis which covers all aspect of training and MSPO Awareness. Sample of training record for 2019 as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Date</th> <th>Training</th> </tr> </thead> <tbody> <tr> <td>3/1/19</td> <td>SOP Engine room</td> </tr> <tr> <td>5/1/19</td> <td>SOP Boiler</td> </tr> <tr> <td>18/1/19</td> <td>First Aid and CPR training</td> </tr> <tr> <td>5/4/19</td> <td>LOTO system</td> </tr> <tr> <td>7/10/19</td> <td>PTW and confined space</td> </tr> <tr> <td>3/11/19</td> <td>Scheduled waste</td> </tr> <tr> <td>10/10/19</td> <td>Effluent Treatment Plant</td> </tr> </tbody> </table>	Date	Training	3/1/19	SOP Engine room	5/1/19	SOP Boiler	18/1/19	First Aid and CPR training	5/4/19	LOTO system	7/10/19	PTW and confined space	3/11/19	Scheduled waste	10/10/19	Effluent Treatment Plant	Complied
Date	Training																		
3/1/19	SOP Engine room																		
5/1/19	SOP Boiler																		
18/1/19	First Aid and CPR training																		
5/4/19	LOTO system																		
7/10/19	PTW and confined space																		
3/11/19	Scheduled waste																		
10/10/19	Effluent Treatment Plant																		
<b>4.4.6.2</b>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p><b>- Major compliance -</b></p>	<p>Yearly training plan is created based on Training Needs Analysis for workers involved in the operations.</p> <p>Sighted the Training Need Analysis of all staffs and workers are based on their competencies and job description.</p>	Complied																
<b>4.4.6.3</b>	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p>	<p>This is in compliance with 4.4.6.1. Training program are planned on annual basis and subject for a review during the financial year. The training program at current is adequate to support the management needs in enhancing the knowledge and skill of its</p>	Complied																

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Criterion / Indicator		Assessment Findings	Compliance
	- <b>Minor compliance</b> -	employees to operate the mill along with the MSPO certification standards.	
<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>			
<b>Criterion 4.5.1: Environmental Management Plan</b>			
<b>4.5.1.1</b>	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.  - <b>Major compliance</b> -	The company has established an environmental policy which is integrated into the company's Sustainable Palm Oil Policy to comply with relevant country and state environmental laws. The policy dated March 2018 is referred to.	Complied
<b>4.5.1.2</b>	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations  - <b>Major compliance</b> -	Environmental Impact Assessment, Management Action Plans & Continuous Improvement Plan, dated 5th January 2020 has been established where the mitigation measures are registered in. The objective is to mitigate and monitor the identified significant activities that give impacts on environment. Specific persons in-charged have been identified to do the monitoring to ensure the plan is effectively implemented. The following programmes have been identified:  1. To reduce boiler dark smoke emission with even distribution of burning fuels into furnace and reduce usage of wet shell. 2. To reduce boiler smoke emission by installing new air pollution control system (APCS) that remove fine particles and smoke before release to environment 3. Scheduled wastes generation – Mitigation: to be handled in accordance with EQ (Scheduled Wastes) Regulations 2005	Complied

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Criterion / Indicator		Assessment Findings	Compliance
<b>4.5.1.3</b>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>Mitigation measure is established based on identified significant aspect from the environmental aspect and impact evaluation. The mitigation measures were incorporated through various mechanism such as implementation of standard and/or safe operating procedure, implementation of emergency response plan, water management plan, wastes management plan, bio-diversity management plan, implementation of 3R to name a few. Environmental impact assessment (EIA) and management plan is documented under Environmental Impact Assessment Management Plans and CIP dated 3/1/19. Negative and positive impacts for operation have been identified and yet to include other related environmental receptors for improvement. i.e replanting and work station (genset)</p>	Complied
<b>4.5.1.4</b>	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p><b>- Minor compliance -</b></p>	<p>Sighted that Mill promoted the following as positive impact were included in Continual Improvement Plan:</p> <ul style="list-style-type: none"> <li>• Biogas plant and bio-engine – maximise operation</li> <li>• Combi fuel for boiler (mix solid and biogas fuel) – burner operation</li> <li>• Bio-sscubber installation – purify methane content for biogas engine infeed line.</li> </ul>	Complied
<b>4.5.1.5</b>	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.</p> <p><b>- Major compliance -</b></p>	<p>Awareness and training on environmental policy and objectives was given to all employees. In addition to this, the management has conducted awareness of its Environmental Management and Improvement Plan with the employees in various ways such as training, open discussion during morning muster and incorporation with other meeting like OSH quarterly meeting and</p>	Complied



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Criterion / Indicator		Assessment Findings	Compliance
		<p>Environmental Performance Management Committee monthly meeting.</p> <p>Auditor interviews with boiler-man revealed that they were aware no black smoke emission was allowed as this pollute the air and the mixing ratio of fiber to shell must be monitored. Workshop maintenance operators were aware of waste chemical containers, used and chemical-contaminated cotton and rags, contaminated soil, debris or matter resulting from cleaning-up of a spilled chemical, mineral oil or scheduled wastes, spent hydraulic oil, spent lubricant, used batteries and waste electrical and electronic parts shall be disposed as scheduled waste, inventoried and stored at the designated Scheduled Waste Storage area. These waste according to them can pollute that land and water.</p> <p>All domestic waste at linesite were disposed at land fill.</p>	
<b>4.5.1.6</b>	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>The Environmental Performance Monitoring Committee (EPMC) has been established to comply with the DOE requirement on Guidance Self-Regulation (GSR). The meeting held monthly was participated by mill manager, engineers, Supervisors and Engine Drivers to discuss environmental performance that include presentation by GSR sub-committee whose input include listening to concerns raised by workers, if any. Feedback from the GSR sub-committee presentations were used as input for management action plan. The latest meeting was carried out on 25/7/19.</p>	Complied
<b>Criterion 4.5.2:</b> Efficiency of energy use and use of renewable energy			

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<b>4.5.2.1</b>	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period  <b>- Major compliance -</b>	Plan for improving efficiency of fossil fuel was spelt out in Environmental Impact Assessment, Management Action Plans & CIP. Among the plans established by the operating units were: <ul style="list-style-type: none"> <li>• avoid purchasing second grade diesel from unauthorised dealers that contain high sulphur content</li> <li>• regular service of tractors for efficient running of engines</li> </ul>	Complied
<b>4.5.2.2</b>	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.  <b>- Major compliance -</b>	Estimation of direct usage of non-renewable energy is normally stated in the annual budget.	Complied
<b>4.5.2.3</b>	The use of renewable energy should be applied where possible.  <b>- Minor compliance -</b>	Plan for improving efficiency of RE usage was spelt out in Environmental Impact Assessment, Management Action Plans & CIP. Among the plans established by the operating units were: <ul style="list-style-type: none"> <li>- Fibre and shell were used as bio-fuel for boiler operation. The quantity of biomass also monitored to achieve the expected percentage of fibre and shell quantities being consumed.</li> <li>- The usage of methane gas from POME instead of fossil fuel to generate electricity</li> </ul>	Complied
<b>Criterion 4.5.3: Waste management and disposal</b>			

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Criterion / Indicator		Assessment Findings	Compliance																			
<p><b>4.5.3.1</b></p> <p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>All waste and pollution are identified and documented in the Environmental Impact Assessment, Management Action Plans &amp; Continuous Improvement Plan, dated 5<sup>th</sup> January 2020. Details of waste generated from the mill among others are shown below :-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Type of waste</th> <th style="width: 45%;">Items</th> <th style="width: 30%;">Location</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Rubbish</td> <td>Line sites, office, workshop, store,</td> </tr> <tr> <td>Industrial/process waste</td> <td>Shell/fibre and clickers Scarp iron</td> <td>Boiler/process/workshop</td> </tr> <tr> <td>SW410</td> <td>Rags, plastics, papers or filters contaminated with scheduled wastes</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">Workshop</td> </tr> <tr> <td>SW 305</td> <td>Spent Lubricant Oil</td> </tr> <tr> <td>SW 306</td> <td>Spent Hydraulic Oil</td> </tr> <tr> <td>SW 404</td> <td>Clinical Waste</td> <td>Clinic</td> </tr> </tbody> </table>		Type of waste	Items	Location	Domestic waste rubbish	Rubbish	Line sites, office, workshop, store,	Industrial/process waste	Shell/fibre and clickers Scarp iron	Boiler/process/workshop	SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	Workshop	SW 305	Spent Lubricant Oil	SW 306	Spent Hydraulic Oil	SW 404	Clinical Waste	Clinic	<p>Complied</p>
Type of waste	Items	Location																				
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SW 306	Spent Hydraulic Oil																					
SW 404	Clinical Waste	Clinic																				
<p><b>4.5.3.2</b></p> <p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p>	<p>Wastes products and sources of pollutions were identified and documented in Environmental Impact Assessment, Management</p>		<p>Complied</p>																			

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Criterion / Indicator		Assessment Findings	Compliance
	a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. <b>- Major compliance -</b>	Action Plans & Continuous Improvement Plan, dated 5 <sup>th</sup> January 2020. The document was available for verification.	
<b>4.5.3.3</b>	The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005 <b>- Major compliance -</b>	IOI has established a SOP for handling of chemicals to ensure proper and safe handling and storage in accordance to Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005. Scheduled Waste Guidelines, Appendix 2 , 1 <sup>st</sup> January 2015 is referred to.	Complied
<b>4.5.3.4</b>	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. <b>- Minor compliance -</b>	Domestic waste disposal for the mill was conducted by estate management through the collection and disposal 2 to 3 times a week. All domestic waste collected from the workers housing complex are disposed in estate landfill (Moynod Estate) at block 97D	Complied
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
<b>4.5.4.1</b>	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. <b>- Major compliance -</b>	The assessment of polluting activities is identified and documented in the Environmental Impact Assessment, Management Action Plans & Continuous Improvement Plan, dated 5 <sup>th</sup> January 2020.  Data on the level of Greenhouse gases (GHG) emissions are monitored and compiled on yearly basis through the GHG	Complied

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Criterion / Indicator		Assessment Findings	Compliance														
		<p>calculation methodology accepted for RSPO and ISCC GHG calculations and certifications which are analysed.</p> <p>As evidence, sighted the GHG Calculation for Ladang Sabah Group Estate and Mill for year 2019 using GHG Emissions Calculation Methods, RSPO PalmGHG Calculator, V.3.0.1.</p>															
<b>4.5.4.2</b>	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p><b>- Major compliance -</b></p>	<p>The polluting activities has been assessed during environmental aspect and impact assessment. The EAIA assessment findings including list of polluting sources are recorded in document titled "Environmental Aspect &amp; Impact Assessment (EAIA) &amp; Environmental Management Plan (EMP). As per Indicator 4.5.1.3</p>	Complied														
<b>4.5.4.3</b>	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p><b>- Major compliance -</b></p>	<p>The treated mill effluent discharge is regularly monitored as prescribed in the "Jadual Pematuhan" license issued to the mill. Regular monitoring is made on monthly basis and quarterly. In addition, daily site checking on the effluent ponds are made by the supervisory personnel and effluent attendants. Reports for the effluent parameters are submitted using "Borang Penyata Suku Tahun" to DOE for compliance. Latest analysis report dated 26/12/19, ref: E191217/02A-02C is referred to.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Parameters</th> <th style="width: 50%;">Analysis Test Report</th> </tr> </thead> <tbody> <tr> <td>pH</td> <td>9</td> </tr> <tr> <td>BOD</td> <td>14.1</td> </tr> <tr> <td>SS</td> <td>675</td> </tr> <tr> <td>AN</td> <td>1.1</td> </tr> <tr> <td>TN</td> <td>78.9</td> </tr> <tr> <td>O &amp; G</td> <td>&lt;3</td> </tr> </tbody> </table>	Parameters	Analysis Test Report	pH	9	BOD	14.1	SS	675	AN	1.1	TN	78.9	O & G	<3	Complied
Parameters	Analysis Test Report																
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Criterion / Indicator	Assessment Findings	Compliance																																
<b>Criterion 4.5.5: Natural water resources</b>																																		
<p><b>4.5.5.1</b> The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> <li>a) Assessment of water usage and sources.</li> <li>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</li> <li>c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> </ul> <p><b>- Major compliance -</b></p>	<p>The Mill have established water management plans to maintain the quality and availability of natural water resources. Water Management Plan for Ladang Sabah Grouping (dated 04 Oct 2012 – revised 06 Jan 2019) are available for review. The water management plan has include assessment of monitoring of outgoing water. Water Analysis Test Report, dated 26/12/19, ref: E191217/02A-02C as follows:-.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Hulu Sg Muanad</th> <th style="text-align: center;">Hilir Sg Muanad</th> <th style="text-align: center;">Final Discharge</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">pH</td> <td style="text-align: center;">6.6.</td> <td style="text-align: center;">7.4</td> <td style="text-align: center;">9.0</td> </tr> <tr> <td style="text-align: center;">BOD</td> <td style="text-align: center;">2.8</td> <td style="text-align: center;">3.8</td> <td style="text-align: center;">14.1</td> </tr> <tr> <td style="text-align: center;">COD</td> <td style="text-align: center;">20</td> <td style="text-align: center;">28</td> <td style="text-align: center;">675</td> </tr> <tr> <td style="text-align: center;">SS</td> <td style="text-align: center;">112</td> <td style="text-align: center;">25</td> <td style="text-align: center;">32</td> </tr> <tr> <td style="text-align: center;">TN</td> <td style="text-align: center;">ND(&lt;1)</td> <td style="text-align: center;">ND(&lt;1)</td> <td style="text-align: center;">1.1</td> </tr> <tr> <td style="text-align: center;">AN</td> <td style="text-align: center;">ND(&lt;1)</td> <td style="text-align: center;">ND(&lt;1)</td> <td style="text-align: center;">78.9</td> </tr> <tr> <td style="text-align: center;">O&amp;G</td> <td style="text-align: center;">ND(&lt;2)</td> <td style="text-align: center;">ND(&lt;2)</td> <td style="text-align: center;">ND(&lt;2)</td> </tr> </tbody> </table>		Hulu Sg Muanad	Hilir Sg Muanad	Final Discharge	pH	6.6.	7.4	9.0	BOD	2.8	3.8	14.1	COD	20	28	675	SS	112	25	32	TN	ND(<1)	ND(<1)	1.1	AN	ND(<1)	ND(<1)	78.9	O&G	ND(<2)	ND(<2)	ND(<2)	<p>Complied</p>
	Hulu Sg Muanad	Hilir Sg Muanad	Final Discharge																															
pH	6.6.	7.4	9.0																															
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AN	ND(<1)	ND(<1)	78.9																															
O&G	ND(<2)	ND(<2)	ND(<2)																															
<p><b>4.5.5.2</b> Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p>	<p>No other plan established at current. Monitoring of all parameters in Jadual Pematuhan as to ensure it meets regulatory limits.</p>	<p>Complied</p>																																

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
<b>4.6 Principle 6: Best Practices</b>			
<b>Criterion 4.6.1: Mill Management</b>			
<b>4.6.1.1</b>	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.  - Major compliance -	Standard Operating Procedures (SOPs) for estates and mills are documented and maintained. Set of procedures for mill operation detailed out under Group Standard Operating Procedures (StOPs) for Palm Oil Mill, document reference number, IOI/StOP/A, issue:2 dated 1/7/17. On safety practices, guided procedure titled, Occupational Safety and Management System IOI Corporation Berhad (Plantation Division) dated 1 August 2012. List of procedures checked: 1.0 FFB Reception 2.0 FFB Handling 3.0 Sterilizer 4.0 Threshing 5.0 Digestion and Pressing 6.0 Oil Room 7.0 Depericarper 8.0 Nut and Kernel Plant 9.0 Product Storage and Despatch 10.0 Laboratory 11.0 Effluent Treatment Plant 12.0 Biogas Plant 13.0 Polishing Plant	Complied
<b>4.6.1.2</b>	All palm oil mills shall implement best practices.	Regular visits by GM, PC, Safety and Sustainability team were well maintained accordingly. Visit purpose varies i.e. to monitor	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	operating unit performance as well as conducting water quality, safety and environmental monitoring based on the established management plan.	
<b>Criterion 4.6.2: Economic and financial viability plan</b>			
<b>4.6.2.1</b>	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.  - Major compliance -	5-year management plan the annual budget with a minimum 2 years of projection is available covering a period from 2017/2018 to 2021/2022. OPEX and CAPEX available for review.	Complied
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			
<b>4.6.3.1</b>	Pricing mechanisms for the products and other services shall be documented and effectively implemented.  - Major compliance -	The documentation of price mechanism for services received from contractors are contained in the respective contracts. Sighted during the audit were: <ul style="list-style-type: none"> <li>- Crude Palm Oil Transport Agreement dated 1 Aug 2019 between Ladang Sabah POM and Pengangkutan Dagang Tera Sdn Bhd (valid from 1 Aug 2019 until 31 July 2022) for transportation services. The pricing mechanism and the rates for transportation of crude palm oil are stipulated in Schedule 1 of contract.</li> <li>Palm Kernel Oil Transport Agreement dated 1 August 2019 between Ladang Sabah POM and Juita Baru Sdn Bhd (valid from 1 Aug 2019 until 31 July 2022) where the rates for transportation of palm kernel are also clearly stipulated in the contract.</li> </ul>	Complied



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Criterion / Indicator		Assessment Findings	Compliance
<b>4.6.3.2</b>	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. <b>- Major compliance -</b>	Contracts entered into between Ladang Sabah Palm Oil Mill and third parties are fair as it contains provisions relating to Mill's and contractors' obligations, payment calculation, mutual termination clause, and mutually agreed between IOI and contractors. It was also stipulated that payment is to made within 5 weeks of issuance of invoice as evidenced by invoice dated 31 October 2019 from Juita Baru Sdn Bhd (No T19/10/013) which was paid on 9 December 2019. There is evidence that payments are made in a timely manner.	Complied
<b>Criterion 4.6.4: Contractor</b>			
<b>4.6.4.1</b>	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. <b>- Major compliance -</b>	Sighted during the audit was the inclusion of IOI's Transport Policy into contracts with transportation contractors. This insertion of this Policy is to ensure contractors are aware and comply with local, national laws such as payment of minimum wage, ratified international laws, and also with MSPO standards. The Policy was also acknowledged by the contractors, and reiterated during the stakeholder meeting.	Complied
<b>4.6.4.2</b>	The management shall provide evidence of agreed contracts with the contractor. <b>- Major compliance -</b>	The auditor had sighted and reviewed Crude Palm Oil Transport Agreement dated 1 Aug 2019 between Ladang Sabah POM and Pengangkutan Dagang Tera Sdn Bhd (valid from 1 Aug 2019 until 31 July 2022) for transportation services. Also sighted and reviewed was a contract with Juita Baru Sdn Bhd dated 1 Aug 2019 (valid from 1 Aug 2019 until 31 July 2022).	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.6.4.3	<p>The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.</p> <p><b>- Minor compliance -</b></p>	<p>The auditors have been able to have access to the contractors' workers, documentations such as contracts and workers' pay slips for verification during this audit.</p>	<p>Complied</p>

**4.0 Assessment Conclusion and Recommendation:**

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

Based on the findings during the assessment of **Ladang Sabah Sdn Bhd, Ladang Sabah Palm Oil Mill located at Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah** complies with the **MS 2530-3:2013 and MS 2530-4:2013**. It is recommended that the certification of **Ladang Sabah Sdn Bhd, Ladang Sabah Palm Oil Mill located at Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah** continued.

Based on the assessment result, **Ladang Sabah Sdn Bhd, Ladang Sabah Palm Oil Mill located at Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah** complies with the **MS 2530-3:2013 MSPO Part 3: General principles for oil palm plantations and organized smallholder and MS 2530-4:2013 Part 4: General principles for palm oil mills** is recommended for continued certification.

Acknowledgement of Assessment Findings	Report Prepared by
<b>Name:</b> LEANG HON WAI	<b>Name:</b> Mohamed Hidhir Zainal Abidin
<b>Company name:</b> IOI PLANTATION SERVICES SDN BHD	<b>Company name:</b> BSI Services Malaysia Sdn Bhd
<b>Title:</b> GENERAL MANAGER	<b>Title:</b> Lead Auditor
<b>Signature:</b>  <b>Date:</b> 31/05/2020	<b>Signature:</b>  <b>Date:</b> 28 <sup>th</sup> April 2020

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**Appendix A: Assessment Plan**

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Rahayu
Sunday 12/01/2020	PM	Audit team travelling to SDK via MH2668 ETA 1425.	√	√
Monday 13/01/2020  <b>Ladang Sabah POM</b>	0730 am	Audit team travelling to Ladang Sabah POM	√	√
	08.30 – 09.00	<ul style="list-style-type: none"> <li>Opening Presentation by Audit team leader.</li> <li>Confirmation of assessment scope and finalize Audit Plan</li> </ul>		
	09.00 – 12.30	Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc		
	10.00 – 12.30	Stakeholders interview	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Continue with document review (MSPO part 4), P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition. P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
Tuesday 14/01/2020  <b>Sg Sapi Estate</b>	0730 AM	Traveling to Sg Sapi estate	√	√
	09.00 – 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	10.00 – 12.30	Stakeholder interview	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any )	√	√
		16.30 - 17.00	Interim Closing briefing.	√

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Date	Time	Subjects	Hidhir	Rahayu
Wednesday 15/01/2020  <b>Terusan Baru Estate</b>	0730	Travelling to Terusan Baru Estate	√	√
	09.00 – 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.		
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any )	√	√
	16.30 – 17.00	Interim closing		
Thursday 16/01/2020  <b>Luangmanis Estate</b>	0730	Travelling to Luangmanis Estate	√	√
	09.00 – 13.00	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.		
	10.00 – 12.00	Stakeholder consultation	-	√
	13.00 – 14.00	Lunch	√	√
	13.30 – 16.30	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any )	√	√
	16.30 - 17.00	Closing meeting for MSPO	√	√

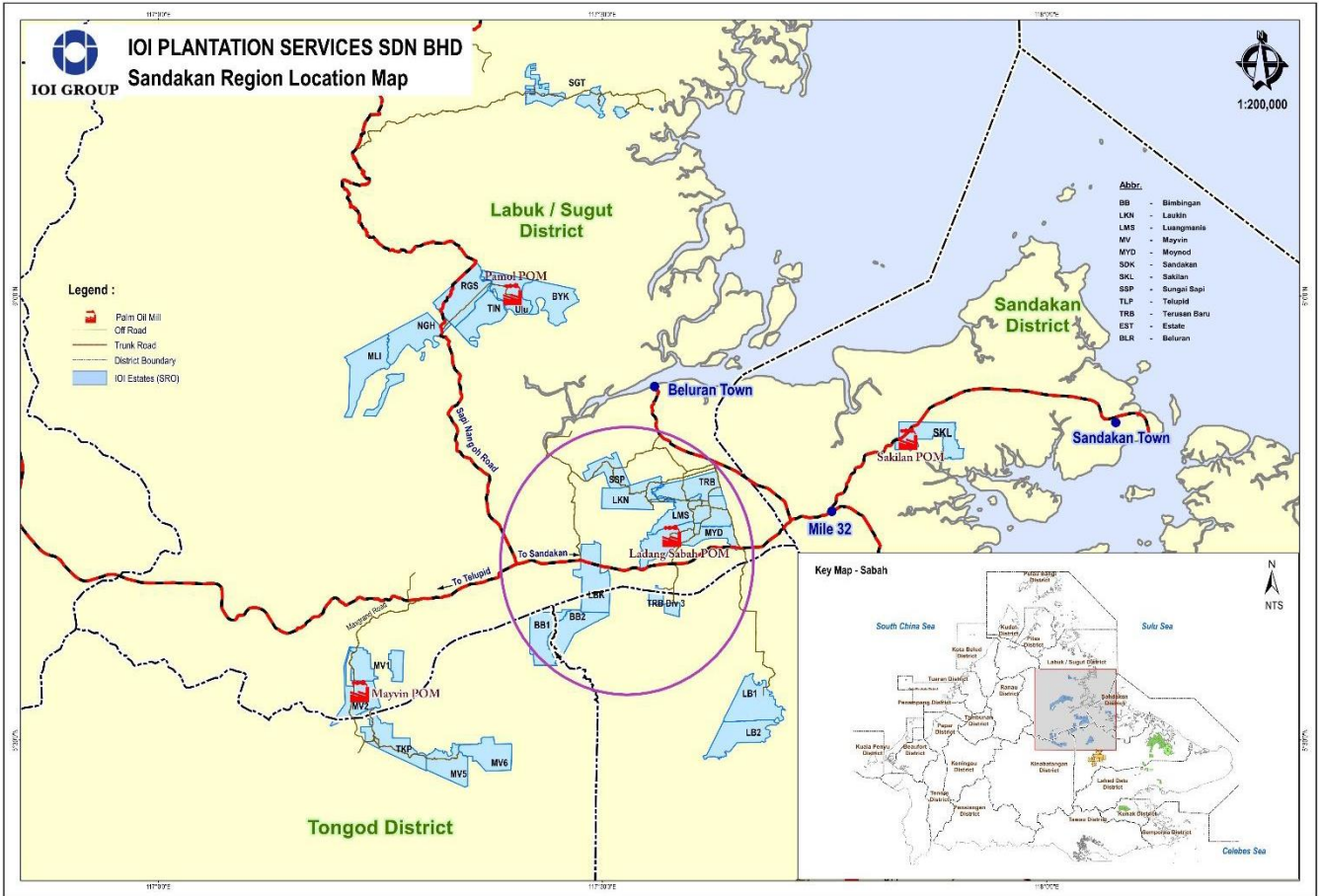
**Appendix B: List of Stakeholders Contacted**

<p><b>Government Bodies/External Stakeholder</b></p> <p>Local community, adjacent smallholders          SK Moynod          MNK (FW agency)</p>	<p><b>Internal Stakeholders:</b></p> <p>Workers Representatives (Foreign Worker)          Gender Committee Representative          Estate workers</p>
<p><b>NGO:</b></p> <p>Nil</p>	<p><b>Contractors:</b></p> <p>FFF transporter (Bukhari Ent, Jen Siong Trading)          EFB transporter (Pengangkutan Halisa)</p>

**Appendix C: Smallholder Member Details**

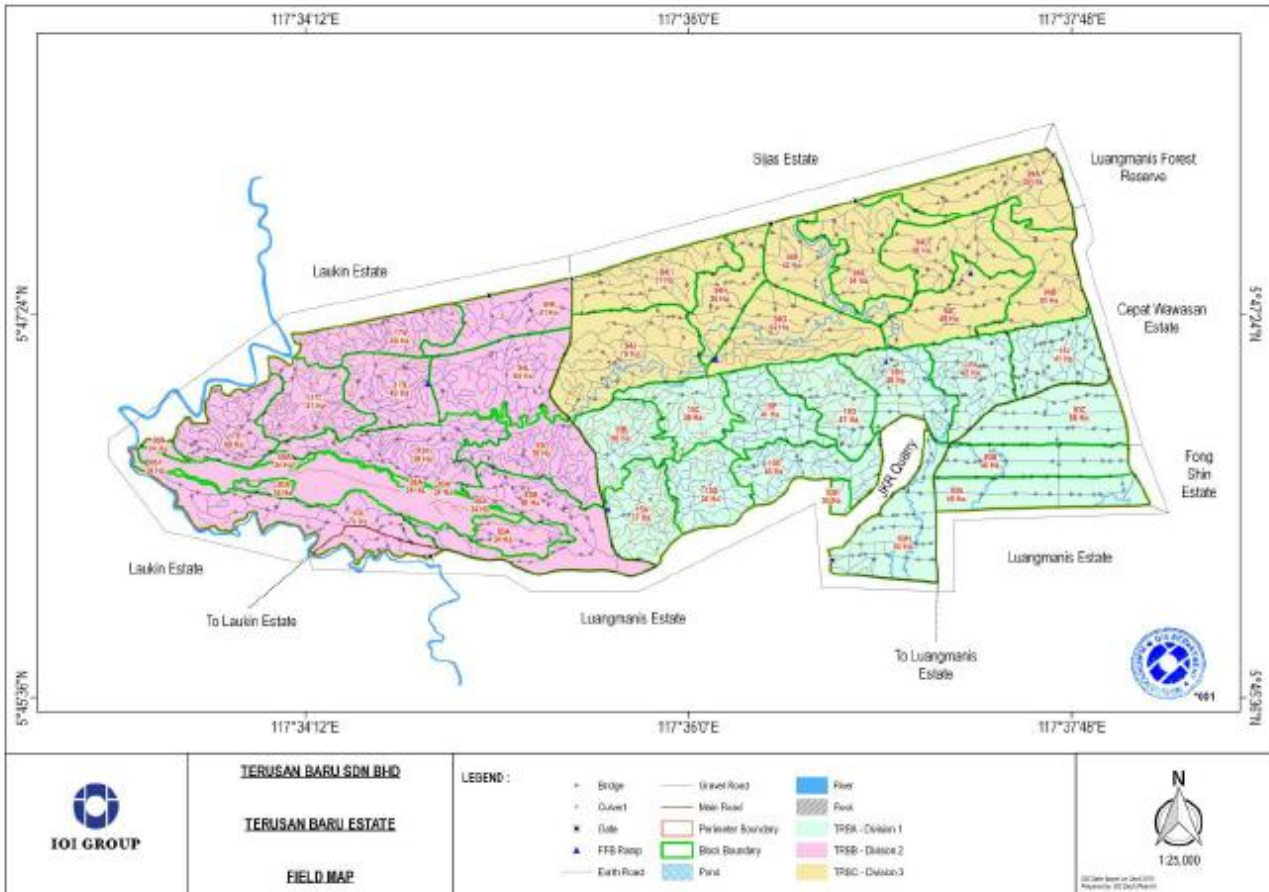
No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	Not applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
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13				
14				
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20				
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22				
23				
<b>TOTAL</b>				

**Appendix D: Location and Field Map**

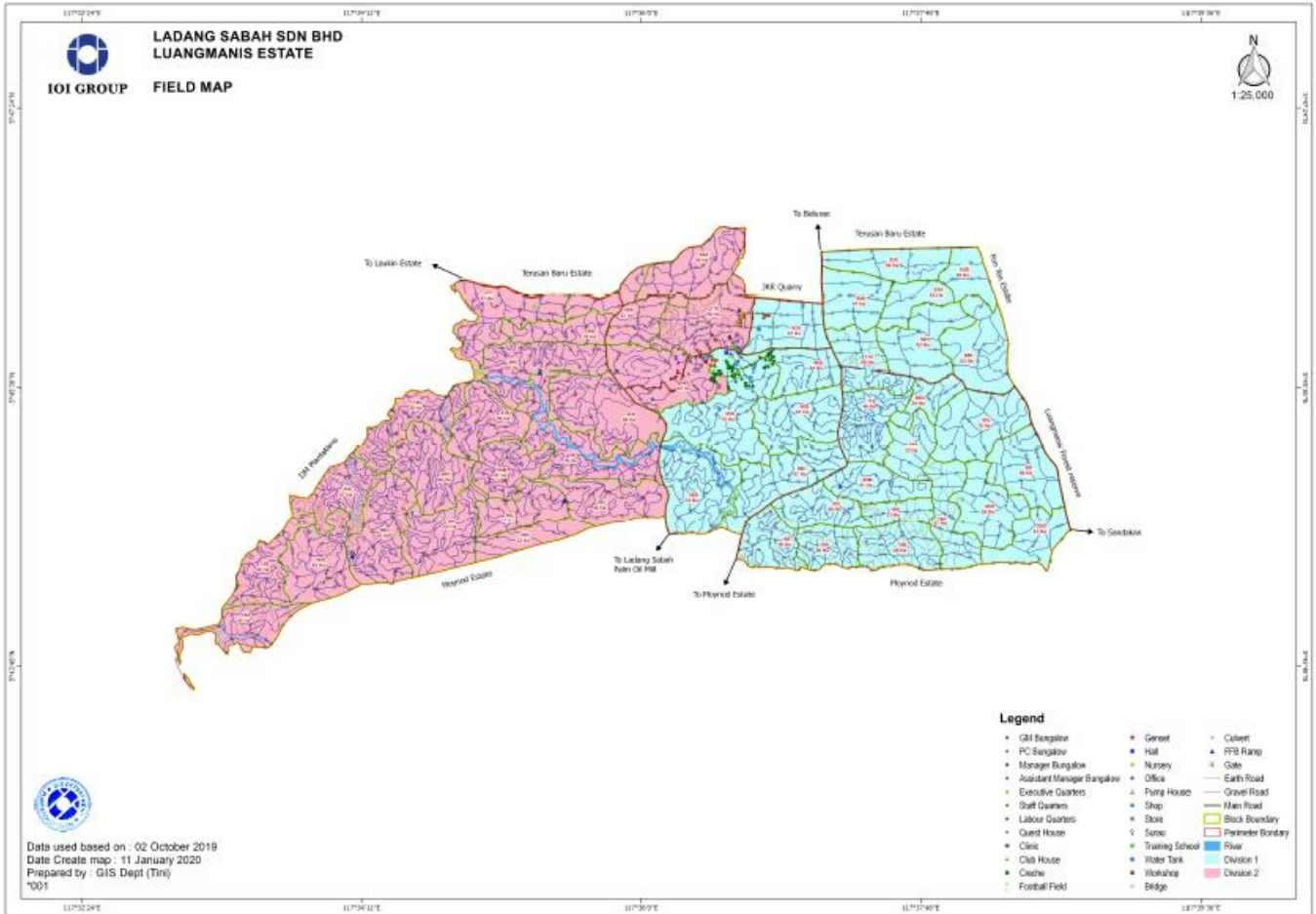




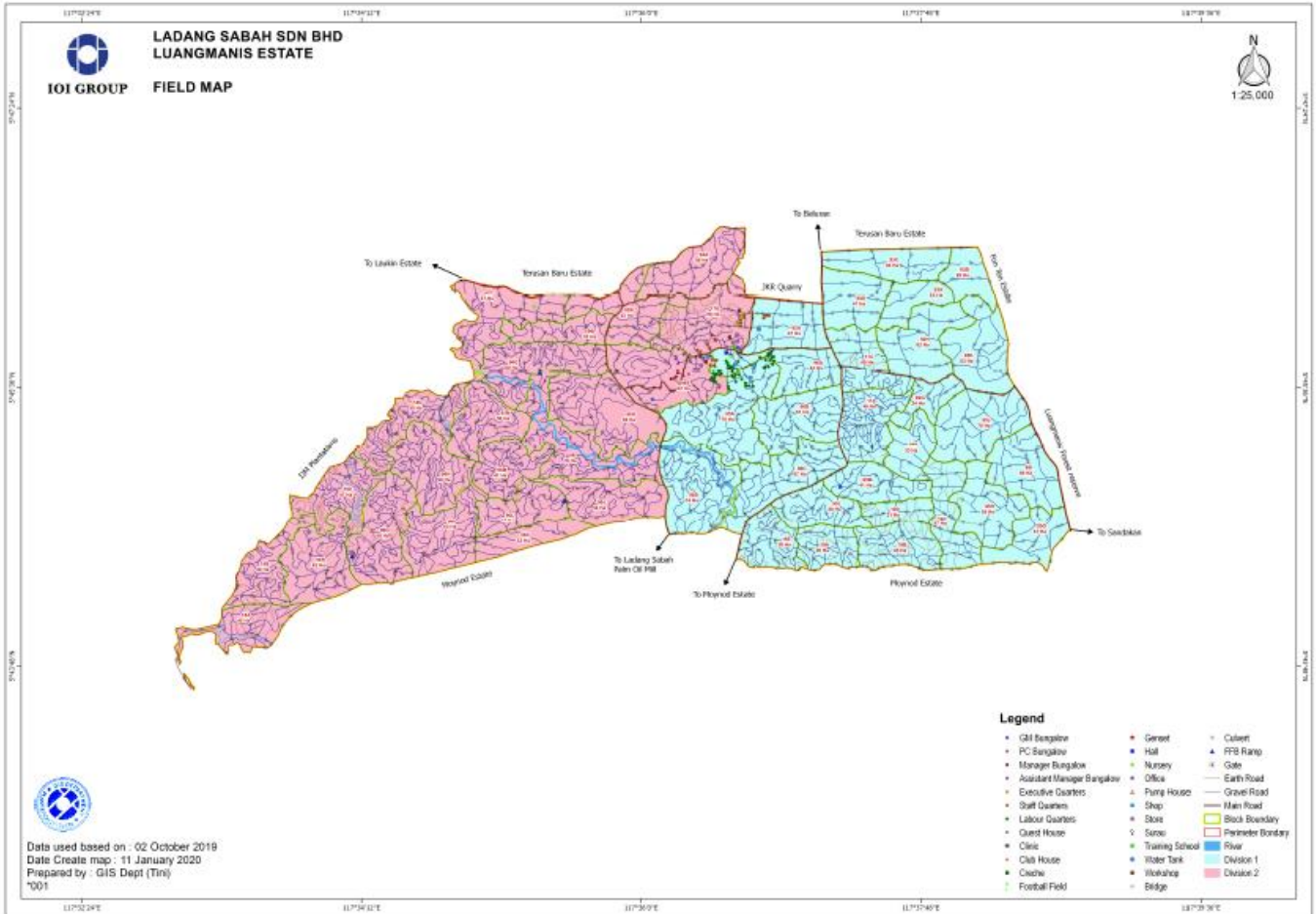
**Terusan Baru Estate**



**Sg Sapi Estate**



**Luangmanis Estate**



**Appendix E: List of Abbreviations Used**

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DGEPN	Environmental Protection Agency Gabon
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids