

MALAYSIAN SUSTAINABLE PALM OIL
- ANNUAL SURVEILLANCE ASSESSMENT 3
Public Summary Report

| |
|---|
| IOI Corporation Berhad |
| Client company Address: IOI Plantation Services Sdn Bhd Level 8, Two IOI Square, IOI Resort 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:
Muhamad Naquiddin Mazeli (Lead Auditor)

Report Number: 3293253

Assessment Conducted by:
BSI Services Malaysia,
(DSM Accreditation Number: MSPO 09112018 CB 12)
Suite 29.01 Level 29 The Gardens North Tower,
Mid Valley City Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia
Tel +60392129638 Fax +60392129639
www.bsigroup.com

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Section 1: Executive Summary

| 1.1 Organizational Information and Contact Person | | | |
|--|--|--------------|---------------------------|
| Company Name | IOI Corporation Berhad - IOI Plantation Services Sdn Bhd | | |
| Mill/Estate | MPOB License No. | Expiry Date | |
| | Ladang Sabah Palm Oil Mill: | 500040104000 | Valid until 30/06/2021 |
| | Bimbingan 1 Estate: | 503278702000 | Valid until 31/12/2021 |
| | Bimbingan 2 Estate: | 503278702000 | Valid until 31/12/2021 |
| | Labuk Estate: | 501728102000 | Valid until 30/04/2021 |
| | Moynod Estate: | 501728102000 | Valid until 30/04/2021 |
| | Luangmanis Estate: | 501728102000 | Valid until 30/04/2021 |
| | Terusan Baru Estate: | 502292602000 | Valid until 30/11/2021 |
| | Laukin Estate: | 502981602000 | Valid until 31/12/2021 |
| | Sungai Sapi Estate: | 501728102000 | Valid until 30/04/2021 |
| Address | Mile 45, Sandakan/Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia | | |
| Certification Unit | Ladang Sabah Palm Oil Mill | | |
| Contact Person Name | Mr. William Siow Kar Dat - Sustainability Manager, Plantation Division, IOI HQ | | |
| Website | www.ioigroup.com | E-mail | william.siow@ioigroup.com |
| Telephone | 03-8947 6755 (IOI HQ) | Facsimile | - |

| 1.2 Certification Information | | | |
|---|---|-------------|------------|
| Certificate Number | Ladang Sabah Palm Oil Mill : MSPO 723823 Ladang Sabah Estates : MSPO 723824 | | |
| Issue Date | 20/06/2018 | Expiry date | 19/06/2023 |
| Scope of Certification | Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits | | |
| Standard | MS 2530-3:2013 MSPO Part 3: General principles for oil palm plantations and organized smallholders MS 2530-4:2013 MSPO Part 4: General principles for palm oil mills | | |
| Stage 1 Date | N/A | | |
| 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 | 16-19/02/2021 | | |

| Continuous Assessment Visit Date (CAV) 4 | | - | |
|--|--|-------------------------------|-------------|
| Other Certifications | | | |
| Certificate Number | Standard(s) | Certificate Issued by | Expiry Date |
| RSPO 687135 | RSPO Principles & Criteria for Sustainable Palm Oil Production: 2018; Malaysian National Interpretation: 2019; with Identity Preserved Supply Chain Module | BSI Services Malaysia Sdn Bhd | 02/04/2023 |
| MSPO 712340 | MSPO Supply Chain Certification Standard, dated 1 October 2018 | BSI Services Malaysia Sdn Bhd | 29/05/2024 |
| EU-ISCC-Cert_ID218-20200088 | ISCC EU | PT Intertek Utama Services | 10/08/2021 |

| 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 | |
| | | Longitude | Latitude |
| Ladang Sabah POM | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.5767 | 5.730071 |
| Bimbingan 1 Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.4459 | 5.621266 |
| Bimbingan 2 Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.4229 | 5.619622 |
| Labuk Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.4989 | 5.670375 |
| Moynod Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.6106 | 5.740823 |
| Luangmanis Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.6064 | 5.76333 |
| Terusan Baru Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.6103 | 5.764825 |
| Laukin Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.5324 | 5.778471 |
| Sg. Sapi Estate | Mile 45, Sandakan / Telupid Road, WDT 164, 90009 Sandakan, Sabah, Malaysia | 117.5170 | 5.807537 |

| 1.4 Certified Area | | | | | |
|---------------------|--|---------------|-----------------------------|------------------|--------------|
| Estate | Total Planted (Mature + Immature) (ha) | HCV (ha) | Infrastructure & Other (ha) | Total Area (ha) | % of Planted |
| Bimbingan 1 Estate | 1,716 | 0 | 221.39 | 1,937.39 | 88.57 |
| Bimbingan 2 Estate | 1,727 | 0 | 228.61 | 1,955.61 | 88.31 |
| Labuk Estate | 2,320 | 85.97 | 262.53 | 2,668.50 | 86.94 |
| Moynod Estate | 2,677 | 0 | 366.71 | 3,043.71 | 87.95 |
| Luangmanis Estate | 2,439 | 0 | 274.29 | 2,713.29 | 89.89 |
| Terusan Baru Estate | 2,226 | 60.97 | 216.58 | 2,503.53 | 88.91 |
| Laukin Estate | 1,893 | 0 | 235 | 2,128.00 | 88.96 |
| Sungai Sapi Estate | 1,204 | 33.70 | 61.58 | 1,299.30 | 92.67 |
| TOTAL | 16,202 | 180.64 | 1,866.69 | 18,249.33 | 88.78 |
| Note: Nil | | | | | |

| 1.5 Plantings & Cycle | | | | | | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|
| Estate | Age (Years) | | | | | Mature** | Immature |
| | 0 - 3 | 4 - 10 | 11 - 20 | 21 - 25 | 26 - 30 | | |
| Bimbingan 1 Estate | 753 | 225 | | 738 | | 963 | 753 |
| Bimbingan 2 Estate | 919 | 54 | | 754 | | 808 | 919 |
| Labuk Estate | 407 | | 1,421 | 492 | | 1,913 | 407 |
| Moynod Estate | 687 | 335 | | 1,655 | | 1,990 | 687 |
| Luangmanis Estate | 735 | 151 | | | 1,553 | 1,704 | 735 |
| Terusan Baru Estate | 507 | 960 | 156 | | 603 | 1,719 | 507 |
| Laukin Estate | 428 | 145 | | 1,303 | 17 | 1,465 | 428 |
| Sungai Sapi Estate | 354 | | | 735 | 115 | 850 | 354 |
| Total (ha) | 4,790 | 1,870 | 1,577 | 5,677 | 2,288 | 11,412 | 4790 |

| 1.6 Certified Tonnage of FFB | | | |
|------------------------------|----------------------------|------------------------------|---------------------------|
| Estate | Tonnage / year | | |
| | Estimated (Jan - Dec 2020) | Actual (Jan 2020 - Jan 2021) | Forecast (Jan - Dec 2021) |
| Bimbingan 1 Estate | 29,765 | 15,986.26 | 12,677 |

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|---------------------|---------|------------|---------|
| Bimbingan 2 Estate | 20,346 | 19,516.54 | 17,490 |
| Labuk Estate | 56,936 | 62,528.03 | 54,992 |
| Moynod Estate | 51,260 | 53,231.81 | 46,693 |
| Luangmanis Estate | 38,598 | 43,748.45 | 37,855 |
| Terusan Baru Estate | 38,060 | 44,766.25 | 37,080 |
| Laukin Estate | 34,136 | 34,406.03 | 28,321 |
| Sungai Sapi Estate | 26,022 | 23,909.45 | 19,019 |
| Linbar 1 Estate* | - | 3,065.38 | - |
| Linbar 2 Estate* | - | 875.11 | - |
| Sakilan Estate* | - | 1,253.65 | - |
| Total | 295,123 | 303,286.96 | 254,127 |

Note:

*Crop diversion received from estates belong to IOI Sakilan Group.

1.7 Uncertified Tonnage of FFB

| Estate | Tonnage / year | | |
|--------------|-------------------------------|---------------------------------|------------------------------|
| | Estimated (Jan - Dec 2020) | Actual (Jan 2020 - Jan 2021) | Forecast (Jan - Dec 2021) |
| N/A | | | |
| Total | N/A | N/A | N/A |

1.8 Certified Tonnage

| | Estimated (Jan - Dec 2020) | Actual (Jan 2020 - Jan 2021) | Forecast (Jan - Dec 2021) |
|------------------------------------|-------------------------------|---------------------------------|------------------------------|
| Mill Capacity: 90 MT/hr | FFB | FFB | FFB |
| | 295,123 | 303,286.96 | 254,127 |
| SCC Model: SG/MB | CPO (OER: 21.00 %) | CPO (OER: 20.28 %) | CPO (OER: 21.00 %) |
| | 61,977 | 61,510.52 | 53,385 |
| | PK (KER: 5.50 %) | PK (KER: 5.45%) | PK (KER: 5.62 %) |
| | 16,233 | 16,517.71 | 14,282 |

1.9 Actual Sold Volume (CPO)

| CPO (MT) | MSPO Certified | Other Schemes Certified | | Conventional | Total |
|----------|----------------|-------------------------|------|--------------|-------|
| | | ISCC | RSPO | | |
| | | | | | |

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| | | | | | |
|----------------------|---|---|-----------|-----------|-----------|
| Jan 2020 to Jan 2021 | - | - | 42,003.23 | 16,463.92 | 58,467.15 |
|----------------------|---|---|-----------|-----------|-----------|

| 1.10 Actual Sold Volume (PK) | | | | | |
|-------------------------------------|-----------------------|--------------------------------|-------------|---------------------|--------------|
| PK (MT) | MSPO Certified | Other Schemes Certified | | Conventional | Total |
| | | ISCC | RSPO | | |
| Jan 2020 to Jan 2021 | - | - | 14,549.83 | - | 14,549.83 |

Section 2: Assessment Process

BSI is a leading global provider of management systems assessment and certification, with more than 80,000 certified locations and clients in over 190 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 remote audit assessment was conducted from 16-19/02/2021 due to COVID-19 issue and to comply with Movement Control Order. The audit programme is included as Section 2.3. The approach to the audit was to treat the IOI Ladang Sabah Palm Oil Mill & supply bases 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 HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included 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 $S = r\sqrt{n}$ where n 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 $(r\sqrt{n})$; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

Interview using phone was been used 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 using with male and female workers and staff were held using phone call for both mill and the estates. No Fieldworkers were interviewed informally in small groups in the field due to remote audit. 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.

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.

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

| Assessment Program | | | | | |
|--|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Name (Mill / Plantation / Group smallholders) | Year 1 (Certification) | Year 2 (ASA 1) | Year 3 (ASA 2) | Year 4 (ASA 3) | Year 5 (ASA 4) |
| 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 31, 2022 - February 4, 2022

Total No. of Mandays: 8 Mandays

2.1 BSI Assessment Team

| Team Member Name | Role <i>(Team Leader or Team member)</i> | Qualifications <i>(Short description of the team members)</i> |
|---------------------------|--|--|
| Muhamad Naquiuddin Mazeli | Team Leader | He graduated with Bachelor of Science Horticulture at University Putra Malaysia. He started his career in 2009 as Researcher at Sime Darby Research Seed Centre and manage for Quality control for seed production for paddy, chilli and corn with collaboration with Malaysian Agricultural Research and Development Institute (MARDI) for 4 years. During the period, he was also involved with Nestle project on Red Rice production. He later joins the Sime Darby Plantation Berhad Sustainability Team in 2013 as Sustainability Executive. Joining the sustainability team, he managed, implemented and monitored the RSPO, ISCC, MSP0 and ISO 9001 and ISO 18001 certification requirements for the estates, mills, refineries and Smallholder scheme. He also support in providing training and internal audits related to RSPO, MSP0 and other certifications where applicable to the operations within Sime Darby Plantation. He is a trained Safety Officer and he managed the Occupation Safety and Health of Northern Region Sime Darby Plantation Berhad operations. During this assessment, he |

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| | | |
|---------------|-------------|--|
| | | assessed on the aspects of Occupational, Health & Safety and estate best practises. He is fluent in Bahasa Malaysia and English languages. |
| Mohamad Fitri | Team Member | Graduate in degree of agribusiness with more than 8 years working experience in various plantation companies and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in ISCC and MSPO auditing since September 2017. Qualified as Lead Auditor/Auditor for MSPO, RSPO and ISO 9001. Completed and certified MSPO Auditor course in 2018 held by SGS (M) Sdn Bhd. Member of BSI MSPO audit team. Able to speak and understand Bahasa Malaysia and English. |

2.2 Accompanying Persons

| No. | Name | Role |
|-----|-------------------------|----------|
| 1 | Nor Faizah Binti Azizan | Observer |

2.3 Assessment Plan

The Assessment plan was sent to the client prior to the assessment (attached assessment plan).

| Date | Time | Subjects | (MNM) | (MFM) | ICT Planned |
|---|------------------|--|-------|-------|---|
| Wednesday, 10/02/2021 | 10.30 - 11.30 | Communication on document preparation - Audit plan - Any additional Information | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| Tuesday, 16/02/2021 Bimbingan 1 Estate | 0900 - 0915 | Opening meeting • Opening presentation by audit team leader • Confirmation of assessment scope and finalize audit plan | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| | 0915 - 1030 | Assessment and documentation review on good agricultural practices, legal requirements, OHS, environment, biodiversity and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1030 - 1040 | 10-minute break | | √ | |
| | 1040 - 1230 | Assessment and documentation review on good agricultural practices, legal requirements, OHS, environment, biodiversity and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1230 - 1330 | Lunch & Break | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1330 - 1450 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1450 - 1500 | 10-minute break | √ | | |

| Date | Time | Subjects | (MNM) | (MFM) | ICT Planned |
|-----------------------|----------------------|--|--|-------|---|
| | 1500 - 1700 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1700 - 1730 | Interim closing briefing | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| Wednesday, 17/02/2021 | 0915 - 1030 | Assessment and documentation review on mill best practice, legal requirements, OHS, environment and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| Ladang Sabah POM | 1030 - 1040 | 10-minute break | | √ | |
| | 1040 - 1230 | Assessment and documentation review on mill best practice, legal requirements, OHS, environment and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1230 - 1330 | Lunch & Break | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1330 - 1450 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1450 - 1500 | 10-minute break | √ | | |
| | 1500 - 1700 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1700 - 1730 | Interim closing briefing | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| | Thursday, 18/02/2021 | 0915 - 1030 | Assessment and documentation review on good agricultural practices, legal requirements, OHS, environment, biodiversity and continual improvement | | √ |
| Bimbingan 2 Estate | 1030 - 1040 | 10-minute break | | √ | |
| | 1040 - 1230 | Assessment and documentation review on good agricultural practices, legal requirements, OHS, environment, biodiversity and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1230 - 1330 | Lunch & Break | √ | √ | |
| | 1330 - 1450 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1450 - 1500 | 10-minute break | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1500 - 1700 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |

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| Date | Time | Subjects | (MNM) | (MFM) | ICT Planned |
|-------------------------------------|-------------|--|-------|-------|---|
| | 1700 - 1730 | Interim closing briefing | √ | √ | Teleconference, Microsoft Team Meeting, Email |
| Friday, 19/02/2021 Moynod Estate | 0915 - 1030 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1030 - 1040 | 10-minute break | √ | | |
| | 1040 - 1230 | Assessment and documentation review on social aspects, legal requirements, employees' welfare and stakeholder management | √ | | Teleconference, Microsoft Team Meeting, Email |
| | 1230 - 1330 | Lunch & Break | √ | √ | |
| | 1330 - 1450 | Assessment and documentation review on good agricultural practices, legal requirements, OHS, environment, biodiversity and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1450 - 1500 | 10-minute break | | √ | |
| | 1500 - 1600 | Assessment and documentation review on good agricultural practices, legal requirements, OHS, environment, biodiversity and continual improvement | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1600 - 1630 | Assessment team discussion and preparation of closing meeting | | √ | Teleconference, Microsoft Team Meeting, Email |
| | 1630 - 1700 | Closing meeting | √ | √ | Teleconference, Microsoft Team Meeting, Email |

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 the Certification Assessment there were no nonconformities raised. The IOI Ladang Sabah Palm Oil Mill & supply bases Certification unit implementation of the Corrective Actions for the Major Non-conformity(ies) has been verified for its effectiveness and closed accordingly.

| Noteworthy Positive Comments | |
|------------------------------|---|
| 1 | The communication between management and stakeholder was good |
| 2 | The cooperation between operating unit was good |

3.3 Status of Nonconformities Previously Identified and OFI

| Major/Minor Nonconformities: | | |
|---|--|-------------------------------|
| Ref: 1873477-202001-N1 | Area/Process: IOI Ladang Sabah POM & Supply Bases | Clause: 4.4.1.1 part 3 |
| | Issue Date: 16/1/2020 | Close Date: 19/2/2021 |
| Requirements: | Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones | |
| Statement of Nonconformity: | 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. | |
| Objective Evidence: | 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. | |
| Corrections: | 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. | |
| Root cause analysis: | 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. | |

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| | 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 nonidentification of smallholder current issues including related land issues if any. |
| Corrective Actions: | 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. |
| Assessment Conclusion: | The corrective action plan is accepted. Effectiveness of corrective action taken will be further verified in the next surveillance assessment. |
| Verification Statement | Social impact assessment for Bimbingan 1, Bimbingan 2 dan Moynod 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 dated February 2021. The stakeholder was aware regarding to grievances and compliant procedure based on interview. The action plan for SIA was available and verified as per interview. The Minor Non-Compliance raised in the previous audit has been satisfactorily closed. Based on records sighted and interview conducted with the worker, the corrective action has been consistently implemented. |

| Opportunity For Improvement | | |
|----------------------------------|---|-------------------------------|
| Ref: 1873477-202001-I1 | Area/Process: Ladang Sabah POM | Clause: 4.4.4.1 part 4 |
| Objective Evidence: | 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; i) Specific task or activity to be carried out on the said date. i.e hot work, working at height etc. ii) Availability of competent person and certificate of competent at site in compliance with BOWEC Regulation 1986. iii) Evidence of inspection done by appointed personnel to be clearly reported. | |
| Verification Statement | Based on records, The PTW already been updated and according to Industry code of Practice for safe working in confined space 2010. | |

| Opportunity For Improvement | | |
|----------------------------------|--|-----------------------------------|
| Ref: 1873477-202001-I2 | Area/Process: Ladang Sabah group estates | Clause: 4.4.4.2 (b) part 3 |
| Objective Evidence: | 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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| Verification Statement | The risk of all operations were assessed and documented under HIRARC. The HIRARC for estate operations was last reviewed on Nov 2020 for yearly reviewed. HIRARC for all stations/operations/activities among others were sighted and updated. |
|------------------------|--|

Opportunity For Improvement

| | | |
|----------------------------------|--|-------------------------------|
| Ref: 1873477-202001-I3 | Area/Process: Ladang Sabah group estates | Clause: 4.5.1.3 part 3 |
| Objective Evidence: | 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) | |
| Verification Statement | Based on latest Environmental impact assessment for sampling estate all operation activities and related environmental receptor already been included in the latest EIA. | |

Opportunity For Improvement

| | | |
|----------------------------------|---|-----------------------------------|
| Ref: 1873477-202001-I4 | Area/Process: Ladang Sabah POM | Clause: 4.4.4.2 (h) part 4 |
| Objective Evidence: | Lesson learned/shortcoming identified during fire drill exercise to be reported for improvement. | |
| Verification Statement | The record of fire drill and firefighting was conducted accordingly with safety officer guide. The record available in mill for reviewed. | |

3.4 Summary of the Nonconformities and Status



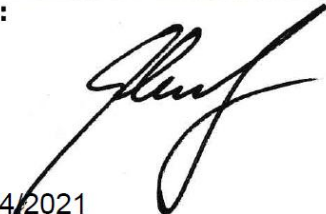
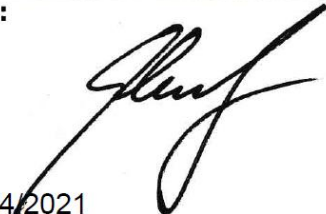

| CAR Ref. | CLASS | ISSUED | STATUS |
|-------------------|-----------------------------|-----------|---------------------|
| 1873477-202001-N1 | Minor | 16/1/2020 | Closed on 19/2/2021 |
| 1873477-202001-I1 | Opportunity for Improvement | 16/1/2020 | Closed on 19/2/2021 |
| 1873477-202001-I2 | Opportunity for Improvement | 16/1/2020 | Closed on 19/2/2021 |
| 1873477-202001-I3 | Opportunity for Improvement | 16/1/2020 | Closed on 19/2/2021 |
| 1873477-202001-I4 | Opportunity for Improvement | 16/1/2020 | Closed on 19/2/2021 |

3.5 Issues Raised by Stakeholders

| IS # | Description |
|----------|---|
| 1 | <p>Issues: Humana School - So far Ladang Sabah certification unit has extended good cooperation to the school. The Mill and estate have a good relation with Humana and no issue with the management.</p> <p>Management Responses: Comments were noted.</p> <p>Audit Team Findings: No further issue.</p> |

| | |
|-----------------|---|
| <p>2</p> | <p>Issues:</p> <p>Headmaster of Sekolah Kebangsaan Moynod. So far Ladang Sabah certification unit has extended good cooperation to the school. Among the assistance rendered to the school were:</p> <ul style="list-style-type: none"> - Providing free domestic water supply to school - Widening of access road - Grass cutting - Deepening of drains <p>No other issue been raised, Meeting and activities were conducted actively year round.</p> <p>Management Responses:</p> <p>Comments were noted.</p> <p>Audit Team Findings:</p> <p>No further issue.</p> |
| <p>3</p> | <p>Issues:</p> <p>Kedai Runcit Anggota and Kedai Putri Sri Perdana- the estate management have no issue with the owner, they happy with the management. They attend last stakeholder meeting and the management have give a good support to the stakeholder.</p> <p>Management Responses:</p> <p>Comments were noted.</p> <p>Audit Team Findings:</p> <p>No further issue.</p> |

Section 4: Assessment Conclusion and Recommendation

| Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings | |
|---|---|
| Based on the findings during the assessment <i>Ladang Sabah POM and supply base</i> Certification Unit complies with the MS 2530-3:2013 and MS 2530-4:2013 . It is recommended that the certification of <i>Ladang Sabah POM and supply base</i> Certification Unit is approved and/or continued. | |
| Acknowledgement of Assessment Findings | Report Prepared by |
| Name:  SR. PLANTATION CONTROLLER SANDAKAN REGION | Name: Muhamad Naquiuddin Mazeli |
| Company name:  | Company name: BSI Services (M) Sdn Bhd |
| Title:  | Title: Lead Auditor |
| Signature:  | Signature:  |
| Date: 21/4/2021 | Date: 18/3/2021 |

Appendix A: Summary of the findings by Principles and Criteria

Malaysian Sustainable Palm Oil Part 3: General principles for Plantations and Organized Smallholders

| Criterion / Indicator | | Assessment Findings | Compliance |
|---|---|---|------------|
| 4.1 Principle 1: Management commitment & responsibility | | | |
| Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy | | | |
| 4.1.1.1 | A policy for the implementation of MSPO shall be established. - Major compliance - | IOI Group has established policy entitled “Sustainable Palm Oil Policy” dated on Oct 2020 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. | Complied |
| 4.1.1.2 | The policy shall also emphasize commitment to continual improvement. - Major compliance - | 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”. The awareness also been given to workers dated 4/1/2021 and for staff was on 3 Feb 2021. | Complied |
| Criterion 4.1.2 – Internal Audit | | | |
| 4.1.2.1 | Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance - | Internal audit was carried by Sustainable Palm Oil Department team for all Ladang Sabah Group Estates. The audit plan was available for review sampling for Bimbingan 1 estate. The plan as per memo dated 7/10/2020 (IOI/SR/SPO/M-065/2020) from SPO team to Operating Unit. | Complied |
| 4.1.2.2 | 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. | 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. The audit conducted as per detail below:- | Complied |

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| Criterion / Indicator | | Assessment Findings | | | Compliance |
|--|---|--|------------|---------|------------|
| | - Major compliance - | Operating Unit | Audit Date | Finding | |
| | | Bimbingan 1 | 20/10/2020 | 1 Major | |
| | | Bimbingan 2 | 21/10/2020 | - | |
| | | Moynod | 16/10/2020 | 1 Major | |
| 4.1.2.3 | Report shall be made available to the management for their review. - Major compliance - | Internal audit report prepared by Sustainable Palm Oil Department dated 20/10/2020 is made available to the management for review. | | | Complied |
| Criterion 4.1.3 – Management Review | | | | | |
| 4.1.3.1 | 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. - Major compliance - | The latest management review was carried out on 4/12/2020 at Bimbingan 1 Estate. The combined MSPO/RSPO 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. Another sampling was on Moynod estate, management review was done on 23/10/2020. | | | Complied |
| Criterion 4.1.4 – Continual Improvement | | | | | |
| 4.1.4.1 | The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance - | For continual improvement in Operating unit under all estate, they implement new system SAP (System Application Product) and EPMS (Electronic Plantation Mobility System). This system will track the FFB, quality, productivity and others. | | | Complied |
| 4.1.4.2 | 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. - Major compliance - | The management already establish the system for both new system been used by estate and mill. | | | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---|---|--|------------|
| 4.1.4.3 | 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. - Major compliance - | The training on new system EPMS been conducted by HQ on 24/2/2020 at Ladang Sabah Training School, this training attended by management including staff and clerk with total 55 person representative from all estate. For SAP training was on 29/2/2020 and 1/3/2020 at Ladang Sabah Training School. | Complied |
| 4.2 Principle 2: Transparency | | | |
| Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements | | | |
| 4.2.1.1 | The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. - Major compliance - | The Managements of Bimbingan 1 Bimbingan 2 and Moynod Estates had an external stakeholder meeting on 26 September 2019. This meeting was attended by approximately 90 external stakeholders comprising contractors, suppliers, neighboring estates and nearby schools. The request or complaint record was available, sampling on Moynod estate record. The record of request from Sekolah Kebangsaan Moynod (XBA2149/02/09 dated 28/8/2020) regarding to 2 house for their English teacher temporary settlement was approved as per letter form Moynod estate to School 29/8/2020. | Complied |
| 4.2.1.2 | 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. - Major compliance - | 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 |
| Criterion 4.2.2 – Transparent method of communication and consultation | | | |
| 4.2.2.1 | Procedures shall be established for consultation and communication | The Ladang Sabah group of estates subscribe to the Consultation and Communication Procedure documented under Group Social Impact | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---------------------------------------|--|--|------------|
| | with the relevant stakeholders. - Major compliance - | Assessment and Management Action Plans (Guidance Document for period 2019 – 2024) approved by Plantation Director dated March 2019. 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. | |
| 4.2.2.2 | A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance - | 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. In each operating unit there have appointed person as per below;- Bimbingan 1 estate; appoint assistant dated 29/12/2018 | Complied |
| 4.2.2.3 | List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance - | The list of stakeholder was updated as per record on Jan 2021. The management also conducted the stakeholder meeting and latest was on 25/1/2021. The input and action taken was available for review at estate. | Complied |
| Criterion 4.2.3 – Traceability | | | |
| 4.2.3.1 | The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance - | For IOI Management, PDR devise using the MCMS (Mobility Crop Management System) in which IOI is no longer implementing. IOI is currently adapting EPMS system (Electronic Plantation Mobility Solution) in replacement for the previous system used, Pinfopalm (device used is the PDR). The IOI Group has established, implemented, and maintained a procedure for traceability of FFB from the estates to the CPO and PK produced by the POM. | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|--|---|---|------------|
| | | Management System and Traceability Control Procedures, Ref: MSPO/SOP/MST/01 Revision 00 dated 31/10/2020. | |
| 4.2.3.2 | The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance - | Inspection for traceability system was conducted on daily basis. The staffs would prepare all the documents and the assistant manager will check and verified the content. FFB delivery record from estate to mill was sighted and verified. | Complied |
| 4.2.3.3 | The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance - | The MSPO officer appointed by the respective estate manager will implement and maintain the traceability system. a. Mr. Kordiman Karading was appointed as MSPO Officer on 29.12.2020 for Moynod Estate. b. Mr. Shahrir Hannias was appointed as MSPO Officer on 30.11.2020 for Bimbingan 2 Estate. c. Mr. Saiful Sopain was appointed as MSPO Officer on 29.12.2018 for Bimbingan 1 Estate. | Complied |
| 4.2.3.4 | Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance - | Record of sales, deliver or transportation of FFB were well kept by the estate management. | Complied |
| 4.3 Principle 3: Compliance to legal requirements | | | |
| Criterion 4.3.1 – Regulatory requirements | | | |
| 4.3.1.1 | All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance - | List of licenses and permits applicable to the estate: Bimbingan 1 Estate: | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|-----------------------|---|---|------------|
| | | <p>1. "Pengandung Tekanan tak Berapi", inspected on 30/12/2020, expired on 29/03/2022.</p> <p>2. "Permit Barang Kawalan Berjadual", expired on 1.12.2023.</p> <p>3. MPOB License, 503278702000, 31.12.2021.</p> <p>4. "Lesen Pemasangan Persendirian", expired on 01.07.2021.</p> <p>5. "Permit Pemotongan Gaji", expired on 12.04.2022.</p> <p>Bimbingan 2 Estate:</p> <p>1. MPOB license, 503278702000, expired on 31.12.2021.</p> <p>2. "Lesen Pemasangan Persendirian", expired on 12.02.2022.</p> <p>3. "Permit Kawalan Berjadual", expired on 09.12.2023.</p> <p>4. "Permit Potongan Gaji", expired on 25.04.2022.</p> <p>5. "Permit Timbangan", expired on 02.11.2022.</p> <p>Moynod Estate:</p> <p>1. "Lesen Bagi Pemasangan Persendirian", expired on 23.06.2021.</p> <p>2. "Pengandung Tekanan Tak Berapi", expired on 29.03.2022.</p> <p>3. "Permit Kawalan Berjadual", expired on 14.12.2023.</p> <p>4. MPOB License, 616376011000, expired on 31.03.2021.</p> <p>5. MPOB License, 501728102000, expired on 30.04.2021.</p> | |
| 4.3.1.2 | <p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p> | <p>IOI Ladang Sabah Group has established the List of Laws, Covenants & Standards Applicable to Sabah Estate & Mill Operations, reviewed on 01.11.2020. the list was prepared by SPO Department Sandakan Regional Office.</p> <p>Among the list are:</p> <ul style="list-style-type: none"> • Medical Act 1971 Act 50. | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---|---|---|------------|
| | | <ul style="list-style-type: none"> • Private Employment Agency Act 246 1987 • Minimum Retirement Age Act 2012 (Act 753) • Labour Ordinance (Sabah Cap 67). • Labour (Limitation of Overtime Work) Sabah Rules. • Drainage & Irrigation Ordinance 1956 (Sabah No. 15 of 1956). • Sabah Wildlife Conservation Enactment 199. • Sabah Water Resources Enactment 1998. | |
| 4.3.1.3 | <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>- Major compliance -</p> | <p>Sustainable Palm Oil department will keep the certification unit updated with the new laws or regulations or new amendments coming into force. Mechanism of Tracking Law Changes procedures was made available to the audit team. The prepared by Sustainable Palm Oil Department, ref no: IOI/SR/SPO/MTLC/21-01, dated on 27/01/2021.</p> | Complied |
| 4.3.1.4 | <p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p> | <p>Respective estate has appointed their MSPO officer taking care of the traceability systems. Their appointment letter was made available and reviewed.</p> <p>Bimbingan 1 Estate: Mr. Saiful Bin Sopain appointed on 29/12/2018</p> <p>Bimbingan 2 Estate: Mr. Shahrir Bin Hannias appointed on 30.11.2020.</p> <p>Moynod Estate: Mr. Kordiman Karading appointed on 29.12.2020.</p> | Complied |
| Criterion 4.3.2 – Lands use rights | | | |
| 4.3.2.1 | <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 Bimbingan 1 and Moynod Estates.</p> | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---|---|---|----------------|
| | - Major compliance - | | |
| 4.3.2.2 | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance - | The land title was available in estate as per sampling, land title in CL 085326790 with total 3893 ha. This land title was share with Bimbingan 2 estate. No dispute record as per interview. | Complied |
| 4.3.2.3 | Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance - | Legal perimeter boundary marker is available. Boundary markers were installed at various points at the boundary areas. No site verification due to remote audit cause by COVID-19 issue. | Complied |
| 4.3.2.4 | 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 - | Based on documents sighted and interviews conducted with stakeholders, there was no evidence of any dispute with any previous owner or occupants. Therefore, this indicator is not applicable. | Not applicable |
| Criterion 4.3.3 – Customary rights | | | |
| 4.3.3.1 | 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 - | Based on documents sighted and interviews conducted with stakeholders, there was no evidence that the lands were encumbered by customary rights. Therefore, this indicator is not applicable. | Not applicable |
| 4.3.3.2 | Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance - | Based on documents sighted and interviews conducted with stakeholders, there was no evidence of any dispute with any previous owner or occupants, and therefore this indicator is not applicable. | Not applicable |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|--|---|--|----------------|
| 4.3.3.3 | Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance - | Based on documents sighted and interviews conducted with stakeholders, there was no evidence of any dispute with any previous owner or occupants, and therefore this indicator is not applicable. | Not applicable |
| 4.4 Principle 4: Social responsibility, health, safety and employment condition | | | |
| Criterion 4.4.1: Social Impact Assessment (SIA) | | | |
| 4.4.1.1 | Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance - | Social impact assessment for Bimbingan 1, Bimbingan 2 dan Moynod 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 dated February 2021. The stakeholder was aware regarding to grievances and compliant procedure based on interview. The action plan for SIA was available and verified as per interview. | Complied |
| Criterion 4.4.2: Complaints and grievances | | | |
| 4.4.2.1 | A system for dealing with complaints and grievances shall be established and documented. - Major compliance - | 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. Latest complaint recorded on 31/12/2020. | Complied |
| 4.4.2.2 | The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance - | The management resolve the dispute effectively, timely and appropriate manner sampling on compliant record 31/12/2020. | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|--|---|---|------------|
| 4.4.2.3 | <p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>- Minor compliance -</p> | <p>Workers and stakeholders have several channels to lodge a complaint. These include:</p> <ul style="list-style-type: none"> a. Employee Consultative Committee (ECC) and Joint Consultative Committee (JCC) complaints/suggestion/proposal forms which the workers are given prior to ECC meeting. b. Complaint/Grievance Book (Green Book) is available at the respective estate or mill offices. c. Job Order form which is also available at the respective estate and mill offices for cases such as house defect problem. | Complied |
| 4.4.2.4 | <p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.</p> <p>- Minor compliance -</p> | <p>Employees and surrounding communities are aware that complaints or suggestions can be made at any time. The stakeholders of Ladang Sabah were informed of this during the stakeholder meeting held on 15 January 2021, as evidenced by the minutes of stakeholder meeting and copy of the presentation given during the meeting. Workers are informed of these various complaint channels during trainings.</p> <p>The record of awareness been given to workers was available dated 28/5/2020 and for stakeholder such as small holder and others was given during stakeholder meeting.</p> | Complied |
| 4.4.2.5 | <p>Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.</p> <p>- Major compliance -</p> | <p>Complaint record from workers was available sample dated 18/12/2018 and management resolve the issue on 21/12/2018. This verified by the complainant in the same dated.</p> | Complied |
| <p>Criterion 4.4.3: Commitment to contribute to local sustainable development</p> | | | |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---|--|--|------------|
| 4.4.3.1 | <p>Growers should contribute to local development in consultation with the local communities.</p> <p>- Minor compliance -</p> | <p>Evidence is available that contribution to local development was done in consultation with the local communities. This was demonstrated via the following letters sighted. In Moynod estate, a request was received from HUMANA dated 13/3/2020 for teacher desk, student desk, chair and others. Moynod Estate responded on 17/3/2020 in the affirmative.</p> | Complied |
| Criterion 4.4.4: Employees safety and health | | | |
| 4.4.4.1 | <p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p> | <p>IOI group has established Occupational Safety, health & Hygiene Policy, endorsed by Mr. NB Sudhakaran (plantation director) on April 2019. Policy briefing was conducted to respective estates.</p> <p>Sighted the Safety & Health Briefing was conducted to the Bimbingan 1 Estate, dated on 09.02.2021. the briefing was delivered by Mr Saiful Sopain.</p> <p>Bimbingan 2 Estates conducted series of safety & health training. One of the training conducted was Fire Drill & ERP Training on 04.12.2020.</p> <p>Moynod Estate conducted Safety Data Sheet Training on 05.03.2020, delivered by Mr. Mohd Khairul Azlan.</p> | Complied |
| 4.4.4.2 | <p>The occupational safety and health plan shall cover the following:</p> <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> <p style="padding-left: 20px;">i. all employees involved shall be adequately trained on safe working practices</p> | <p>a. Safety & health policy has been communicated and implemented to the estate operation. Training on the safety and health is briefly explained in indicator 4.4.4.1.</p> <p>b. HIRARC were assessed and reviewed by the audit team.</p> <p>c. Necessary training to all employees has been conducted to ensure their understanding on the risk and hazard in their nature of work. Sighted the training conducted as below:</p> | Complied |

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| Criterion / Indicator | Assessment Findings | Compliance | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|------|------|----------------|------------|---------------------|---------------|------------|---------------------|----------------|------------|---|----------|------|------|----------------|------------|--------------|--|------------|--------------|--|
| <p>ii. all precautions attached to products shall be properly observed and applied</p> <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 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> | <ul style="list-style-type: none"> • "Prosedur Kerja Selamat Menabur Baja", 10.02.2020, delivered by Mr. Rizuan Ismail, Moynod Estate. • "Prosedur Kerja Selamat Pembancuhan Bahan Kimia", 05.06.2020, delivered by Mr. Terry Steady, Bimbingan 2 Estate. • "Prosedur Kerja Selamat Penyemburan Racun", 18.11.2020, delivered by Saiful Sopain, Bimbingan 1 Estate. <p>d. PPE is provided by the estate management to all employees according to their scope of job. The estate management did not charge the employees for the PPE. Sighted the issuance PPE record to the employees from Bimbingan 1 Estate.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Manurer</th> <th style="text-align: left;">Date</th> <th style="text-align: left;">Item</th> </tr> </thead> <tbody> <tr> <td>Musieda Suardi</td> <td>18.06.2020</td> <td>Respirator Apron</td> </tr> <tr> <td>Epiyanti Umar</td> <td>18.06.2020</td> <td>Respirator Apron</td> </tr> <tr> <td>Rosdiana Tahir</td> <td>18.06.2020</td> <td>Respirator Apron Nitrile glove PVC boots</td> </tr> <tr> <th style="text-align: left;">Workshop</th> <th style="text-align: left;">Date</th> <th style="text-align: left;">Item</th> </tr> <tr> <td>Saripudin Juma</td> <td>02.07.2019</td> <td>Safety shoes</td> </tr> <tr> <td></td> <td>03.01.2020</td> <td>Safety specs</td> </tr> </tbody> </table> | Manurer | Date | Item | Musieda Suardi | 18.06.2020 | Respirator Apron | Epiyanti Umar | 18.06.2020 | Respirator Apron | Rosdiana Tahir | 18.06.2020 | Respirator Apron Nitrile glove PVC boots | Workshop | Date | Item | Saripudin Juma | 02.07.2019 | Safety shoes | | 03.01.2020 | Safety specs | |
| Manurer | Date | Item | | | | | | | | | | | | | | | | | | | | | |
| Musieda Suardi | 18.06.2020 | Respirator Apron | | | | | | | | | | | | | | | | | | | | | |
| Epiyanti Umar | 18.06.2020 | Respirator Apron | | | | | | | | | | | | | | | | | | | | | |
| Rosdiana Tahir | 18.06.2020 | Respirator Apron Nitrile glove PVC boots | | | | | | | | | | | | | | | | | | | | | |
| Workshop | Date | Item | | | | | | | | | | | | | | | | | | | | | |
| Saripudin Juma | 02.07.2019 | Safety shoes | | | | | | | | | | | | | | | | | | | | | |
| | 03.01.2020 | Safety specs | | | | | | | | | | | | | | | | | | | | | |

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|--|---|---|--|---------|------------|------|------------|------------|---------------------|------------|-------------------------|--|
| <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p> | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Sprayer</th> <th style="width: 20%;">Date</th> <th style="width: 50%;">Item</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Hasmahwati</td> <td>04.11.2019</td> <td>Respirator Apron</td> </tr> <tr> <td>10.01.2020</td> <td>Respirator PVC boots</td> </tr> </tbody> </table> | | | Sprayer | Date | Item | Hasmahwati | 04.11.2019 | Respirator Apron | 10.01.2020 | Respirator PVC boots | |
| Sprayer | Date | Item | | | | | | | | | | |
| Hasmahwati | 04.11.2019 | Respirator Apron | | | | | | | | | | |
| | 10.01.2020 | Respirator PVC boots | | | | | | | | | | |
| | | <p>e. The IOI Group has established the Standard Operating Procedure for handling the used chemical to ensure proper & safe handling, storage and disposal.</p> <p>f. Each estate appointed their respective representative for safety and health committee.</p> <ul style="list-style-type: none"> • Mr. Saiful Sopain (Bimbingan 1 Estate) was appointed as person in charge for OSH. The appointment letter dated on 29.05.2020 and verified. • Mr. Menson Lidang (Bimbingan 2 Estate) was appointed as person in charge for OSH. The appointment letter dated on 02.01.2021 and verified. • Mr. Mohd Rizuan Ismail (Moynod Estate) was appointed as person in charge for OSH. The appointment letter dated on 02.01.2020 and verified. <p>g. The estate management conducted OSH meeting on quarterly basis. Sighted the meeting minutes for Bimbingan 1, Bimbingan 2 and Moynod Estate.</p> | | | | | | | | | | |

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| | | Estate | Date of Meeting | |
| | | Bimbingan 1 | a. 06.01.2020 b. 29.05.2020 c. 29.06.2020 d. 08.12.2020 | |
| | | Bimbingan 2 | a. 28.04.2020 b. 10.06.2020 c. 18.09.2020 d. 17.12.2020 | |
| | | Moynod | a. 17.03.2020 b. 01.07.2020 c. 07.07.2020 d. 11.12.2020 | |
| | | <p>h. The estate management has developed the Accident and Emergency Procedure. The procedure has been communicated to the employees. Sighted the fire drill training was conducted on 29.01.2020, delivered by Mr. Abu Basir Jul for Moynod Estate.</p> <p>i First aid training was conducted annually. Sighted the first aid training delivered by Mrs Dora Palidon (clinic attendant) to the participants in Bimbingan 2 Estate.</p> <p>j. Accident records are well kept and be reviewed during the OSH meeting every 3 months.</p> | | |
| Criterion 4.4.5: Employment conditions | | | | |

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| 4.4.5.1 | <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>- Major compliance -</p> | <p>All the Estates subscribe to IOI Group Sustainable Palm Oil Policy signed by the Group CEO (revised Oct 2020) 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 6/11/2020 (Moynod Estate) and on 12/11/2020 (Bimbingan 2 Estate). The Policy is also displayed on main notice boards within the Estate premises as per interview with stakeholder.</p> | Complied |
| 4.4.5.2 | <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>- Major compliance -</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. This action can be seen in Time bound action plan for Social such as to create Job for local regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> | Complied |
| 4.4.5.3 | <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 on minimum wage.</p> <p>- Major compliance -</p> | <p>Workers' pay slips were sighted for the months of March, June and Dec 2020. 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 order 2020 (Amendment 2019). The Malaysian workers' wages are deducted for statutory payments such as the EPF, SOCSO and EIS.</p> <p>Moynod Estate 1SLS/IOI/0518/7309</p> | Complied |

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| | | 1SLS/IOI/0905/7300 1SLS/IOI/1207/7361 1SLS/IOI/1008/7365 1SLS/IOI/0110/7372 1SLS/IOI/0415/7388 1SLS/IOI/0802/7434 1SLS/IOI/0606/7447 1SLS/IOI/0710/7571 1SLS/IOI/1012/7330 1SLS/IOI/1113/7533 Bimbingan 2 Estate 1SPA/IOI/0418/4413 1SPA/IOI/0716/4431 1SPA/IOI/0309/4449 1SPA/IOI/0718/4561 1SPA/IOI/0717/4565 1SPA/IOI/0918/4598 1SPA/IOI/1018/4610 1SPA/IOI/0317/11454 | |
| 4.4.5.4 | 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. - Minor compliance - | Evidence is available that Bimbingan 2 Estate and Moynod Estates ensured employees of contractors are paid based on legal or minimum standards. Contractors are required by the estate management to extend copies of their workers' employment contracts and payslips for review. The payslips demonstrates that the workers were paid more than the statutory minimum wages, and SOCSO, EPF and EIS contributions made by both the workers and contractors. | Complied |
| 4.4.5.5 | The management shall establish records that provide an accurate account of all employees (including seasonal workers and | All the Estates has records of all employees including contractors' employees. The record contain details such as full name, gender, | Complied |

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| | <p>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>- Major compliance -</p> | <p>nationality, date of birth, date of employment, job description, wage and period of employment.</p> | |
| 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 is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p> | <p>All employees (local and foreign) sign employment contracts which contents comply with Section 18 Sabah Labour Ordinance. All contracts 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. The sampling on workers employment contract as per below:-</p> <p>Moynod Estate 1SLS/IOI/0518/7309 1SLS/IOI/0905/7300 1SLS/IOI/1207/7361 1SLS/IOI/1008/7365 1SLS/IOI/0110/7372 1SLS/IOI/0415/7388 1SLS/IOI/0802/7434 1SLS/IOI/0606/7447 1SLS/IOI/0710/7571 1SLS/IOI/1012/7330 1SLS/IOI/1113/7533</p> <p>Bimbingan 2 Estate 1SPA/IOI/0418/4413 1SPA/IOI/0716/4431 1SPA/IOI/0309/4449</p> | Complied |

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| | | 1SPA/IOI/0718/4561 1SPA/IOI/0717/4565 1SPA/IOI/0918/4598 1SPA/IOI/1018/4610 1SPA/IOI/0317/11454 | |
| 4.4.5.7 | The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance - | A time recording system has been established which makes working hours and overtime transparent. Estate using EPMS and SAP system to tracking workers working hours. All record was available in the system for review. | Complied |
| 4.4.5.8 | 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. - Major compliance - | Based on the payslips and overtime records reviewed during the audit, Moynod and Bimbingan Estates were able to demonstrate that time records comply with legal regulations and employment contract signed between employer and employee. Based on review, the record are available for review. The sampling on workers payslip and work record per below:- Bimbingan 2 Estate 1SPA/IOI/0418/4413 1SPA/IOI/0716/4431 1SPA/IOI/0309/4449 1SPA/IOI/0718/4561 1SPA/IOI/0717/4565 1SPA/IOI/0918/4598 1SPA/IOI/1018/4610 1SPA/IOI/0317/11454 Moynod Estate 1SLS/IOI/0518/7309 | Complied |

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|-----------------------|---|---|------------|
| | | 1SLS/IOI/0905/7300 1SLS/IOI/1207/7361 1SLS/IOI/1008/7365 1SLS/IOI/0110/7372 1SLS/IOI/0415/7388 1SLS/IOI/0802/7434 1SLS/IOI/0606/7447 1SLS/IOI/0710/7571 1SLS/IOI/1012/7330 1SLS/IOI/1113/7533 | |
| 4.4.5.9 | Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance - | Based on March, June and Dec 2020 pay slips reviewed at Bimbingan Estates, all workers receive wages and overtime pay in accordance with the Minimum Wages Order, which is RM1,100 and above per month. | Complied |
| 4.4.5.10 | 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. - Minor compliance - | Workers of Moynod and Bimbingan 2 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. | Complied |
| 4.4.5.11 | 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. - Major compliance - | Workers of Bimbingan 1 and 2 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. | Complied |

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| | | Latest workers housing inspection was on 30/1/2021 and previously was on 23/1/2021 and 16/1/2021. | |
| 4.4.5.12 | <p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p> | Moynod and Bimbingan 1 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. Latest briefing was on 20/10/2020 during gender meeting (WEC). | Complied |
| 4.4.5.13 | <p>The management shall respect the right of all employees to 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>- Major compliance -</p> | The published statement recognising freedom of association is available in the IOI Group Sustainable Oil Palm Policy signed by Chief Executive Officer and Group Head of Sustainability (revised October 2020). This Policy is available in English and Bahasa Malaysia. At Bimbingan 1 Estate, the JCC meeting was held 29/6/2020 attended by worker representatives and management, where issues raised at ECC are brought up and discussed. Based on interviews and records, there is no evidence that workers exercising this right has been discriminated against or suffered repercussions. | Complied |
| 4.4.5.14 | <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 expose to hazardous working conditions.</p> <p>- Major compliance -</p> | A formal policy for the protection of children exists in IOI Group Sustainable Oil Palm Policy signed by Chief Executive Officer and Group Head of Sustainability (revised October 2020). Paragraph 4 of the Policy states that the Company would eliminate all forms of child labour. Based on records reviewed and observations made, there was no evidence of any children or young persons employed or exploited. | Complied |
| Criterion 4.4.6: Training and competency | | | |

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|-----------------------|--|--|----------------|------|----------|---------------|------------|-------------------------------------|-----------|-----------------------------------|------------|--------------------------|-----------|-------------------|----------|---|-----------|-----------------------------------|--------------------|-----------|--------------------|----------|--------------------------|-----------|--------------|-----------|---------------------|----------|
| 4.4.6.1 | <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>- Major compliance -</p> | <p>All employees and contractors /vendors were provided with training by the management. The training among other covers all aspects of the MSPO requirements. There were also additional subjects including the estates operating procedures, parameters of FFB qualities vehicles maintenance etc.</p> <p>The training program also specified the target group of employees to be trained under the allocated subjects. The subjects for the training are issued and assisted by the Sustainability Unit.</p> | Complied | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.4.6.2 | <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>- Major compliance -</p> | <p>The training program specified the target group of employees to be trained for the identified subjects. In addition to the Good Mill /Agricultural Practice training, that is, Process stations / field SOP related to trade/job skills, the following topics, among others, were included in the 2020 annual training program;</p> <table border="1"> <thead> <tr> <th>Operating Unit</th> <th>Date</th> <th>Training</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Moynod Estate</td> <td>13/11/2020</td> <td>Social training (contract briefing)</td> </tr> <tr> <td>28/5/2020</td> <td>Complaint and Grievances training</td> </tr> <tr> <td>15/06/2020</td> <td>Whistle blowing training</td> </tr> <tr> <td>10/2/2020</td> <td>Manuring training</td> </tr> <tr> <td>4/1/2020</td> <td>Training on SOP for Spraying in nursery</td> </tr> <tr> <td>29/1/2020</td> <td>Emergency and fire fighting drill</td> </tr> <tr> <td rowspan="4">Bimbingan 2 Estate</td> <td>22/6/2020</td> <td>First aid training</td> </tr> <tr> <td>5/6/2020</td> <td>Chemical premix training</td> </tr> <tr> <td>10/6/2020</td> <td>SDS training</td> </tr> <tr> <td>22/7/2020</td> <td>Harvesting training</td> </tr> </tbody> </table> | Operating Unit | Date | Training | Moynod Estate | 13/11/2020 | Social training (contract briefing) | 28/5/2020 | Complaint and Grievances training | 15/06/2020 | Whistle blowing training | 10/2/2020 | Manuring training | 4/1/2020 | Training on SOP for Spraying in nursery | 29/1/2020 | Emergency and fire fighting drill | Bimbingan 2 Estate | 22/6/2020 | First aid training | 5/6/2020 | Chemical premix training | 10/6/2020 | SDS training | 22/7/2020 | Harvesting training | Complied |
| Operating Unit | Date | Training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Moynod Estate | 13/11/2020 | Social training (contract briefing) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 28/5/2020 | Complaint and Grievances training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 15/06/2020 | Whistle blowing training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 10/2/2020 | Manuring training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4/1/2020 | Training on SOP for Spraying in nursery | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 29/1/2020 | Emergency and fire fighting drill | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bimbingan 2 Estate | 22/6/2020 | First aid training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 5/6/2020 | Chemical premix training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 10/6/2020 | SDS training | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 22/7/2020 | Harvesting training | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | | 15/10/2020 | Chemical spillage and store management | |
| | | | 1/8/2020 | Triple rinse and waste training | |
| | | Bimbingan 1 Estate | 25/9/2020 | Noise risk training | |
| | | | 21/8/2020 | Emergency and first aid training | |
| | | | 2/9/2020 | Working at high place SOP training | |
| | | | 26/10/2020 | Policy training | |
| | | | 9/1/2021 | Fire extinguisher training | |
| 4.4.6.3 | <p>A continuous training programme should 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>- Minor compliance -</p> | <p>Training details are planned and summarised in the Estate Safety And Health Program for the year 2020 and the Sustainability Program. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises. These training are made to ensure employees are trained in their job and on to update on current development adopted by the organisation.</p> | | | Complied |
| 4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services | | | | | |
| Criterion 4.5.1: Environmental Management Plan | | | | | |
| 4.5.1.1 | <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>- Major compliance -</p> | <p>Sustainable Palm Oil (SPO) Department has prepared an Environment Impact Assessment: Management Action Plans & Continuous Improvement Plan for each estate. This assessment contained their environment management plan in order to keep the balance between the environment and the estate daily operation. Among the items included in the report were:</p> | | | Complied |

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|-----------------------|---|--|--|--|--|------------|--------|--------|-------------|----------|---|-----------------------------------|--|----------|------------------|----------------|--|----------|
| | | a. Identification & management plan of waste products. b. Identification & management plan of potential pollutant source. c. Identification of fertilizer alternative d. Identification of side products e. Identification of potential source of GHG emission and GHG reduction plan. Bimbingan 1 Estate EIA report has been made available. The report was reviewed on 20.01.2021 by the Environment Liaison Officer and acknowledged by the Estate Manager. | | | | | | | | | | | | | | | | |
| 4.5.1.2 | The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. - Major compliance - | Aspect and impact of the daily estate operation has been described in the EIA report. Among the aspect and impact were: <table border="1" data-bbox="1095 868 1928 1292"> <thead> <tr> <th>Activity</th> <th>Aspect</th> <th>Impact</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>Spraying</td> <td>Generation of empty chemical drums or container</td> <td>Land pollution Water pollution</td> <td>Triple rinsed and punctured. To store chemical in bunded store.</td> </tr> <tr> <td>Workshop</td> <td>Used oil leaking</td> <td>Land pollution</td> <td>To place oil tray during conducting vehicle maintenance.</td> </tr> </tbody> </table> | | | | Activity | Aspect | Impact | Action Plan | Spraying | Generation of empty chemical drums or container | Land pollution Water pollution | Triple rinsed and punctured. To store chemical in bunded store. | Workshop | Used oil leaking | Land pollution | To place oil tray during conducting vehicle maintenance. | Complied |
| Activity | Aspect | Impact | Action Plan | | | | | | | | | | | | | | | |
| Spraying | Generation of empty chemical drums or container | Land pollution Water pollution | Triple rinsed and punctured. To store chemical in bunded store. | | | | | | | | | | | | | | | |
| Workshop | Used oil leaking | Land pollution | To place oil tray during conducting vehicle maintenance. | | | | | | | | | | | | | | | |

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| | | Loading ramp | Oil from FFB | Water pollution | Ramp to be regularly cleaned. | |
| | | Diesel skid tank | Spillage | Land pollution | To bund the diesel tank area. | |
| | | Linesite | Generation of domestic waste | Land pollution Water pollution | Regular inspection to the line site area. Recycle the domestic waste. | |
| 4.5.1.3 | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance - | <p>All the estates documented a similar environmental improvement plan being having similar operations and work method throughout the region.</p> <p>The continual improvements plans are aimed to;</p> <p>a) prevent and reduce pollutant, b) prevent and reduce waste products release c) reduce chemicals comprising pesticides or fertilizer.</p> <p>The monitoring is made through the daily supervision and visits by the higher management.</p> | | | | Complied |
| 4.5.1.4 | A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance - | <p>From the programme in the action plan, the positive impact also available to ensure the continual improvement such as reduce water Usage reduce diesel usage and reduce herbicide also pesticide usage. The action plan still same as per previous audit due to continues to improvement the reduction.</p> | | | | Complied |
| 4.5.1.5 | An awareness and training programme shall be established and implemented to ensure that all employees understand the policy | <p>The awareness and training programme were established and implemented to ensure that all employee understand the policy and objective of the environmental, safety and health. Training and</p> | | | | Complied |

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| | <p>and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>- Major compliance -</p> | <p>awareness program have been scheduled in the training program. Sighted the training program for year 2020 and 2021. The training program is crucial to ensure the employees understand the company's policy and objective. Sighted the training conducted for the estates as below:</p> <p>a. "Kawasan Konservasi & Hidupan Liar dan Terlindung", 12.01.2021. b. "Pengasingan sisa domestic dan bahan kitar semula", 04.12.2020. c. Riparian & buffer zone, 11.12.2020. d. "Garis panduan pengurusan zon penampang untuk operasi ladang di Sabah", 03.06.2020.</p> | | | | | | | |
| 4.5.1.6 | <p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p> | <p>The meeting to discuss on the environmental issues were conducted together with the OSH meeting. Sighted the meeting minute and reviewed.</p> | Complied | | | | | | |
| Criterion 4.5.2: Efficiency of energy use and use of renewable energy | | | | | | | | | |
| 4.5.2.1 | <p>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.</p> <p>- Major compliance -</p> | <p>The estates consistently monitor the following and tabulate the data monthly. Direct usage of diesel for the estate's operations are recorded. The quantity in mt is divided over the mt FFB produced (ratio) during the month. The performance is measured by this ratio to indicate the level of performance. The data is compiled for comparison and control for future improvement with aim of gradual reduction of diesel. Diesel usage record as per below: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Items</th> <th style="width: 35%;">Bimbingan 1</th> <th style="width: 35%;">Bimbingan 2</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Items | Bimbingan 1 | Bimbingan 2 | | | | Complied |
| Items | Bimbingan 1 | Bimbingan 2 | | | | | | | |
| | | | | | | | | | |

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| | | | FY 20/21 | FY 20/21 | |
| | | Tonne FFB | 18728.77 | 8184.32 | |
| | | Tonne CPO | 6243.00 | 1568.774 | |
| | | Diesel/MT FFB | 23.5053 | 30.0140 | |
| | | Diesel/MT CPO | 70.5494 | 156.0371 | |
| 4.5.2.2 | 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. - Major compliance - | The monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement. Consumption of electricity is also recorded mainly reading from the meters. Diesel utilisation is recorded at ratio vs the mt FFB. Graph is tabulated to see the trend of performance. The annual diesel and electricity estimates is provided in the annual budget. | | | Complied |
| 4.5.2.3 | The use of renewable energy should be applied where possible. - Minor compliance - | There is no opportunity for the estates to capitalize the utilization of fibre/shell as part of their energy production in replacement of fossil fuel with the current technology limitation. | | | Complied |
| Criterion 4.5.3: Waste management and disposal | | | | | |
| 4.5.3.1 | All waste products and sources of pollution shall be identified and documented. - Major compliance - | All waste and pollution are identified and documented in the Waste Management Plan 2020 its included scheduled waste, recycle waste, Domestic waste, industrial waste, sewage, and etc. This identified based on the operation activity with environmental aspect and impact verification. Sighted the waste products and sources of pollution sited in the EIA report. | | | Complied |
| | | Waste Classification | Waste Generated | | |

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|---|---|---|--|--|------------|--------|-------------|---|-----------------------------------|--|----------|
| | | Schedule waste | Used battery Used hydraulic oil Used lubricant oil Rags and oil filter Empty chemical container Used chemical Electrical items | | | | | | | | |
| | | Clinical waste | Syringe Used bandaged | | | | | | | | |
| | | Domestic waste | Used paper Tin Glass Plastic bag | | | | | | | | |
| 4.5.3.2 | <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>- Major compliance -</p> | <p>The details of the waste management plan is described below; -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Sources</th> <th style="text-align: left;">Impact</th> <th style="text-align: left;">Action Plan</th> </tr> </thead> <tbody> <tr> <td>Schedule waste: Used battery Used oil Empty chemical container Rags & oil filters Electrical parts</td> <td>Land pollution Water pollution</td> <td>To properly stored, label, monitored and disposed according to the EQA 1974.</td> </tr> </tbody> </table> | | | Sources | Impact | Action Plan | Schedule waste: Used battery Used oil Empty chemical container Rags & oil filters Electrical parts | Land pollution Water pollution | To properly stored, label, monitored and disposed according to the EQA 1974. | Complied |
| Sources | Impact | Action Plan | | | | | | | | | |
| Schedule waste: Used battery Used oil Empty chemical container Rags & oil filters Electrical parts | Land pollution Water pollution | To properly stored, label, monitored and disposed according to the EQA 1974. | | | | | | | | | |

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|-----------------------|--|--|---|---|------------|
| | | Used chemical | | Empty chemical container to be triple rinsed. To train contractor on the schedule waste management. | |
| | | Clinical waste: | Risk of contamination and reinfection. Abusing clinical item such as syringe by drug addict. Expired medicine may cause bigger health problem | To properly store the expired medicine in clinical waste store. To monitor the expiry date of the medicine. To ensure on time disposal of clinical items. | |
| | | Domestic waste: Used paper Plastic bag Drinking can Electrical devices Paper box | Land pollution Air pollution | Systematic collection of garbage. Separation of plastics, glasses and papers. To dispose degradable waste at landfill | |
| 4.5.3.3 | 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. | The estate management has established the Standard Operating Procedure for handling of used chemicals. The estate management has conducted regular training and briefing to the employees to ensure proper and safe handlings, storage and disposal. | | | Complied |

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|---|--|---|------------|
| | - Major compliance - | | |
| 4.5.3.4 | <p>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.</p> <p>- Major compliance -</p> | IOI Plantations has established Standard Operating Procedure for empty pesticides container handling documented in Safety Work Procedure Empty Chemical Container Management document no. IOI-OSH 3.2.2 rev. no. 1, Appendix 6(31) dated 1/8/2012. During the briefing regarding on the environment, the estate management has highlighted the point to conduct triple rinsed, punctured the empty chemical container and disposed the container to the licensed contractor. | Complied |
| 4.5.3.5 | <p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p> | Domestic waste disposed to the landfill located in respective estates. | Complied |
| Criterion 4.5.4: Reduction of pollution and emission | | | |
| 4.5.4.1 | <p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p> | <p>Potential source of GHG emission and GHG reduction plan has been identified in the Environmental Impact Aspect Assessment. The estate management has identified fertilizer, diesel, electricity, chemical and generator set as the potential source of GHG.</p> <p>Among the action plan taken to reduce and monitor the GHG pollution are:</p> <ol style="list-style-type: none"> a. To follow recommended rate of fertilizer by the agronomist. b. To integrate with EFB application. c. Avoid purchasing second grade diesel from unauthorized dealer. d. Conversion of current lights to energy saving lights. | Complied |

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|---|--|--|--------------------------|----------------------------|------------------------------|--|--|--|----------|
| | | <p>e. Promotes more on biological control on pest by planting more beneficial plants.</p> <p>f. Regular check up and maintenance for generator set fuel efficacy.</p> | | | | | | | |
| 4.5.4.2 | <p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p> | Action plan taken to reduce identified significant pollutants is briefly explained under indicator 4.5.4.1 above. | Complied | | | | | | |
| Criterion 4.5.5: Natural water resources | | | | | | | | | |
| 4.5.5.1 | <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> <p>a. Assessment of water usage and sources of supply.</p> <p>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p> <p>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.).</p> <p>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.</p> | <p>Water management plan has been developed for each estate by their respective person in charge. Sighted one of the management plans from Moynod Estate. This plan has been reviewed on 31.12.2020 and next reviewed is schedule on 31.12.2021. the plan was prepared by SPO Department and approved by the estate manager.</p> <p>Water supply or sources for Moynod Estate comes from water abstraction from river (man-made pond) and rain water.</p> <p>Water samples were sent to DYNAKEY Laboratories for further analysis. Samples were sent to the lab on 26.06.2020 and the result came out on 28.08.2020. According to the result, the water is considered to be safe to consume with the no detection of heavy metal elements and harmful bacteria such as E coli.</p> <p>Average water consumption for Moynod Estate residents as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Average Water M3 / month</th> <th style="width: 33%;">Average population / month</th> <th style="width: 33%;">Water usage / capita / month</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Average Water M3 / month | Average population / month | Water usage / capita / month | | | | Complied |
| Average Water M3 / month | Average population / month | Water usage / capita / month | | | | | | | |
| | | | | | | | | | |

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|---|--|--|-----|------|------------|
| | <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p> | 20104 | 202 | 3306 | |
| | | <p>Estate management are required to maintain the riparian zone. Monitoring conducted from time to time to ensure the riparian are in a good condition and corrective action will be conducted if necessary.</p> <p>As part of the moisture conservation program, the estate management has implemented some techniques such as frond stacking, empty fruit bunch mulching, using fibre from mill and using shell as the mulch.</p> <p>The estate did not use well as one of their water supplies.</p> | | | |
| 4.5.5.2 | <p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p> | <p>As per previous and interview with the management there is no construction of bunds, weirs and dams across main rivers or waterways passing through sampling estate.</p> | | | Complied |
| 4.5.5.3 | <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>- Minor compliance -</p> | <p>Road side pits were also available in field, to divert in event of water overflowing and to benefit the nearest palm at the pit end to obtain additional moisture</p> | | | Complied |
| Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value | | | | | |
| 4.5.6.1 | <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>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>High Conservation Value & Conservation Area report was made available to audit team. The next review for the report is on 02.01.2022. This report serves as the annual review of the initial HCV report which take place on January 2018. Summary of the report are as follows:</p> | | | Complied |

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|--|--|---------------------|--|----------------|------|-------|-------|------------------|-------|-------------------|--|--|-----------|---------------------|--|----------------|-------|-------|-------|------------------|-------|------------|------|-------------------|--|--|-----------|--|
| <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>- Major compliance -</p> | <p>Bimbingan 1 Estate</p> <table border="1" data-bbox="1099 480 1888 778"> <thead> <tr> <th colspan="2">HCV Management Area</th> </tr> </thead> <tbody> <tr> <td>FR Buffer Zone</td> <td>3.56</td> </tr> <tr> <td>River</td> <td>27.14</td> </tr> <tr> <td>Riparian Reserve</td> <td>52.39</td> </tr> <tr> <th colspan="2">External HCV Area</th> </tr> <tr> <td>Segaliud Lokan Forest Reserve Class II</td> <td>57240 ha.</td> </tr> </tbody> </table> <p>Bimbingan 2 Estate</p> <table border="1" data-bbox="1099 863 1888 1209"> <thead> <tr> <th colspan="2">HCV Management Area</th> </tr> </thead> <tbody> <tr> <td>FR Buffer Zone</td> <td>35.58</td> </tr> <tr> <td>River</td> <td>35.58</td> </tr> <tr> <td>Riparian Reserve</td> <td>66.38</td> </tr> <tr> <td>Water pond</td> <td>1.13</td> </tr> <tr> <th colspan="2">External HCV Area</th> </tr> <tr> <td>Segaliud Lokan Forest Reserve Class II</td> <td>57240 ha.</td> </tr> </tbody> </table> | HCV Management Area | | FR Buffer Zone | 3.56 | River | 27.14 | Riparian Reserve | 52.39 | External HCV Area | | Segaliud Lokan Forest Reserve Class II | 57240 ha. | HCV Management Area | | FR Buffer Zone | 35.58 | River | 35.58 | Riparian Reserve | 66.38 | Water pond | 1.13 | External HCV Area | | Segaliud Lokan Forest Reserve Class II | 57240 ha. | |
| HCV Management Area | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FR Buffer Zone | 3.56 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| River | 27.14 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Riparian Reserve | 52.39 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| External HCV Area | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Segaliud Lokan Forest Reserve Class II | 57240 ha. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HCV Management Area | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FR Buffer Zone | 35.58 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| River | 35.58 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Riparian Reserve | 66.38 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water pond | 1.13 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| External HCV Area | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Segaliud Lokan Forest Reserve Class II | 57240 ha. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>4.5.6.2 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</p> | <p>Illegal hunting briefing was conducted on the need basis. Sighted a record of the briefing conducted on 24.10.2020, delivered by Mr. Leang Yaw Meng, Moynod Estate Manager. Besides that, they also conducting a patrolling to monitor the and track if any wildlife encroached the estate compound. The signage discouraging any illegal</p> | <p>Complied</p> | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|--|--|--|------------|
| | <p>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>- Major compliance -</p> | <p>or inappropriate hunting, fishing or collecting activities available verified during site visit. The management also conducted programme to educate the workers regarding RTE and HCV in estate.</p> | |
| 4.5.6.3 | <p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p> | <p>The Environment Improvement & Management plan dated 16/3/2020 on the protection of HCV areas is available. The monitoring also available for reviewed latest record was on Oct 2020.</p> | Complied |
| Criterion 4.5.7: Zero burning practices | | | |
| 4.5.7.1 | <p>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.</p> <p>- Major compliance -</p> | <p>IOI Group has developed Sustainable Palm Oil Policy, endorsed by Dato' Lee Yeow Chor (Managing Director & Chief Executive Officer), revised on October 2020. This policy has shown their commitment by not to implement open burning in their estate practices.</p> | Complied |
| 4.5.7.2 | <p>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.</p> <p>- Major compliance -</p> | <p>Not applicable. Details in 4.5.7.1 above.</p> | Complied |
| 4.5.7.3 | <p>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.</p> <p>- Major compliance -</p> | <p>Not applicable. Details in 4.5.7.1 above.</p> | Complied |

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|---|---|---|------------|
| 4.5.7.4 | <p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p> <p>- Minor compliance -</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> | Complied |
| 4.6 Principle 6: Best Practices | | | |
| Criterion 4.6.1: Site Management | | | |
| 4.6.1.1 | <p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p> | <p>IOI has established 3 SOP as guidance to conduct the estate daily operation. IOI has established Group Standard Operating Procedures as guidance document to operate the estate issued on September 2007. Latest review was done in December 2016 with additional on StOP for Planting Beneficial Plant and Stop for management and Monitoring of Existing Cultivation of Oil Palm on Peat. The SOP covers all 17 activities such as Seed Production, Planting Techniques, Manuring, Weeding, Pest and Disease, Harvesting and Planting of Beneficial Plants</p> <p>Sighted the FFB delivery to the mill documents which indicate information of the delivery system. Each of the documents were verified and checked by the person in charge.</p> | Complied |
| 4.6.1.2 | <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>- Major compliance -</p> | <p>Oil palms are grown on permitted level where they have considered the preventing action to avoid contaminating the surface and groundwater thru runoff either soil, nutrients or chemicals.</p> | Complied |

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|---|---|---|------------|---------|---------|---------|---------|-----|-----|-----|---|---|-----|-----|-----|---|---|----------|
| 4.6.1.3 | A visual identification or reference system shall be established for each field. - Major compliance - | Visual identification of each blocks was established. Each of them contains the information such as year planting, block no and hectarage area. | Complied | | | | | | | | | | | | | | | |
| Criterion 4.6.2: Economic and financial viability plan | | | | | | | | | | | | | | | | | | |
| 4.6.2.1 | A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance - | The estate management has established a 5 years' business management plan financial year 2019/2020 to 2023/2024. The business plan covers the following: a. Area Statement b. Crop (FFB) by year planting c. Crop (FFB) monthly breakdown d. 10 years replanting program e. Summary program by field f. Detail replanting program by field g. Executive/staff and worker's requirement h. Mature oil palm costing statement i. General charges statement j. Capital expenditure statement | Complied | | | | | | | | | | | | | | | |
| 4.6.2.2 | 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. - Major compliance - | Each estate in Ladang Sabah Group has established their respective annual replanting program for a period of 10 years. Sighted the replanting program for Bimbingan 1 Estate, Bimbingan 2 Estate and Moynod Estate as below: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Estate</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> <th>FY23/24</th> </tr> </thead> <tbody> <tr> <td>B1E</td> <td>331</td> <td>380</td> <td>0</td> <td>0</td> </tr> <tr> <td>B2E</td> <td>236</td> <td>518</td> <td>0</td> <td>0</td> </tr> </tbody> </table> | Estate | FY20/21 | FY21/22 | FY22/23 | FY23/24 | B1E | 331 | 380 | 0 | 0 | B2E | 236 | 518 | 0 | 0 | Complied |
| Estate | FY20/21 | FY21/22 | FY22/23 | FY23/24 | | | | | | | | | | | | | | |
| B1E | 331 | 380 | 0 | 0 | | | | | | | | | | | | | | |
| B2E | 236 | 518 | 0 | 0 | | | | | | | | | | | | | | |

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|--|---|---|-----|-----|-----|-----|------------|
| | | ME | 300 | 223 | 231 | 206 | |
| 4.6.2.3 | <p>The business or management plan may contain:</p> <ul style="list-style-type: none"> a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production: cost per tonne of FFB d) Price forecast e) Financial indicators: cost benefit, discounted cash flow, return on investment <p>- Major compliance -</p> | <p>The estate management has established a 5 years' business management plan financial year 2019/2020 to 2023/2024. The business plan covers the following:</p> <ul style="list-style-type: none"> a. Area Statement b. Crop (FFB) by year planting c. Crop (FFB) monthly breakdown d. 10 years replanting program e. Summary program by field f. Detail replanting program by field g. Executive/staff and worker's requirement h. Mature oil palm costing statement i. General charges statement j. Capital expenditure statement | | | | | Complied |
| 4.6.2.4 | <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>- Major compliance -</p> | <p>Estate daily activities were monitored on daily basis. The staffs will prepare all those related documents and delivered to assistant manager who will verified and approved by the estate manager. Apart of it, estates management also receive regular visit from the Senior Plantation Controller (SPC) to inspect the implementation of the estate practices. Sighted a report of SPC to Bimbingan 2 Estate on 11.02.2021 and to Moynod Estate on 25.11.2020.</p> <p>These visits cover the replanting projects and the expanses ledger summary for mature and immature palm.</p> | | | | | Complied |
| Criterion 4.6.3: Transparent and fair price dealing | | | | | | | |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|------------------------------------|---|--|------------|
| 4.6.3.1 | 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 was Contract between Hidayat Enterprise and Bimbingan 1 Estate dated 2/1/2021 and also with Kalang Enterprise for transporting FFB/EFB/Stone and hiring lorries. Rate of transporting FFB and stones are clearly indicated in the contract. | Complied |
| 4.6.3.2 | All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance - | Contracts sighted at sampling estate as per above (4.6.3.1) are fair, legal and transparent. The contract contains a mutual termination clause, clear payment terms of 30 days of invoice date or completion of work to the company's satisfaction, and has a fixed duration. | Complied |
| Criterion 4.6.4: Contractor | | | |
| 4.6.4.1 | Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance - | Contractors engaged by the unit of certification are given Additional Requirements for Contractors and Service Providers. In this document, contractors, among others, confirmed their awareness and compliance with MSPO requirements, and they also acknowledged that IOI and its certification bodies have the right to audit the contractors. Sampled were documents signed by Hidayat Enterprise. | Complied |
| 4.6.4.2 | The management shall provide evidence of agreed contracts with the contractor. - Major compliance - | Management was able to provide evidence of agreed contracts as per sampling between Bimbingan 1 Estate and Contract between Hidayat Enterprise and Bimbingan 1 Estate dated 2/1/2021 for transport and manual loading FFB. The contract was available for review in estate. | Complied |
| 4.6.4.3 | The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance - | Contractors engaged by the estates are given Additional Requirements for Contractors and Service Providers. In this document, contractors, among others, confirmed their awareness and compliance with MSPO requirements, and they also acknowledged that IOI and its certification bodies have the right to audit the contractors. | Complied |

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|--|---|---|------------|
| 4.6.4.4 | <p>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.</p> <p>- Major compliance -</p> | <p>Evidence was available that checking and assessing of each task contracted was carried out by estate management team. This was carried out to ensure tasks were performed by the contractors. Sighted were the confirmation of tasks performed by Kalang Enterprise for transporting FFB/EFB/Stone and hiring lorries. 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. Sampling as per memorandum dated 4/1/2021, the data of task performed been observe by management, verified as per invoice MJ-00176 and Purchase Order no. 4534013691</p> | Complied |
| <p>4.7 Principle 7: Development of new planting (No new planting)</p> | | | |

Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mills.

| Criterion / Indicator | | Assessment Findings | Compliance |
|---|--|--|------------|
| 4.1 Principle 1: Management commitment & responsibility | | | |
| Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy | | | |
| 4.1.1.1 | Policy for the implementation of MSPO shall be established. - Major compliance - | A Policy for the implementation of MSPO has been established in paragraph 4 of the IOI Group Sustainable Oil Palm Policy. This Policy was revised in October 2020 and signed by the Group Managing Director & Chief Executive Officer, as well as the Group Head of Sustainability. Paragraph 4 states that IOI operations in Peninsular Malaysia and Sabah are 100% RSPO and MSPO certified, and that it would commit towards sustainable production of palm oil and its continuous improvement as outlined in the MSPO guidelines. | Complied |
| 4.1.1.2 | The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance - | The IOI Group Sustainable Oil Palm Policy which was revised in October 2020 and signed by the Group Managing Director & Chief Executive Officer as well as the Group Head of Sustainability also states that it would commit towards continuous improvement as outlined in the MSPO guidelines. | Complied |
| Criterion 4.1.2 – Internal Audit | | | |
| 4.1.2.1 | Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance - | Internal audit was carried by Sustainable Palm Oil Department team on 22/10/2020 for Ladang Sabah Palm Oil Mill. Audit covered both documentation and field operation for the mill. | Complied |
| 4.1.2.2 | The internal audit procedures and audit results shall be | 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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| | documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance - | Sustainable Palm Oil Department team. There are 1 major finding regarding to no new budget for mill. | |
| 4.1.2.3 | Reports shall be made available to the management for their review. - Major compliance - | The internal audit report was available for reviewed in Ladang Sabah POM. The management already review the internal audit outcome and verification been done accordingly dated 22/10/2020. | Complied |
| Criterion 4.1.3 – Management Review | | | |
| 4.1.3.1 | 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. - Major compliance - | The latest management review was carried out on 26/10/2020 attended by 12 person included management, HSE officer and staff. All pertinent elements in the standard has been discussed for effective implementation of MSPO towards continual improvement such as audit finding, customer feedback, resource needed and others. | Complied |
| Criterion 4.1.4 – Continual Improvement | | | |
| 4.1.4.1 | The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - Major compliance - | The continual improvement plan covered Environmental, Safety and Social. Sampling on environmental continuous action plan was available under Environmental aspect and impact sampling on main activity Spillage of oil to monsoon drain, this will cause water pollution. Continual improvement plan was available and maintained at all assessed sites. | Complied |
| 4.1.4.2 | The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance - | No new information or system in Ladang Sabah POM during assessment. The system all updated accordingly. | Complied |

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| 4.2 Principle 2: Transparency | | | |
| Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements | | | |
| 4.2.1.1 | <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>- Major compliance -</p> | <p>The Management of Ladang Sabah Palm Oil Mill and its supply base had an external stakeholder meeting on 25/1/2021. The meeting also informed the stakeholders how the documents can be accessed, which include the Sustainability Corner which are available at each estate and mill office.</p> <p>Stakeholders can have access to the documents using the SOP 6.11 Stakeholder Request Procedure where the stakeholder can either visit, call or write a formal letter to the estate/mill management.</p> <p>Stakeholders can also access the information from IOI website: www.ioigroup.com</p> | <p>Complied</p> |
| 4.2.1.2 | <p>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.</p> <p>- Major compliance -</p> | <p>Among the management documents that are publicly available include:</p> <ul style="list-style-type: none"> - Whistleblowing Policy - Sustainability certificates, (RSPO, MSPO, ISCC), - Grievance reporting procedure; - Negotiation procedure; - Grievance procedure for land owner issue; - Land use compensation procedure; - Stakeholder request procedure; - IOI Group Policies; - Environmental Impact Assessment, management Action Plan & Continuous Improvement Plan; - Safety & Health Plans; - Water Management Plan. | <p>Complied</p> |

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| Criterion 4.2.2 – Transparent method of communication and consultation | | | |
| 4.2.2.1 | Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance - | 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. No changes since previous assessment. | Complied |
| 4.2.2.2 | The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance - | At the Ladang Sabah POM, the management official responsible was the Assistant Manager, Ladang Sabah Palm Oil Mill who appointed via letter dated 26/10/2020. 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 |
| 4.2.2.3 | 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. - Major compliance - | List of stakeholder available updated approval by manager on 2/1/2021. The record of all consultation and communication was available sampling on 1 request from Hospital Duchess of Kent (HDOK)BP/199/23/PATH/729/BB) dated 7/7/2020 for Blood Donation Campaign. The approval from Mill management record with same date was available at site. | Complied |
| Criterion 4.2.3 – Traceability | | | |
| 4.2.3.1 | The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. | IOI Group has developed traceability policy, Management System & Traceability Control Procedures, doc no: MSPO/SOP/MST/01, rev no: 00, dated on 31.10.2020. the objective of the procedures is to established a documented sustainable procedure for identifying and | Complied |

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| | - Major compliance - | recording the products from its respective sources or stations as required in the sustainable requirements. | |
| 4.2.3.2 | The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance - | FFB delivery record to the mill from Bimbingan 2 Estate was made available to the audit team. The documents dated on 16.02.2021 consists of weighbridge ticket, FFB dispatch note and grading chit. Among the information contained in the documents are: a. Source of supply based (name of estate, block, number of bunches b. Transporter. c. Time in and out d. Weight in and out e. Name of the driver f. FFB grade | Complied |
| 4.2.3.3 | The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance - | Ladang Sabah POM has appointed Mr. Ratman Bin Amirulah as the MSPO Officer responsible for traceability system. The letter dated on 26.10.2020, was made available to the audit team. | Complied |
| 4.2.3.4 | Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance - | Record of storage, sales, delivery of crude palm oil and palm kernel are well maintained by the mill management. | Complied |
| 4.3 Principle 3: Compliance to legal requirements | | | |
| Criterion 4.3.1 – Regulatory requirements | | | |

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| <p>4.3.1.1</p> | <p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p> | <p>Sustainable Palm Oil Department had identified and documented forty nine sets of legal requirements as applicable to its business. Latest update include Employees Minimum Standard of Housing, Accommodation and Amenities (Accommodation and Centralized Accommodation) Regulations 2020.</p> <p>At estates and mill assessed, sighted among others the lists of business licences, equipment and machinery permits, competent persons and review of documentations to verify implementation of legal requirements. Generally, the auditors found they were in order.</p> <p>Sample among the above named documents as follows:</p> <table border="1"> <thead> <tr> <th>No</th> <th>License / Permit</th> <th>Expiry Date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>MPOB 5002410400</td> <td>30.06.2021</td> </tr> <tr> <td>2</td> <td>DOE Sabah 003445</td> <td>30.06.021</td> </tr> <tr> <td>3</td> <td>Lesen Perlanggaran Udara 005200</td> <td>30.08.2021</td> </tr> <tr> <td>4</td> <td>JTK Permit Potong Gaji 600-1/2/8/320(11/SDK/2020-027)</td> <td>12.04.2022</td> </tr> <tr> <td>5</td> <td>JTK Permit Pendahuluan Gaji 600-1/2/8/320(06/SDK/2019-0153)</td> <td>23.04.2021</td> </tr> <tr> <td>6</td> <td>JTK Permit Sekatan Kerja Lebih Masa 600-1/2/8/320(08/SDK/2020-0178)</td> <td>23.06.20222</td> </tr> <tr> <td>7</td> <td>Foreign Workers Insurance</td> <td>30.09.2021</td> </tr> </tbody> </table> | No | License / Permit | Expiry Date | 1 | MPOB 5002410400 | 30.06.2021 | 2 | DOE Sabah 003445 | 30.06.021 | 3 | Lesen Perlanggaran Udara 005200 | 30.08.2021 | 4 | JTK Permit Potong Gaji 600-1/2/8/320(11/SDK/2020-027) | 12.04.2022 | 5 | JTK Permit Pendahuluan Gaji 600-1/2/8/320(06/SDK/2019-0153) | 23.04.2021 | 6 | JTK Permit Sekatan Kerja Lebih Masa 600-1/2/8/320(08/SDK/2020-0178) | 23.06.20222 | 7 | Foreign Workers Insurance | 30.09.2021 | <p>Complied</p> |
| No | License / Permit | Expiry Date | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | MPOB 5002410400 | 30.06.2021 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | DOE Sabah 003445 | 30.06.021 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Lesen Perlanggaran Udara 005200 | 30.08.2021 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | JTK Permit Potong Gaji 600-1/2/8/320(11/SDK/2020-027) | 12.04.2022 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | JTK Permit Pendahuluan Gaji 600-1/2/8/320(06/SDK/2019-0153) | 23.04.2021 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | JTK Permit Sekatan Kerja Lebih Masa 600-1/2/8/320(08/SDK/2020-0178) | 23.06.20222 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Foreign Workers Insurance | 30.09.2021 | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | | DL-10512859-FWC | |
| | | 8 | Suruhanjaya Tenaga LP 12/1/9/1818 | 0.06.2021 |
| 4.3.1.2 | The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance - | The list of relevant legal laws is known as "Legal Requirements Register" which consist of federal laws, state laws and codes a of conducts. The list was made available to the audit team for review. | | Complied |
| 4.3.1.3 | The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance - | Sustainable Palm Oil department will keep the certification unit updated with the new laws or regulations or new amendments coming into force. Mechanism of Tracking Law Changes procedures was made available to the audit team. The prepared by Sustainable Palm Oil Department, ref no: IOI/SR/SPO/MTLC/21-01, dated on 27/01/2021. | | Complied |
| 4.3.1.4 | The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. - Minor compliance - | Ladang Sabah POM has appointed Mr. Ratman Bin Amirulah as the MSPO Officer responsible for traceability system. The letter, dated on 26.10.2020, made available to the audit team. | | Complied |
| Criterion 4.3.2 – Lands use rights | | | | |
| 4.3.2.1 | The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance - | 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 | | Complied |

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| | | 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. No changes from previous audit. | |
| 4.3.2.2 | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance - | 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 |
| 4.3.2.3 | Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance - | The mills visited were located in the sister estate. Mill boundary were demarcated with fences. | Complied |
| 4.3.2.4 | 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). - Minor compliance - | Based on documents sighted and interviews conducted with stakeholders, there was no evidence of any dispute with any previous owner or occupants. Therefore, this indicator is not applicable. | Not applicable |
| Criterion 4.3.3 – Customary rights | | | |
| 4.3.3.1 | 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 the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable. | Not applicable |

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| 4.3.3.2 | Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance - | There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable. | Not applicable |
| 4.3.3.3 | Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance - | There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable. | Not applicable |
| 4.4 Principle 4: Social responsibility, health, safety and employment condition | | | |
| Criterion 4.4.1: Social Impact Assessment (SIA) | | | |
| 4.4.1.1 | Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance - | The annual review SIA conducted by Social Liaison Officer dated Feb 2021 (IOI/SR/SPO/2020/SIA/annual/04). The report cover all workers in mill (204 person) and various stakeholder including sister estate. 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 housing. The action plan identified included constant monitoring and road repairs. | Complied |
| Criterion 4.4.2: Complaints and grievances | | | |
| 4.4.2.1 | A system for dealing with complaints and grievances shall be established and documented. | A system for dealing with complaints and grievances has been established under IOI Corporation Berhad Grievance Procedure Doc Ref: IOI/P/GP/001 Rev No. 01 dated 20 Jan 2020. The procedure states that IOI would deal with all grievances logged under the | Complied |

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| | - Major compliance - | <p>Grievance Procedure in a fair and timely manner, and would publicly disclose the results of this process.</p> <p>The grievance process include receipt and registration of potential grievance, preliminary review, dialogue, plan investigation, address grievance and reporting, investigation, development of time bound plan, implementation and monitoring of the time bound plan. The awareness been given to the workers and staff during morning briefing, recorded verified dated 12/10/2020 attended by 82 workers.</p> | |
| 4.4.2.2 | <p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p>- Major compliance -</p> | <p>The IOI Corporation Berhad Grievance Procedure Doc Ref: IOI/P/GP/001 Rev No. 01 dated 20 Jan 2020 has stipulated in a flowchart, the timeframe for each grievance procedure process flow. The record of grievance and complaint was available in Mill. The company is able to demonstrate that the system is able to resolve disputes in an effective, timely and appropriate manner.</p> | Complied |
| 4.4.2.3 | <p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p>- Minor compliance -</p> | <p>Workers and stakeholders have several channels to lodge a complaint. These include:</p> <ul style="list-style-type: none"> a. Employee Consultative Committee (ECC) and Joint Consultative Committee (JCC) complaints/suggestion/proposal forms which the workers are given prior to ECC meeting. b. Complaint/Grievance Book is available at the respective estate or mill offices. c. House Defects form which is also available at the respective estate and mill offices. | Complied |

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| 4.4.2.4 | <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>- Minor compliance -</p> | <p>Employees and surrounding communities are aware that complaints or suggestions can be made at any time. During MCO the stakeholder meeting was not been conducted due to comply with regulation, however management give the stakeholder letter dated 25 Jan 2021 to brief the stakeholder channel for compliant or grievances during MCO. Workers are informed of these various complaint channels during trainings.</p> <p>Interview with stakeholders confirmed that they are aware that complaints and suggestions can be made at any time.</p> | Complied |
| 4.4.2.5 | <p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p>- Major compliance -</p> | <p>Complaints and resolutions for the past 24 months are being documented as evidenced by complaint records in the complaint Book.</p> | Complied |
| Criterion 4.4.3: Commitment to contribute to local sustainable development | | | |
| 4.4.3.1 | <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>- Minor compliance -</p> | <p>Evidence is available that contribution to local development was done in consultation with the local communities. This was demonstrated via the following letters sighted at Ladang Sabah Oil Mill:</p> <p>a. Blood Donation by Duchess of Kent need used Ladang Sabah infrastructure as for this programme dated 11/7/2020;</p> | Complied |
| Criterion 4.4.4: Employees safety and health | | | |
| 4.4.4.1 | <p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and</p> | <p>An Occupational Safety, Health and Hygiene Policy has been established and signed by the Plantation Director. It is available in Bahasa Malaysia and English language. The policy has been</p> | Complied |

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| | <p>Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p> | <p>communicated to all employees through briefings and hardcopy of policies were seen displayed at the estates notice boards. OSH plan was available dated January 2020 prepared by HSE manager. The plan was including the training needs, OSH meeting, Workplace inspection, medical surveillance and others. In Mill, chemical register been updated on 30 Oct 2019. This updated cover chemical water, maintenance, Boiler, lab, store, workshop and others. Briefing on the policy has been conducted several time in 2020. Latest training was conducted on 11.09.2020 regarding on the COVID-19 pandemic.</p> | |
| 4.4.4.2 | <p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. 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"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; 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). 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 | <p>Briefings to employees on safety policy are made through training and briefing forums. In addition there were also briefings at muster ground being as refresher program for the employees. Safety procedures adherence are emphasised to the employees as part of the work culture. Content includes among others to prioritise safety, execute work safely, and adhere all safety rules and regulations and to target zero accident. Safety policy and targets were available on display board printed in both English & Bahasa Malaysia.</p> <ol style="list-style-type: none"> 1. Safety & health policy has been revised in April 2019 and approved by Plantation Director N B Sudhakaran. Series of OSH briefing has been conducted to the work force; 20.01.2020, 10.02.2020, 17.02.2020, 16.0.2020 and 07.07.2020. 2. HIRARC has been made available to the audit team and reviewed. 3. Safety training for the workers exposed to the chemical were consistently conducted. <ul style="list-style-type: none"> i. Training on chemical handling safety, 06.02.2020, | Complied |

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| <p>(Classification Packaging and Labeling) Regulation 1997 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 shall 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 that affect their business 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>- Major compliance -</p> | <p>ii. Spraying training (preventing COVID-19), 13.04.2020.</p> <p>iii. SOP chemical store training, 25.07.2020.</p> <p>4. PPE issuance record for 2020 and 2021 was made available to the audit team. The mill issues PPE item such as safety shoes, safety helmets, whistle, earplug and visibility vest.</p> <p>5. IOI Group has established a procedure to handle chemicals, "Prosedur Kerja Selamat: Penyimpanan & Pengurusan Stor Bahan Kimia", doc ref: IOI-OSH-3.2.2 dated on 01/08/2012.</p> <p>6. Mr. Ikhwan Fadly Salasiah was appointed as the person in charge for the safety and health for LSPOM dated on 15.02.2020 for the period of two years.</p> <p>7. Safety and health committee has conducted 4 meeting as below:</p> <ul style="list-style-type: none"> a. 21.03.2020 b. 03.07.2020 c. 25.09.2020 d. 11.12.2020 <p>8. IOI Group has established the Accident & Emergency Procedure which cover the following:</p> <ul style="list-style-type: none"> a. Fire and Damage procedure. b. Theft and robbery procedure. c. Riots and strikes procedure. d. Road accident procedure. e. Work place accident procedure. f. Environmental pollution procedure. | | |

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| | | <p>9. First aid training refreshment was conducted by the mill management which was delivered by Ms. Maria Bahad and Ms. Lija Randi on 14.11.2020. the training was attended by 23 participants which all station in the mill.</p> <p>10. Accidents records are well kept and reviewed quarterly during the safety & health committee meeting.</p> | |
| Criterion 4.4.5: Employment conditions | | | |
| 4.4.5.1 | <p>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.</p> <p>- Major compliance -</p> | <p>Ladang Sabah Palm Oil Mill subscribes to IOI Group Sustainable Palm Oil Policy signed by the Group CEO (revised October 2020) 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 2020. The Policy is also displayed on main notice boards within the Mill premises</p> | Complied |
| 4.4.5.2 | <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>- Major compliance -</p> | <p>Sighed during audit was the IOI Group Sustainable Palm Oil Policy signed by its Chief Executive Officer and Group Head of Sustainability (Revised October 2020). Paragraph 4 of the Policy states that the Company would provide fair and equal opportunities for all employees, regardless of race, nationality, religion and gender. This Policy is available and displayed at the main notice boards and at the workers' housing, and can be downloaded from the IOI website at www.ioigroup.com</p> | Complied |
| 4.4.5.3 | <p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements.</p> | <p>Based on the pay slips of Workers below sighted for the months of June and December 2020, Workers been sample:- 1SLS/IOI/1217/8976</p> | Complied |

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| | <p>The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p> | <p>1SLS/IOI/0812/8980</p> <p>1SLS/IOI/0301/8986</p> <p>1SLS/IOI/0506/8992</p> <p>1SLS/IOI/1015/9001</p> <p>1SLS/IOI/1011/9010</p> <p>1SLS/IOI/0315/9016</p> <p>1SLS/IOI/0816/9075</p> <p>1SLS/IOI/0116/9082</p> <p>1SLS/IOI/1118/9110</p> <p>1SLS/IOI/0805/9118</p> <p>1SLS/IOI/0399/9134</p> <p>1SLS/IOI/0299/9163</p> <p>1SLS/IOI/0415/9168</p> <p>There is evidence that Ladang Sabah Palm Oil workers are paid RM1,100 per month and above, in compliance with the Minimum Wages Order 2020 (Amendment 2019).</p> | |
| 4.4.5.4 | <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>- Minor compliance -</p> | <p>Evidence is available that the Ladang Sabah Oil Palm Mill ensured employees of contractors are paid based on legal or minimum standards. Contractors are required by the estate management to extend copies of their workers' employment contracts and payslips for review. 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. The payslips show that the workers receive more</p> | Complied |

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|-----------------------|---|---|------------|
| | | than minimum wages, and SOCSO, EPF and EIS contributions made by both the workers and contractors. | |
| 4.4.5.5 | 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. - Major compliance - | A record providing an overview of all employees is available. The list contains the full names, gender, date of birth. Information on the workers' date of entry, job description and period of employment are contained in the respective employment contracts. | Complied |
| 4.4.5.6 | 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. - Major compliance - | Ladang Sabah Mill employs foreign and local employees. Foreign workers sign employment contracts, whereas the local workers are given letters of appointment. The record was available for all sample worker and staff as per below:- 1SLS/IOI/1217/8976 1SLS/IOI/0812/8980 1SLS/IOI/0301/8986 1SLS/IOI/0506/8992 1SLS/IOI/1015/9001 1SLS/IOI/1011/9010 1SLS/IOI/0315/9016 1SLS/IOI/0816/9075 1SLS/IOI/0116/9082 1SLS/IOI/1118/9110 1SLS/IOI/0805/9118 | Complied |

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| | | 1SLS/IOI/0399/9134 1SLS/IOI/0299/9163 1SLS/IOI/0415/9168 | |
| 4.4.5.7 | The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers. - Major compliance - | The management of Ladang Sabah Palm Oil Mill has established a time recording system which makes working hours and overtime transparent. Reviewed during the audit was the time recording system for Worker for September 2020. It shows the Date, Time in, Time out, Hours of overtime. | Complied |
| 4.4.5.8 | 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. - Major compliance - | Based on the payslips and overtime records reviewed during the audit, Ladang Sabah Palm Oil Mill was able to demonstrate that time records comply with legal regulations and Collective Agreement signed between IOI Group of Companies and the employment contract workers came into force on 1 January 2020 and valid until 31 December 2022. | Complied |
| 4.4.5.9 | Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance - | It was verified based on payslips and overtime cards, that wages and overtime payment are in line with legal regulations and Collective Agreement signed between IOI Group of Companies came into force on 1 January 2020. | Complied |
| 4.4.5.10 | 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. - Minor compliance - | The Ladang Sabah Palm il Mill provides for its employees, free houses, subsidised water and electricity, free medical treatment and facilities, worshipping facilities such as mosque, chapel, futsal court, volleyball court, transport allowance for field checkers, mandores, and others. Additionally, workers were given beras, coffee, cooking oil, sugar, bath soap, instant noodles and biscuits on 15 May 2020. | Complied |

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| 4.4.5.11 | In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance - | As per on site living quarters that are provided the basic amenities such as water and electricity was available. Water was self-treated by management. The result was available as per verification ref: W200502/01B dated 1/6/2020. As per workers housing inspection, Ladang Sabah POM conducted weekly programme to ensure comply with Minimum housing and amenities. | Complied |
| 4.4.5.12 | The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance - | Policy to prevent sexual and other forms of harassment and violence are contained in IOI Group Sustainable Palm Oil Policy (Revised May 2020) and Policy on Harassment at Workplace dated June 2018. The Policy sets out the Company's commitment to promote a safe and healthy working environment, and zero tolerance for any form of harassment at workplace. The Policy serves as a guidance on handling matters related to harassment, and is being displayed at all the main notice boards. | Complied |
| 4.4.5.13 | 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. - Major compliance - | 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). The published statement recognizing freedom of association is available in the IOI Group Sustainable Oil Palm Policy signed by Chief Executive Officer and Group Head of Sustainability (revised October 2020). This Policy is available in English, paragraph 4 of the Policy states that the Company would uphold the right to freedom of association and recognize the right to collective bargaining and allow trade unions to have access to the workers. This Policy is displayed on all main notice boards throughout. | Complied |

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|---|---|---|------------|
| 4.4.5.14 | Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance - | A formal policy for the protection of children exists in IOI Group Sustainable Oil Palm Policy signed by Chief Executive Officer and Group Head of Sustainability (revised October 2020). Paragraph 4 of the Policy states that the Company would eliminate all forms of child labour. Based on records reviewed and observations made, there was no evidence of any children or young persons employed or exploited. | Complied |
| Criterion 4.4.6: Training and competency | | | |
| 4.4.6.1 | All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance - | The mill has established the training program and documented in Safety and Health Program FY 2020: Mill under section training. The training program was done based on the training need analysis conducted and reviewed on annually basis. The training are as follows: a. Ergonomic training, 10.01.2020 b. Sustainability briefing and SCCS to estate, 11.01.2020 c. Working at height, 12.01.2020 d. Sampling point training, 23.02.2020 e. SOP kernel plant, 04.06.2020 f. PPE training, 13.06.2020 g. Briefing on confine space operator, 25.06.2020 | Complied |
| 4.4.6.2 | 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. - Major compliance - | The mill has conducted the training need analysis to determine the training requirement for the management, employee and contractors and documented in Training Need Analysis, Plan and Implementation 2020. The analysis was conducted on annually basis. | Complied |

| Criterion / Indicator | | Assessment Findings | Compliance | | | | | | | | | |
|---|---|---|----------------|---------|-------------|--------------|--|--|-----------------|--------------|---|----------|
| 4.4.6.3 | <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>- Minor compliance -</p> | <p>The estates visited has established training program which reviewed and updated on annually basis and documented in SOP training program and Safety and Health, this is complied with indicator no 4.4.6.1 where the management has planned the training on the annual basis. Sighted the training plan for 2021.</p> | Complied | | | | | | | | | |
| 4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services | | | | | | | | | | | | |
| Criterion 4.5.1: Environmental Management Plan | | | | | | | | | | | | |
| 4.5.1.1 | <p>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.</p> <p>- Major compliance -</p> | <p>The IOI Groups has established Sustainable Palm Oil Policy was endorsed by Dato' Lee Yeow Chor, Group Managing Director and Chief Executive Officer, which the environmental policy has been integrated to. Policy briefing has been conducted on 11.01.2020. The policy was communicated to the employee through training, muster briefing and displayed at several notice board in the Mill. The environmental management plan establish and reviewed on 12 November 2020.</p> | Complied | | | | | | | | | |
| 4.5.1.2 | <p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p> <p>- Major compliance -</p> | <p>The mill management has conducted environment impact assessment which was reviewed on 06.02.2021. The assessment consists of management action plans and continuous improvement plan.</p> <table border="1"> <thead> <tr> <th>Identification</th> <th>Impacts</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>Loading ramp</td> <td>Spillage to monsoon drain may affect the natural water stream and ecosystem.</td> <td>To put oil trap and scoop the lubricant from the trap once a week.</td> </tr> <tr> <td>Noise pollution</td> <td>Hearing lost</td> <td>Audiometric test for workers who exposed to loud noise.</td> </tr> </tbody> </table> | Identification | Impacts | Action Plan | Loading ramp | Spillage to monsoon drain may affect the natural water stream and ecosystem. | To put oil trap and scoop the lubricant from the trap once a week. | Noise pollution | Hearing lost | Audiometric test for workers who exposed to loud noise. | Complied |
| Identification | Impacts | Action Plan | | | | | | | | | | |
| Loading ramp | Spillage to monsoon drain may affect the natural water stream and ecosystem. | To put oil trap and scoop the lubricant from the trap once a week. | | | | | | | | | | |
| Noise pollution | Hearing lost | Audiometric test for workers who exposed to loud noise. | | | | | | | | | | |

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|-----------------------|---|--|----------------------|---|----------------|---------|---------------|--------------|--|--|-----------------|--------------|---|----------------|----------------------|--|----------|
| | | Smoke emission | Contamination of air | To maintain smoke emission as per Malaysian standard. | | | | | | | | | | | | | |
| 4.5.1.3 | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance - | <p>The mills visited has established the environmental plan based on the aspects and impacts analysis conducted and documented in the Environmental Aspect Impact Assessment for Estate. The management plan was established for the activity which give significant impact for the environment. The management plan were reviewed annually basis.</p> <table border="1"> <thead> <tr> <th>Identification</th> <th>Impacts</th> <th>Positive Plan</th> </tr> </thead> <tbody> <tr> <td>Loading ramp</td> <td>Spillage to monsoon drain may affect the natural water stream and ecosystem.</td> <td>To put oil trap and scoop the lubricant from the trap once a week.</td> </tr> <tr> <td>Noise pollution</td> <td>Hearing lost</td> <td>PPE training to the workers exposed to the loud noise. Workers provided with appropriate PPE</td> </tr> <tr> <td>Smoke emission</td> <td>Contamination of air</td> <td>To install CEMS to monitor the smoke. To control fibre to shell ration 80:20.</td> </tr> </tbody> </table> | | | Identification | Impacts | Positive Plan | Loading ramp | Spillage to monsoon drain may affect the natural water stream and ecosystem. | To put oil trap and scoop the lubricant from the trap once a week. | Noise pollution | Hearing lost | PPE training to the workers exposed to the loud noise. Workers provided with appropriate PPE | Smoke emission | Contamination of air | To install CEMS to monitor the smoke. To control fibre to shell ration 80:20. | Complied |
| Identification | Impacts | Positive Plan | | | | | | | | | | | | | | | |
| Loading ramp | Spillage to monsoon drain may affect the natural water stream and ecosystem. | To put oil trap and scoop the lubricant from the trap once a week. | | | | | | | | | | | | | | | |
| Noise pollution | Hearing lost | PPE training to the workers exposed to the loud noise. Workers provided with appropriate PPE | | | | | | | | | | | | | | | |
| Smoke emission | Contamination of air | To install CEMS to monitor the smoke. To control fibre to shell ration 80:20. | | | | | | | | | | | | | | | |
| 4.5.1.4 | A programme to promote the positive impacts should be included | The mill has established environmental management plan base on the aspect and impact analysis conducted include the program to | | | Complied | | | | | | | | | | | | |

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|--|---|---|------------|
| | in the continual improvement plan. - Minor compliance - | promote the positive impacts as follows: i. Mulching EFB within estate ii. Disposal of boiler ash and decanter solid within estate iii. Parameter of final discharge POME within limit iv. Provide transparent information about quality of environment to stakeholder v. Shell and fibre wastes are used as fuel for steam production | |
| 4.5.1.5 | 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. - Major compliance - | The Mill has established the training program documented in the Safety and Health Program FY 20/21 and Environmental Planner FY 20/21. The training plan was reviewed on annually basis. The mill management has conducted series of training to the work force to achieve the environment policy's objective. Among the training conducted were: a. Schedule waste training, 05.08.2020. b. Recycle waste training, 22.11.2020. c. 3R Training, 19.11.2020. | Complied |
| 4.5.1.6 | The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance - | The environmental issues have been discussed during a meeting conducted concurrently with the OSH meeting. The meeting minutes has been made available to the audit team and reviewed. | Complied |
| Criterion 4.5.2: Efficiency of energy use and use of renewable energy | | | |
| 4.5.2.1 | 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, | The mill management has provided the 5 Years Summary of Diesel Consumption monitoring FY 15/16 – FY 20/21. This summary has allowed the auditor to review the consumption of diesel which has shown a significant reduction after the commissioning of the biogas plant in 2015. | Complied |

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|---|---|--|------------|
| | electricity in the operations over the base period - Major compliance - | | |
| 4.5.2.2 | 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. - Major compliance - | 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 mill yearly budgets. The diesel estimation was stated in the mill operation annual budget. Fuel and lubricants budgeted at RM 78, 194 for FY 20/21. | Complied |
| 4.5.2.3 | The use of renewable energy should be applied where possible. - Minor compliance - | From the monitoring and interview with the management, the mill consumes the shell and fibre as boiler fuel. The mill has applied biogas as the renewal energy for the LSPOM complex. | Complied |
| Criterion 4.5.3: Waste management and disposal | | | |
| 4.5.3.1 | All waste products and sources of pollution shall be identified and documented. - Major compliance - | The mill has identified all waste and source of pollution and documented in the List of Waste Identified. The list was reviewed on annually basis. The latest review was done on 25 June 2020. The waste identified as follows: i. Industrial waste – Scrap Iron ii. Scheduled Waste – SW110, SW 305, SW409, SW410, SW 103, SW 429, SW 103 etc. iii. Domestic Waste – Wet waste, kitchen waste, garden waste, sanitary waste, dry waste iv. Solid waste – EFB, Shell, Boiler Ash, Decanter Solid | Complied |
| 4.5.3.2 | A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: | OUs sampled has established management Plan base on the identification and source of pollutions and the documented in Waste management Plan FY 2020 and were available for review. In the | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance | | | | | | | | | | | |
|--|--|---------------------|---------------------------------|-------------------------|--|------------------|-----------------------------------|----------------|--|--------------|------------------------------------|----------------|---|-----------------|
| <p>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.</p> <p>- Major compliance -</p> | <p>management plan stated the identification of waste products/pollutants, waste generation, action plan and monitoring, documents to be reviewed, management review, comments and time bound and person in charge. The management plan covers all the operations and works station in the mill and estates</p> <p>Sighted the implementation of the management plan as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Source of waste</th> <th style="text-align: left;">Action plan to reduce pollution</th> </tr> </thead> <tbody> <tr> <td>Used lubricant spillage</td> <td>Used of drip tray to avoid it goes to monsoon drain.</td> </tr> <tr> <td>Rags and filters</td> <td>To store at schedule waste store.</td> </tr> <tr> <td>Smoke emission</td> <td>To control fibre : shell ratio. To install CEMS for monitoring the smoke emission</td> </tr> <tr> <td>Used battery</td> <td>To disposed to licensed contractor</td> </tr> <tr> <td>Domestic waste</td> <td>To disposed to the designated landfill.</td> </tr> </tbody> </table> | Source of waste | Action plan to reduce pollution | Used lubricant spillage | Used of drip tray to avoid it goes to monsoon drain. | Rags and filters | To store at schedule waste store. | Smoke emission | To control fibre : shell ratio. To install CEMS for monitoring the smoke emission | Used battery | To disposed to licensed contractor | Domestic waste | To disposed to the designated landfill. | <p>Complied</p> |
| Source of waste | Action plan to reduce pollution | | | | | | | | | | | | | |
| Used lubricant spillage | Used of drip tray to avoid it goes to monsoon drain. | | | | | | | | | | | | | |
| Rags and filters | To store at schedule waste store. | | | | | | | | | | | | | |
| Smoke emission | To control fibre : shell ratio. To install CEMS for monitoring the smoke emission | | | | | | | | | | | | | |
| Used battery | To disposed to licensed contractor | | | | | | | | | | | | | |
| Domestic waste | To disposed to the designated landfill. | | | | | | | | | | | | | |
| <p>4.5.3.3</p> <p>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</p> <p>- Major compliance -</p> | <p>The IOI Group has established a SOP for handling to ensure proper and safe handling according to the regulations by environmental department.</p> | <p>Complied</p> | | | | | | | | | | | | |

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|---|---|--|-----------------------|-------------|------|--|--------------------|---|-------------------|---|----------|
| 4.5.3.4 | Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance - | Domestic waste disposed in the Moynod Estate compound at field 97E. domestic waste record for 2020 was made available to the audit team and verified. | Complied | | | | | | | | |
| Criterion 4.5.4: Reduction of pollution and emission | | | | | | | | | | | |
| 4.5.4.1 | An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance - | Assessment of polluting activities were documented in the environmental management plan 2020. The mill has identified 5 sources of GHG emission which are palm oil mill effluent, diesel consumption, electricity usage, chemical usage and generator set. As for the POME, the action plan taken was to utilize methane capture plant by pumping all POME to the biogas plant to extract GHG and use them as fuel for biogas engine to generate electricity. | Complied | | | | | | | | |
| 4.5.4.2 | An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance - | The mill conducted Stack sampling as per requirement stated in the compliance schedule for DOE license and contradiction license. Sighted the sample pollution reduction as follows: <table border="1" data-bbox="1086 970 1865 1361"> <thead> <tr> <th>Identified pollutants</th> <th>Action plan</th> </tr> </thead> <tbody> <tr> <td>POME</td> <td>The use of biogas plant to capture methane released by the POME.</td> </tr> <tr> <td>Diesel consumption</td> <td>Continue regular services of tractors. Record usage of diesel Avoid purchasing second grade diesel from unauthorised dealers.</td> </tr> <tr> <td>Electricity usage</td> <td>to switch all fans and light upon leaving the office.</td> </tr> </tbody> </table> | Identified pollutants | Action plan | POME | The use of biogas plant to capture methane released by the POME. | Diesel consumption | Continue regular services of tractors. Record usage of diesel Avoid purchasing second grade diesel from unauthorised dealers. | Electricity usage | to switch all fans and light upon leaving the office. | Complied |
| Identified pollutants | Action plan | | | | | | | | | | |
| POME | The use of biogas plant to capture methane released by the POME. | | | | | | | | | | |
| Diesel consumption | Continue regular services of tractors. Record usage of diesel Avoid purchasing second grade diesel from unauthorised dealers. | | | | | | | | | | |
| Electricity usage | to switch all fans and light upon leaving the office. | | | | | | | | | | |

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| | | | <p>To supervise the electricity usage</p> <p>To use 5 star energy efficient appliances.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Chemical usage | <p>Promote more biological control on pest and diseases.</p> <p>To integrate manual weeding.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Generator set | <p>Regular scheduled maintenance.</p> <p>To dispose schedule waste thru licensed contractors.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.4.3 | <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>- Major compliance -</p> | <p>Compliance Schedule for LSPOM expired on 30.06.2021 indicated that the mill is allowed to release the POME for land irrigation purpose. The mill management has conducted the POME analysis before release it to land. The analysis results as follow:</p> <table border="1"> <thead> <tr> <th>Parameter</th> <th>Requirement</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td>pH value</td> <td>X > 5</td> <td>8.6 at 25-degree Celsius</td> </tr> <tr> <td>BOD</td> <td>20</td> <td>14.1</td> </tr> <tr> <td>COD</td> <td></td> <td>42</td> </tr> <tr> <td>AN</td> <td>150</td> <td>ND < 1</td> </tr> <tr> <td>TN</td> <td>200</td> <td>77.2</td> </tr> <tr> <td>O&G</td> <td>20</td> <td>ND < 2</td> </tr> <tr> <td>SS</td> <td>200</td> <td>ND < 2</td> </tr> </tbody> </table> | | Parameter | Requirement | Results | pH value | X > 5 | 8.6 at 25-degree Celsius | BOD | 20 | 14.1 | COD | | 42 | AN | 150 | ND < 1 | TN | 200 | 77.2 | O&G | 20 | ND < 2 | SS | 200 | ND < 2 | Complied |
| Parameter | Requirement | Results | | | | | | | | | | | | | | | | | | | | | | | | | | |
| pH value | X > 5 | 8.6 at 25-degree Celsius | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOD | 20 | 14.1 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| COD | | 42 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AN | 150 | ND < 1 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TN | 200 | 77.2 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| O&G | 20 | ND < 2 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SS | 200 | ND < 2 | | | | | | | | | | | | | | | | | | | | | | | | | | |

Criterion 4.5.5: Natural water resources

| Criterion / Indicator | | Assessment Findings | Compliance | | | | | | | | | | | | | | |
|---|---|--|----------------|--------|----|-----|-------|----|-----|-----|---------|----|---------|----|----|------|----------|
| 4.5.5.1 | <p>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"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). <p>- Major compliance -</p> | <p>Water management plan for LSPOM was made available to the audit team. The plan was integrated with the environmental management plan report. The mill used water for processing FFB and domestic used.</p> <p>The indicated the negative and positive impact of using water in processing FFB also indicate the action plan to be taken if something bad happened.</p> <p>water sampling for domestic used conducted twice a year and the sample is sent to Dynakey Lab on 02.05.2020.</p> <table border="1"> <thead> <tr> <th>Parameters</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>pH</td> <td>7.3</td> </tr> <tr> <td>Ecoli</td> <td>ND</td> </tr> <tr> <td>TDS</td> <td>135</td> </tr> <tr> <td>Arsenic</td> <td>ND</td> </tr> <tr> <td>Cadmium</td> <td>ND</td> </tr> <tr> <td>AN</td> <td>0.10</td> </tr> </tbody> </table> | Parameters | Result | pH | 7.3 | Ecoli | ND | TDS | 135 | Arsenic | ND | Cadmium | ND | AN | 0.10 | Complied |
| Parameters | Result | | | | | | | | | | | | | | | | |
| pH | 7.3 | | | | | | | | | | | | | | | | |
| Ecoli | ND | | | | | | | | | | | | | | | | |
| TDS | 135 | | | | | | | | | | | | | | | | |
| Arsenic | ND | | | | | | | | | | | | | | | | |
| Cadmium | ND | | | | | | | | | | | | | | | | |
| AN | 0.10 | | | | | | | | | | | | | | | | |
| 4.5.5.2 | <p>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>- Major compliance -</p> | <p>Not applicable as the mill discharge the POME thru land irrigation as per stated in the Compliance Schedule.</p> | Not Applicable | | | | | | | | | | | | | | |
| 4.6 Principle 6: Best Practices | | | | | | | | | | | | | | | | | |
| Criterion 4.6.1: Mill Management | | | | | | | | | | | | | | | | | |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---|--|---|------------|
| 4.6.1.1 | 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. | Complied |
| 4.6.1.2 | All palm oil mills shall implement best practices. - Major compliance - | The mill regular visit from Mill Controller who will inspect on the mill operation and give comments on it. The mill received the visit on 15.01.2020. Among the issues highlight by the mill controller were: a. FFB quality b. Production report c. Washing plant project d. Boiler operation e. Safety aspects f. Capex discussion g. Workers reduction plan | Complied |
| Criterion 4.6.2: Economic and financial viability plan | | | |
| 4.6.2.1 | A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance - | The mills visited have established 10 years business plan as guidance for the mill to conduct the daily operation and expenditure. The business plan was documented in 10 years production, expenditure and profit/loss projection 2019 – 2028.No changes during this audit. Items stated in the business plan as follows: i. Hectare statement ii. FFB yield/ha and Total Production by age | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|--|--|--|------------|
| | | iii. FFB Production and FFB purchase (FFB, CPO, PK, OER, KER) iv. Production cost v. Cost/ha and Cost/tons vi. Dispatch (CPO and PK) The capital expenditure was documented in Financial Year Proposed Capital Expenditure (CAPEX). | |
| Criterion 4.6.3: Transparent and fair price dealing | | | |
| 4.6.3.1 | 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"> • 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. • 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. Palm Kernel transport Agreement dated 1 August 2019 between Ladang Sabah POM and Uniharvest Sdn Bhd (Valid from 1 Aug 2019 until 31 July 2022) rates for transportation was available in the contract. | Complied |
| 4.6.3.2 | All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. | Contracts entered into between Ladang Sabah Palm Oil Mill and third parties are fair as it contains provisions relating to Mill's and | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|------------------------------------|---|---|------------|
| | - Major compliance - | 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 payment voucher dated 8/2/2021 to Uniharvest Sdn Bhd was paid on 31/12/2020. Refer PV number: 7100000806. There is evidence that payments are made in a timely manner. | |
| Criterion 4.6.4: Contractor | | | |
| 4.6.4.1 | In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance - | Contractors engaged by the unit of certification are given Additional Requirements for Contractors and Service Providers. In this document, contractors, among others, confirmed their awareness and compliance with MSPO requirements, and they also acknowledged that IOI and its certification bodies have the right to audit the contractors. Sighted were the contracts entered into with Juita Baru Sdn Bhd and Pengangkutan Dagang Tera Sdn Bhd. | Complied |
| 4.6.4.2 | The management shall provide evidence of agreed contracts with the contractor. - Major compliance - | 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 |
| 4.6.4.3 | The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance - | Contractors were given Additional Requirements for Contractors and Service Providers. In this document, contractors, among others, confirmed their awareness and compliance with MSPO requirements, and they also acknowledged that IOI and its certification bodies have the right to audit the contractors. | Complied |

Appendix B: List of Stakeholders Contacted

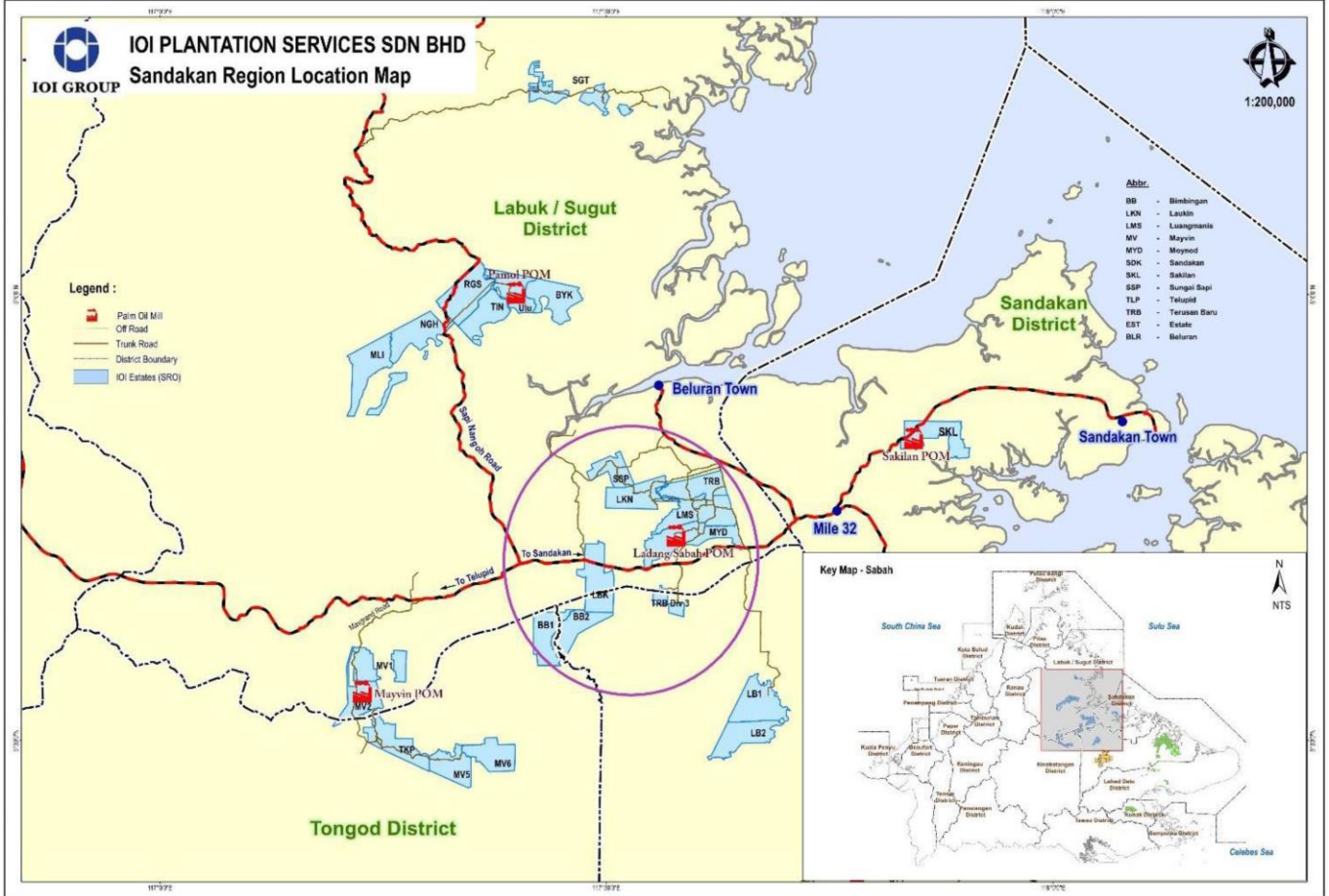
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|--|--|
| <p>Government Officer: Nil</p> | <p>Community/neighbouring village: Humana School Sekolah Kebangsaan Moynod Kedai Runcit Anggota Kedai Putri Sri perdana</p> |
| <p>Suppliers/Contractors/Vendors: Nil</p> | <p>Worker’s Representative/Gender Committee: Workers Representatives (Foreign Worker) Gender Committee Representative</p> |

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Appendix C: Smallholder Member Details

| No. | Smallholder | | Location of Planted Area (District) | GPS Coordinates | Certified Area (ha) | Planted Area (ha) |
|---|-------------|---------------------|-------------------------------------|-----------------|---------------------|-------------------|
| | Name | MPOB License Number | | | | |
| Not applicable as no smallholder's scheme involved in the scope of certification. | | | | | | |
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Appendix D: Location and Field Map



Appendix E: List of Abbreviations

| | |
|------|--|
| BOD | Biochemical Oxygen Demand |
| CB | Certification Bodies |
| CHRA | Chemical Health Risk Assessment |
| COD | Chemical Oxygen Demand |
| CPO | Crude Palm Oil |
| EFB | Empty Fruit Bunch |
| EHS | Environmental, Health and Safety |
| EIA | Environmental Impact Assessment |
| EMS | Environmental Management System |
| FFB | Fresh Fruit Bunch |
| FPIC | Free, Prior, Informed and Consent |
| GAP | Good Agricultural Practice |
| GHG | Greenhouse Gas |
| GMP | Good Manufacturing Practice |
| GPS | Global Positioning System |
| HCV | High Conservation Value |
| IPM | Integrated Pest Management |
| ISCC | International Sustainable Carbon Certification |
| LD50 | Lethal Dose for 50 sample |
| MSPO | Malaysian Sustainable Palm Oil |
| MSDS | Material Safety Data Sheet |
| MT | Metric Tonnes |
| OER | Oil Extraction Rate |
| OSH | Occupational Safety and Health |
| PK | Palm Kernel |
| PKO | Palm Kernel Oil |
| POM | Palm Oil Mill |
| POME | Palm Oil Mill Effluent |
| PPE | Personal Protective Equipment |
| RTE | Rare, Threatened or Endangered species |
| SEIA | Social & Environmental Impact Assessment |
| SIA | Social Impact Assessment |
| SOP | Standard Operating Procedure |