



**PUBLIC SUMMARY REPORT**  
**FIRST ANNUAL SURVEILLANCE ASSESSMENT (ASA1)**

**IOI CORPORATION Bhd**

**Pamol Kluang**

**Kluang Johor Malaysia**

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**SUMMARY**

BSi Group Singapore Pte Ltd (BSi) has conducted the First Annual Surveillance Assessment (ASA1) of IOI Corporation Bhd (IOI) Pamol Kluang operations comprising one (1) Mill, supply base of six (6) Company owned Estates, support services and infrastructure. BSi concludes that Pamol Kluang operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2010. BSi recommends continuation of the certification of Pamol Kluang as a producer of RSPO certified sustainable palm oil.

**ABBREVIATIONS**

ASA1	Annual Surveillance Assessment 1
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
ERP	Emergency Response Procedure
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IPM	Integrated Pest Management
MAPA	Malayan Agricultural Producers Association
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PK	Palm Kernel
PPE	Personal Protective Equipment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

**1.0 SCOPE OF CERTIFICATION ASSESSMENT****1.1 Identity of Certification Unit**

The Pamol Kluang mill and estates are located in Johor, Malaysia (Figure 1). The oil mill is central to the estates located near Kluang, while Kahang Estate is located at Kahang, Johor and Swee Lam Estate is located at Kulai, Johor. Additional maps are included (Figures 2 and 3) showing Mamor Estate and Kahang Estate layouts. The GPS location of the mill is shown in Table 1.

**Table 1: Mill GPS Location**

MILL	LONGITUDE	LATITUDE
Pamol Kluang	103° 23' 24"	2° 6' 36"

**1.2 Production Volume**

The actual tonnages of CPO and PK produced by the Mill between 16 March 2010 – 15 March 2011 from Pamol Kluang Estates are detailed in Table 2.

**Table 2: Production Tonnages**

Pamol Kluang Palm Oil Mill	Actual at Certification	Actual 16/03/10–15/03/11	Projected 16/03/11–15/03/12
CPO	51,738	46,794	56,942
PK	12,727	10,647	12,721

**1.3 Certification Details**

IOI RSPO Membership No: 010-04(O)  
 BSi RSPO Certificate No: 547027  
 Date of previous Assessment: 17-20/03/20009  
 Date of Certification: 16/03/2010

**1.4 Description of Fruit Supply Base**

The supply base is the FFB from six (6) IOI owned Estates that supplied 92.5% of the FFB processed at the Mill between 16 March 2010 and 15 March 2011. In addition, FFB received from ten other IOI Estates was processed at the Kluang Mill. All of the IOI estates are RSPO-Certified, except for "IOI Resort" that supplied only 2 tonnes of FFB. IOI ceased purchasing FFB from outgrowers in 2008. The actual FFB production from IOI owned Estates for the first year of the Certificate (16 March 2010 – 15 March 2011) and projected for the second year of the Certificate are listed in Table 3. Rainfall was well below average during the 2010 calendar year, resulting in a fall in FFB production compared with the previous year. IOI expects a return to good seasonal conditions in 2011–2012 and has projected the FFB yield to exceed the earlier years.

**Table 3: FFB Production Pamol Kluang Mill Supply Base**

Source	Estimate at Certification 01/07/2007 – 30/06/2008	Actual 16/03/10–15/03/11	Projected 16/03/11–15/03/12
<b>Pamol Kluang Estates</b>			
Pamol Barat	58,805	42,019	48,240
Pamol Timur	52,905	35,305	39,185
Mamor	40,484	39,069	55,650
Kahang	27,719	33,596	50,580
Unijaya	24,618	17,684	22,650
Swee Lam	26,300	22,229	26,000
<b>Sub Total</b>	<b>230,831</b>	<b>189,902</b>	<b>242,305</b>
<b>Other IOI Estates</b>			
Bukit Serampang	10,435	5,796	—
Sagil	11,750	5,460	—
Segamat	107	197	—
Regent	—	95	—
Paya Lang	—	28	—
Tambang	—	27	—
Bertam	—	63	—
Gomali	—	28	—
IOI Resort	—	2	—
Jasin Lalang	—	3,666	—
<b>Sub Total</b>	<b>22,292</b>	<b>15,362</b>	—
<b>Outgrowers</b>			
Abdullah Osman	26	—	—
Loh Kee	17	—	—
L/Periasamy	41	—	—
<b>Sub Total</b>	<b>84</b>	—	—
<b>OVERALL TOTAL</b>	<b>253,207</b>	<b>205,264</b>	<b>242,305</b>

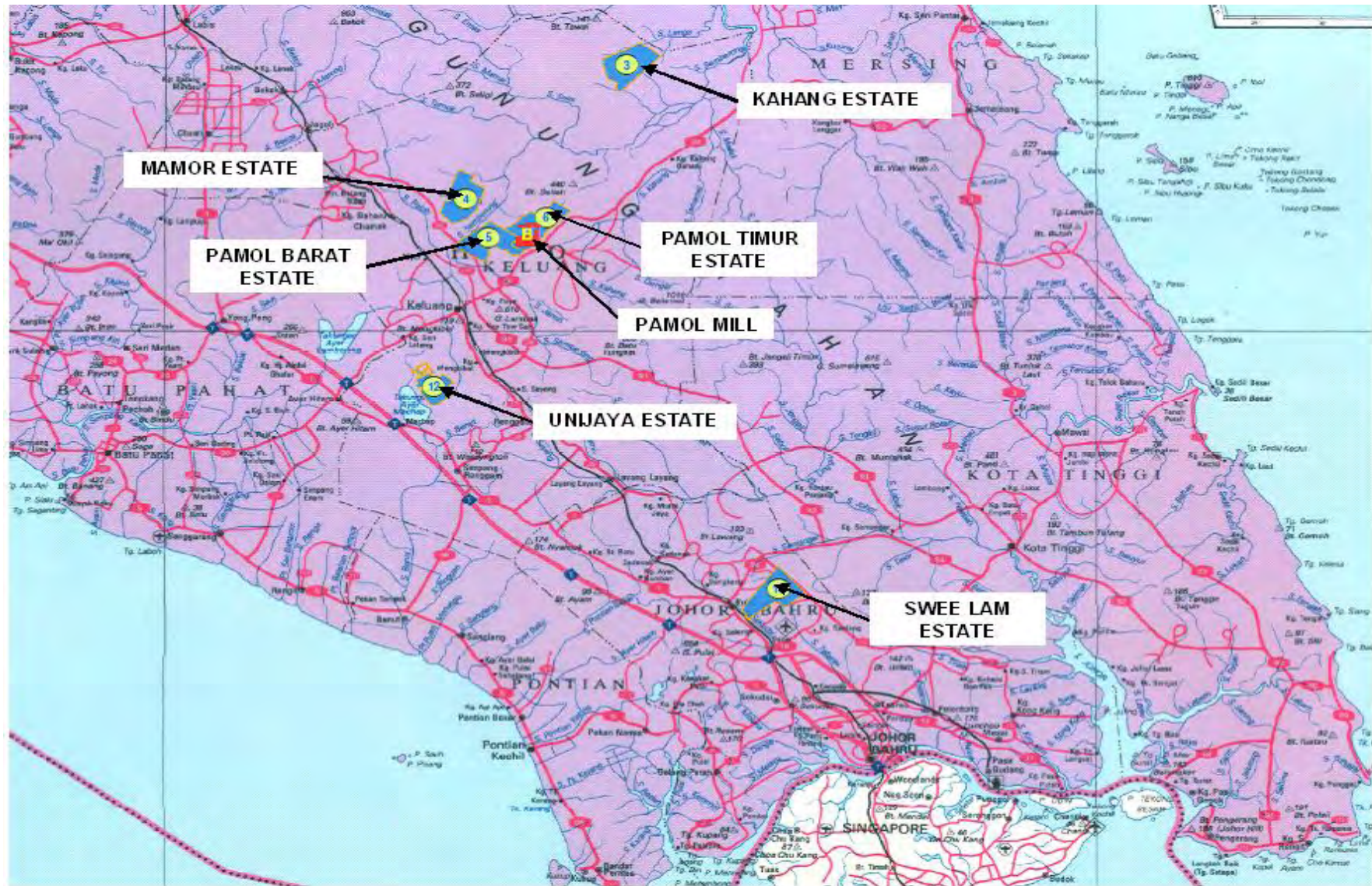


Figure 1: Pamol Kluang Location Map



Figure 2: Mamor Estate Layout

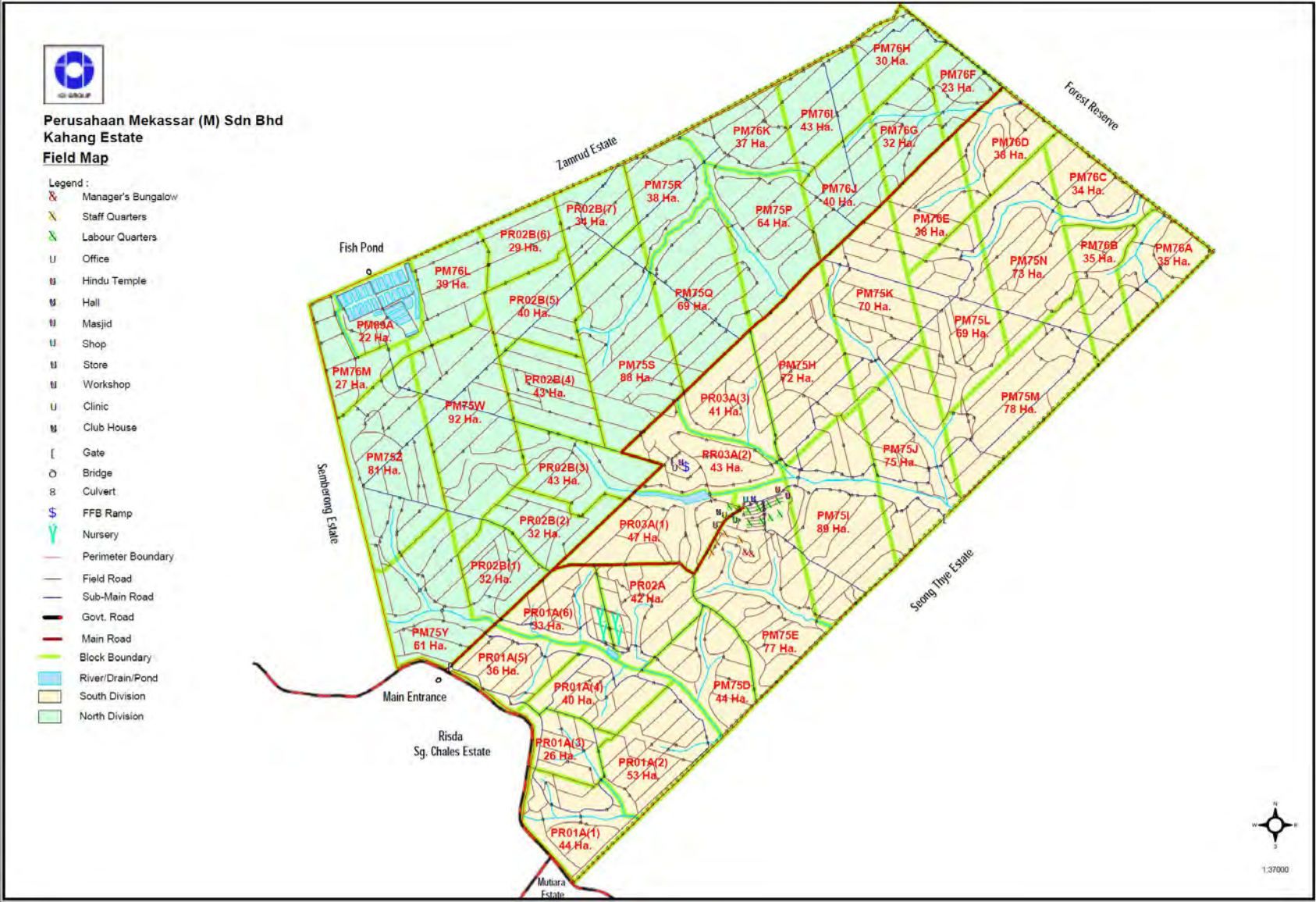


Figure 3: Kahang Estate Layout

Approximately 2,000 ha of the Pamol Barat and Pamol Timur Estates were initially planted to oil palm in the 1940s and the palms are in their fourth cycle. The remainder of the land at these two estates was planted to the second cycle of oil palm in 1986. The other four estates (Mamor, Kahang, Unijaya and Swee Lam) within the Pamol group are in the second cycle of oil palm. The age profile of the palms is shown in Table 4a. The areas of mature and immature palms are detailed in Table 4b for each of the Estates.

**Table 4a: Age Profile of Palms**

<b>AGE (years)</b>	<b>% of PLANTED AREA</b>
31 – 35	—
21 – 30	30.1
11 – 20	21.7
4 – 10	32.6
0 – 3	15.6

**Table 4b: Estates and Areas Planted**

<b>Estate</b>	<b>Mature (ha)</b>	<b>Immature (ha)</b>
Pamol Barat	1985	207
Pamol Timur	1617	558
Mamor	1902	213
Kahang	1920	367
Unijaya	848	346
Swee Lam	1044	212
<b>TOTAL</b>	<b>9316</b>	<b>1903</b>

### 1.5 Progress against Time Bound Plan

IOI Corporation Berhad owns and operates 12 Oil Mills with a supply base of 76 Estates in Peninsula Malaysia and Sabah. The crop from three additional IOI Estates (Sugut, Sejam and Tegai Estates) located in Sarawak, is processed at Mills owned by other companies who have not yet set a target date for RSPO Certification of their mills. IOI Corporation Berhad is implementing a programme to achieve RSPO Certified Sustainable Palm Oil for all of its 12 Oil Mills and 76 Estates in Malaysia by the end of 2011. IOI Time Bound Plan is included as Appendix A.

RSPO announced on 06 April 2011 a claimed breach by IOI of RSPO Code of Conduct 2.3 and Certification Systems 4.2.4 (c), and that IOI had until 02 May 2011 to respond formally to the claims. One of the claims relates to a land dispute at Sarawak and the others to land development in Indonesia. IOI advised BSi that it had engaged independent auditors to investigate and report on the claims. RSPO subsequently announced on 4 May 2011 an update on the issue, which stated in part:

*“Upon careful deliberation, the RSPO Grievance Panel has decided to extend the original timeline of 28 days by another 21 days, from the date of this announcement (ending May 25<sup>th</sup> 2011). This additional time is necessary to consider feedback from the local community involved*

*as well as the other complainants, in order to assess whether the proposal will indeed resolve the issues.”*

IOI has advised BSi that it is awaiting a response from the RSPO Grievance Panel in relation to the IOI Proposal.

IOI has also advised BSi that there presently are no labour disputes or any known legal noncompliances at its oil palm operations.

BSi has reviewed IOI’s Time Bound Plan and considers the programme to be challenging to implement as it will require a uniform, high standard of performance across the geographic spread of its operations in Peninsula Malaysia, Sabah and Indonesia. BSi considers IOI’s Time Bound Plan to conform to the RSPO requirements for Partial Certification, subject to the clarification and resolution of the claims notified by RSPO on 06 April 2011.

### 1.6 Progress of Associated Smallholders/ Outgrowers towards RSPO Compliance

IOI does not purchase crop from smallholders or outside growers.

### 1.7 Organisational Information / Contact Person

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IOI Resort 62502 Putrajaya  
MALAYSIA  
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Mr Tay Wai Chian  
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Fax: +06-4319101  
Email: [ioi.research.centre@ioigroup.com](mailto:ioi.research.centre@ioigroup.com)

## 2.0 ASSESSMENT PROCESS

### 2.1 Assessment Team Members

**Charlie Ross** – Lead Assessor RSPO  
B.App.Sc. M.Sc (Env.Studies)  
Lead Auditor EMS RABQSA Cert N<sup>o</sup>14370  
Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability  
**Iman Nawireja** – Assessor RSPO  
B.Ag.Sc. M.Sc. (Comm)  
Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability  
**Robyn Ross** – Social Assessor RSPO  
Topics assessed: Legal, Social, Women and Families, Sustainability  
**Noryati Hambali** – Facilitator, Women and Families

A CV for Ms Hambali, a new team member, is included at Appendix B.

## 2.2 Assessment Programme

The ASA1 was carried out between 08 and 10 March 2011. The Assessment Programme is included as Appendix C.

The Programme included physical inspections of the Mill, Kahang and Mamor Estates and associated facilities and infrastructure. Observations were made of tasks at each work station in the Mill, as well as harvesting, fertiliser application and the handling and application of herbicide at the two Estates. Checklists and questionnaires were used to guide the collection of information. Targeted visits were made for following up issues identified during the Initial Certification Assessment.

Internal and external stakeholders were contacted and interviewed. The Social Assessor visited local communities and met with representatives and residents. Stakeholders were interviewed in private and company officers were not present at any of the stakeholder interviews.

The assessment was based on random samples and therefore nonconformities may exist which have not been identified.

Mr Soon Leong Chia, BSi Product Manager RSPO, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirements.

## 2.3 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Pamol Kluang's environmental and social performance.

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

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

## 3.0 ASSESSMENT FINDINGS

### 3.1 Summary of Findings

During the ASA1, the Assessment Team identified one (1) nonconformity against Minor Compliance Indicator 6.5.3. Eight (8) Observations/Opportunities for Improvement were identified.

Review of the nonconformities assigned during the Initial Certification Assessment to Major Compliance Indicators 2.1.1 and 4.1.1 and to Minor Compliance Indicators 4.1.2 and 5.3.2 found that implementation of corrective actions have been maintained. In addition, the nine (9) observations had been actioned and the improvements were considered to be effective for addressing the issues.

This section of the ASA1 Report provides a summary for each Principle together with details for a sample of the Criteria and Indicators.

#### **PRINCIPLE 1: Commitment to Transparency**

IOI has maintained up to date policies, procedures and management plans for provision of information to the public upon request. The company has an effective system for receiving and responding to requests for information from external stakeholders and has kept records of the requests and the responses.

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

The IOI website [www.ioigroup.com](http://www.ioigroup.com) has a webpage for the public to request information on the IOI operations.

The Mill and Estates maintain records of requests received and replies made to both internal and external stakeholders. For example, the Mill received a request from DOE on 14 February 2011 requesting information on the monitoring programme for the year. IOI replied on 28 February with the programme for monitoring boiler emissions, ambient air quality, noise, treated effluent and desludging of effluent ponds.

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

Inspection of documents confirmed that the Mill and Estates visited hold copies of each of the management documents required for this Criterion and these are publicly available on request.

#### **PRINCIPLE 2: Compliance with Applicable Laws and Regulations**

IOI has maintained the systems for keeping up to date with changes to the legislation and communication of information on legal requirements to employees.



Checks have been carried out and an assessment made of legal compliance with applicable laws and regulations. Inspection of records confirmed that the Mill and the Estates visited have maintained legal compliance with statutory requirements, such as the Factories & Machinery Act 1967, the OSH Act 1994, the Environmental Quality (Clean Air Regulation) 1978 and the Employment Act 1955. Interview of local community representatives confirmed there were no land tenure issues at the Pamol Kluang Estates.

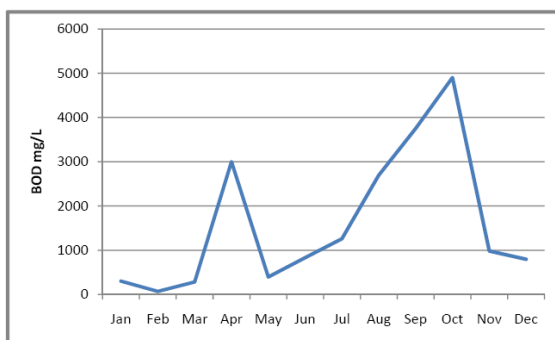
**Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations.**

The Mill and Estates have kept an up to date list of legal requirements. In addition, each operation has a List of Licenses showing the expiry dates. Inspection of a sample of licenses and permits confirmed all were current.

Review of internal audit and consultant reports showed that the Mills and the Estates visited had maintained legal compliance with applicable laws and regulations. For example, Mill boiler emissions were tested by ENV Consultancy & Monitoring Services Sdn Bhd 19 January 2011. The tests confirmed that emissions complied with the Malaysian Environmental Quality (Clean Air) Regulation 1978.

The smoke density meters are calibrated six-monthly by ST Tech Engineering Sdn Bhd, with the most recent Service Report No SR 8068 completed on 26 February 2011. Inspection of a sample of records for monthly summary of smoke density readings reported to DOE, showed that black smoke emissions due to raking the boiler and soot blowing did not exceed the daily limit.

Mill effluent is treated in effluent ponds and recycled to the palms by land application in furrows. The BOD of treated mill effluent complied with licence limits throughout the 2010 calendar year (Figure 4).



**Figure 4: BOD of Treated Mill Effluent 2010**

Drinking water supplies were tested by Nalco on 24 January 2011 and the results showed compliance with the Malaysian Drinking Water Quality Standard. Kluang is in the process of negotiating the supply of water to housing from the Government Supply and has engaged a consultant to design the supply layout. **Observation 01 – Refer Section 3.2 Page 14 – Recent (February 2011)**

*Nalco Laboratory tests of the Mamor Estate domestic water supply reported aluminium exceeded the Malaysia Drinking Water Quality Standard (2009). Mamor took corrective action immediately by requesting Nalco to advise on the adjustment of the water treatment plant to correct this situation.*

Inspection of pay records found that the Mill and the Estates complied with the Employment Act 1955 and the Department of Labour monthly overtime limit.

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

The Mill and Estates are on Freehold Land. The land is not encumbered by Customary Rights and the right to use the land is not disputed.

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of a sample of boundary stones at Kahang and Mamor Estates confirmed they were clearly marked with red and white paint and maintained.

**Observation 02 – Refer Section 3.2 Page 14 – At Mamor Estate, the locations of boundary stones need to be updated on the map, in particular, the boundary with smallholders and the quarry where the stones have been reinstated.**

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

The Mill and Estates are on Freehold Land that IOI acquired in 2003 from the Unilever Plantation Group. IOI does not restrict access through the estates, except in relation to trucks. Interview of local community representatives confirmed there is no land dispute or any claim of customary land within the Estates.

**PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability**

IOI has well developed internal management systems for monitoring and improving the performance of its operating units against production targets for achieving long-term economic and financial viability. In addition, IOI has a Research Group that conducts investigations of production related issues and provides technical advice to the Estates.

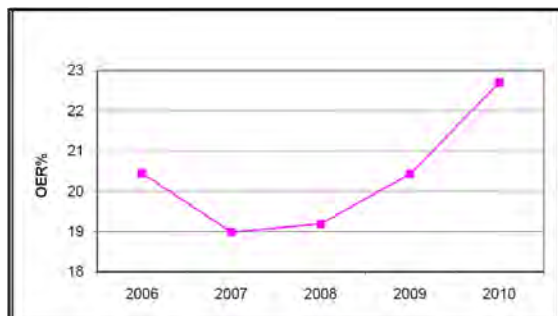
**Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.**

The Mill and Estates have an annual operating and capital budget projected for three years. In addition, there is a crop projection for ten years. The Mill and Estates have prepared five year business management plans (prepared June 2007 and reviewed annually) that include environmental, social and safety management components and associated capital expenditure for improvements.

The average annual FFB yield overall for the Estates decreased from 23.87 t/ha in 2006 to 20.38 t/ha over the past year due to the replanting programme and below average rainfall during 2010. IOI is aiming for improved FFB yield in 2011/12. Each of the Estates has a long term replanting plan that details the schedule and areas to be replanted.

**PRINCIPLE 4: Use of Appropriate Best Practices by Growers and Millers**

IOI has implemented management systems for monitoring and control of best practice implementation at its Mill and Estates. This includes a programme of regular internal audits by the General Manager. The OER has increased from a low of 19% in 2007 (Figure 5) to 22.7% in 2010 due to closer attention paid to FFB quality. The ripeness standard was changed in 2008 and greater attention is placed on the recovery of loose fruit. Fertiliser is the main cost input for the Estates and palm and soil nutrients are closely monitored.



**Figure 5: Average Annual Mill OER 2006-2010**

The company has consistently implemented its buffer zone reinstatement policy at replanted areas. Mill water usage has increased since 2008 due to operation of the steam turbine to generate electricity outside of processing hours. The company has continued to expand the establishment of its IPM program through plantings of beneficial plants and installing more barn owl boxes. IOI has increased the emphasis on worker health and safety especially for those involved in the application of pesticides.

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

IOI has prepared Group Palm Oil Mill Standard Operating Procedures (SOPs), which were issued (Mill April 2008) and (Estates 5 December 2007).

The Mill maintains copies of DOSH visit reports in a register, together with follow-up action for corrective measures. The most recent DOSH visit was 24 January 2011.

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

The IOI General Manager visits the estates approximately quarterly and reviews the performance against the IOI Standards. The IOI Agronomist visits the estates yearly to conduct leaf and soil sampling and visual inspections of the palms and the resultant information is used to determine the fertiliser program. In addition, the Estates maintain records of the tonnages of EFB applied to the palms.

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

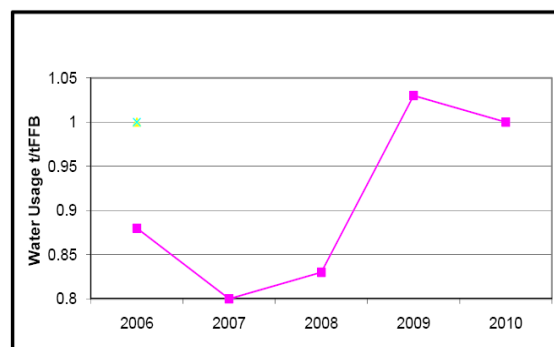
All of the land at Kahang and Mamor Estates is undulating and there are no areas of significant soil erosion risk. **Observation 03 – refer Section 3.2 Page 14 – Field inspection indicated that groundcover vegetation needs to be improved at some areas, such as Block 03B at Kahang Estate.** The Estates have implemented the annual road maintenance programme and all of the roads inspected were in good condition. There are no peat soils or soils classified as fragile or problematic at the Estates.

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

The Estates are implementing a programme for reinstatement of riparian strips of 3.5 m width on both sides of small streams at replanting. Inspection of recently replanted areas, such as the 2009 replanting at Kahang, confirmed the correctly sized buffer zone had been set aside at replanting.

The water supplies for the Mill and for housing are drawn from the Sembrong River under the authority of a Permit. Water quality is monitored for the nutrients Phosphate and Nitrate.

The mill measures and reports water usage monthly to IOI head office. The water usage (Figure 6) has increased since 2008 because IOI has maximised the use of steam to generate electricity.



**Figure 6: Average Annual Mill Water Usage 2006-2010**

The Mill has prepared a Water Management Plan, which identifies sources, uses, and wastewaters generated. An Action Plan has been developed for monitoring and improvement of water management.

Field inspection confirmed implementation of water conservation practices at recent replanting areas, such as back-slopes and stop bunds on terraces at Kahang Estate

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

The Estates have continued the programme of implementing biological controls for palm pests, for example, at Kahang Estate barn owl boxes have been installed at the rate of one to every 5 hectares. This is more than double the recommended barn owl density and the Estate is hopeful this will be effective for controlling rats. The most recent barn owl census was carried out in December 2010 and showed 57% occupancy. Records are maintained of areas where pesticides have been used for control of bagworm, oryctes and rats.

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

Justification of chemicals use is documented in SOPs No 3, 9 and 10 and summarised in a separate document that lists the conditions and application rates for individual chemicals. The Estates have prepared a Work Instruction that lists the quantity of chemical for measurement for each spray application and was displayed at the chemical mixing area. **Observation 04 – Refer Section 3.2 Page 14 – The accuracy of measuring the quantity of chemical for mixing with water could be improved by providing appropriate measuring devices.**

Inspection of the Chemical Stores and records confirmed the Estates hold and use only chemicals that are registered under the Pesticides Act 1974. The Kluang Group of Estates has not applied either Monochrotophos or Methamidophos since 2009, as reported in the Initial Certification Assessment.

Inspection of the Pesticide Stores confirmed that pesticides were stored in accordance with regulatory requirements, including ventilation, lighting, security, spill containment, separation and labelling of chemicals.

Inspection confirmed all chemical labels and MSDSs were in Bahasa Malaysia. In addition, pictorial signs are posted to identify hazards associated with materials.

Medical surveillance has been carried out annually for all pesticide workers, for example, at Kahang Estate for 19 workers on 28 January 2011 by a DOSH registered doctor. All workers were classified as fit for duty. Only males are employed as pesticide operators.

IOI Policy is to use Paraquat only for weed control in immature palms and for control of volunteer oil palm seedlings. Inspection of records confirmed Paraquat usage was limited to these specific applications.

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

IOI Top Management has approved a Health and Safety Policy (18 May 2007) that is displayed prominently on notice boards in English and Bahasa Malaysia.

The Mill and Estates have reviewed and updated the health and safety risk assessments associated with each task, for example, Kahang Estate on 18 January 2011 and the Mill on 12 January 2011.

The Mill and Estates maintain records of training including details of the trainer, training material and attendance list signed by individuals. Safety awareness training is conducted at morning muster briefings as well as for specific tasks in the workplace. Training is provided for contractors when they initially sign a contract as well as at safety briefings.

Inspections of the Mills and the Estates visited indicated that safe work practices were being implemented. **Observation 05 – refer Section 3.2 Page 14 – Inspection of the Kahang Estate Workshop found the electric-arc welder power lead insulation sheath was badly damaged, indicating inadequate workplace safety inspection. The Estate was advised that a Nonconformity would be assigned. The welder was immediately removed from service and the faulty lead replaced the same day.** Workers were observed to be wearing appropriate PPE for the specific task being carried out and the PPE was worn correctly and consistently across the sites visited. The Mill and Estates maintain records of issues of PPE using a card system for each employee.

The Mill and Estates have an annual OSH training Plan for the 2011 calendar year that lists the schedule for training.

The Mill and Estates have local OSH Committees that met quarterly during 2010 with the most recent at Kahang Estate was on 25 February 2011 attended by 22 persons.

The Mill and Estates ERP was updated January 2011 with telephone numbers and the locations of fire-fighting equipment. Telephone numbers are displayed on notice boards. The Mills and Estates have site specific Plans including maps showing assembly areas and lists of emergency contacts.

All accidents are investigated and reports are held on file and are available for the past five years. The Mill and Estates forward monthly reports to the IOI Safety Officer Peninsula Malaysia who summarises and undertakes an annual review of accidents. Kluang employs a Health and Safety Executive who has analysed the accidents for 2010. There were 3 lost time accidents with a total of 117 lost days ( 2 accidents working at height) during the year.

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

The Mill and Estates have a Training Programme that is based on a needs assessment carried out at the operating unit level for each work-station. The programme includes the frequency of training/re-training on an annual basis. Training includes formal courses conducted using external resources and “on-the-job” instruction. For example, inspection of Kahang Estate records show Tractor driver training was carried out for 13 participants on 07 February 2011.

Contractors undergo safety training before they start work on site and are required to attend safety briefings.

**PRINCIPLE 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity**

The Mill and Estates carried out the annual review of environmental impacts in January 2011. Since the implementation of effective controls, the environmental risk associated with some of the aspects had reduced substantially.

The Company continued to give close attention to management of HCVs, most notably the reinstatement of riparian buffer zones. At Kahang Estate, the company liaised with the Department of Wildlife to manage the incursion of elephants from the nearby Endau Rumpin National Park.

Solid wastes are well managed, with recycling of palm by-products to the field maximised. Waste segregation at source was found to be more consistent than in 2009 and scheduled wastes were well controlled and disposed to DOE licenced recyclers.

With point sources of effluent adequately controlled, pollution prevention has focussed on reduction of energy use, which in turn will reduce emissions to air.

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

The Mill and Estates have implemented a process to identify the significant impacts associated with the operations. For example, the initial Mill Environmental Management Plan prepared in 2008 has been reviewed and updated annually, with the most recent review carried out on 21 January 2011. Improvements carried out for the effluent treatment ponds include installation of depth indicators, desludging of the effluent ponds in accordance with a schedule, and construction of additional furrows with a total capacity of 44,728 cubic metres.

A list of Actions for Improvement of environmental performance has been revised for each of the significant impacts.

At Kahang Estate, which is surrounded entirely by other oil palm companies’ estates, the priority has been to improve biological controls for integrated pest

management. This has involved installing barn owl boxes at the ratio of 1 for every 5 hectares of land and establishment of beneficial plants.

**Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.**

At the time of the original development all of the land within the Estate leases was planted to oil palm except for a number of small Government Riparian Reserves and steep hillsides, such as at Mamor Estate. IOI has carried out an assessment of the possible presence of HCVs within and adjacent to the Estates. HCV4 was identified on a 34 ha reserve at Mamor Estate. Private land adjacent to Mamor Estate also supports HCVs.

IOI has prepared a Management Plan for protection of the Mamor Reserve that is based on habitat protection as well as enhancement of the reserve. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. Enrichment planting has been commenced to increase the diversity of tree species.

Although there is no HCV within Kahang Estate, the Endau Rumpin National Park is located nearby and the incursion by elephants is an important issue that needs to be managed. Kahang has consulted the Department of Wildlife, Johor Branch for guidance on how to manage the elephants. Park Rangers have visited the Estate and made recommendations for management of the situation, including the use of electric fences.

The Estates have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities. At Kahang, additional awareness and information have been presented to staff and workers for avoiding conflict with the elephants that may enter the estate. **Observation 06 – refer Section 3.2 Page 14 – At Mamor Estate, two caged birds were kept at the housing area. One of the birds was a Spotted dove *Streptopelia chinensis*, which is likely to have been captured in the Estate, indicating inadequate control of hunting and gathering activities.**

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

The Mill and Estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Action Plan that was prepared in September 2008.

The Operational Plans for managing and mitigating pollution are included in the Action Plans. Inspection confirmed solid wastes were well controlled at the Mill and Estates, with consistent separation at source into recyclables and non-recyclables. Solid wastes that

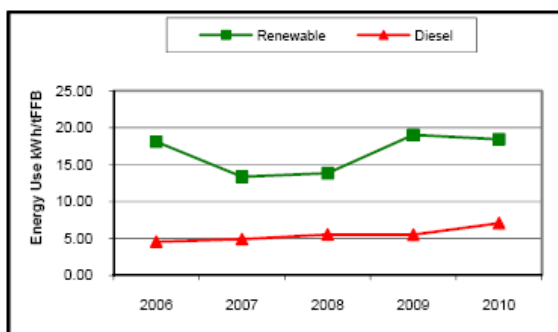
cannot be recycled are disposed in a small landfill that was appropriately located and management was consistent with guidelines for municipal waste disposal. At Kahang Estate the recovered wastes were sold to a recycler and the money received was given back to the workers.

The company has continued to operate scheduled waste stores at the Mill and each of the Estates in accordance with the requirements of the *Environmental Quality Act 1974 (Scheduled Wastes), Regulations, 2005*. Spent lubricating oils are collected from the mill and estates by OLST Petroleum Sdn Bhd, for example Manifest Number OPC2028 for 3 drums of waste oil on the 23 February 2011. The IOI Pamol Group has engaged Kualiti Alam Sdn Bhd for collection and recycling of used chemical containers. Medical wastes, such as sharps, are collected by Pantai Medivest Sdn Bhd monthly and records are held on file.

Fibre and nutshell are used as fuel for the mill boiler. Excess nutshell is sold for making activated carbon. Boiler ash is mixed with the EFB and used for compost. Field inspection confirmed that crop residues at replant and from mill processing are recycled to the field.

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

The Mill monitors and reports energy usage monthly to head office. The company has optimised the use of renewable energy since 2008 as shown in Figure 7. There was increased use of diesel fuel in 2010 due to the extended dry season and lower quantity of crop processed.



**Figure 7: Renewable and Non-renewable Energy Usage 2006–2010**

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

Inspection of the 2009 replanting at Kahang Estate confirmed that palm residues were chipped and used for mulch and fire was not used.

Inspection of the recently replanted area confirmed that felled palms had been chipped and windrowed.

Inspection of workplaces and housing areas of company operations confirmed that there was no evidence of fire used for waste disposal.

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

The Mill and Estates Pollution Prevention Plan is documented in the Environmental Impacts Identification and Improvement Plan, prepared September 2008. The scope of the Plan considered the solid, liquid and gaseous wastes and emissions from the mill and estate operations. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater, such as the mill monsoon drains.

The Estates monitor diesel usage by tractors and vehicles and ensure regular maintenance to minimise particulate emissions. The Estates also have optimised FFB transport to minimise energy usage and emissions.

The initial Pollution Prevention Plan has been reviewed each year, with the most recent at Kahang on 21 January 2011.

**PRINCIPLE 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers**

Pamol Kluang reviewed the social impacts by revisiting those identified in the SIA and taking into consideration issues raised in the “Grievance Book” and feedback from external stakeholders.

The company has continued to follow the MAPA/NUPW Agreements for worker employment terms and conditions. The pays and deductions are in Bahasa Malaysia and are understood by most of the workers, except for the small number of Bangladeshi and Myanmar workers.

The housing, health and recreational facilities provided for workers and their families are of a good standard. The company is in the process of connecting the Kahang houses to the Government water supply.

Interviews of workers and discussions with the NUPW Kluang Branch indicated Pamol supports freedom of association. The company’s policies of equal opportunity and prevention of sexual harassment and violence appear to be consistently implemented. The company has established a good relationship with contractors, some of whom have worked for the company for over a decade.

**Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.**

The SIA was prepared on 03 September 2008 with the involvement of local communities. The SIA was updated

on 17 February 2011, based on the input from internal stakeholders meeting and summary of issues raised by external stakeholders as recorded in the “grievance book”.

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

IOI has prepared a consultation and communication procedure for Corporate, Mill and Estate levels. Information on the company’s operations is available at the IOI website: [www.ioigroup.com](http://www.ioigroup.com). For persons without internet access verbal requests can be made by phone to IOI Group General Line: +60389478888 or written request to Two IOI Square, IOI resort, 62502 Putrajaya, Malaysia. The Mill and Estates have a comprehensive, up-to-date List of Stakeholders that was reviewed in December 2010.

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

A grievance mechanism has been developed and is included in the “Management Plan”. Details of complaints and grievances, including the resolution process have been recorded since July 2007. Interviews of internal and external stakeholders confirmed their knowledge of the specific grievance procedure and stated that issues raised were responded to in a timely manner.

**Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

IOI has prepared “Grievance Procedure for Land Owner Issues” that is applicable for assessing legal and customary rights. The procedure is available on file “Group Social Impact Assessment and Management Action Plans” dated 25 January 2008.

Interviews confirmed the findings during the Initial Certification Assessment that since IOI purchased the Pamol Group in January 2003, there has been no claim for compensation related to land issues.

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

Migrant workers from Indonesia make up the majority of the workforce, with smaller numbers from Myanmar, Nepal, and Bangladesh who are engaged on 2 or 3 year contracts. Pay and conditions are documented in the employment agreement between the company and workers and calculated in line with the current MAPA/NUPW award rate. Inspection of contracts of both local and foreign workers confirmed that pay and

conditions are available in Bahasa Malaysia. Interviews of staff and workers confirmed that they understood terms and conditions of their contract, which had been explained to them by senior staff. **Observation 07 – refer Section 3.2 Page 14 – Interview of foreign workers found that they did not understand the reasons for fluctuation of their pays, which was explained as related to the movements in the CPO market price.**

Although some housing was constructed in the 1980s and originally consisted of two bedroom dwellings, IOI has built extensions to provide additional rooms and meet the government regulation. **CR05 – refer Section 3.2 Page 14 – Inspection of the housing at Mamor Estate found that the system for inspection and reporting of repairs that are required to be carried out was ineffective because broken windows, for example, had not been identified as requiring replacement. Observation 08 – refer Section 3.2 Page 14 – The houses at Kahang, in particular foreign worker houses, are badly in need of repainting.** Inspection confirmed residents take pride in their housing and surroundings. The company allows residents to cultivate small vegetable gardens and interview confirmed this was of great benefit in reducing their living costs. Water is supplied continuously to housing. Electricity to Mill housing is supplied from the Government system and supply to Kahang Estate housing is from company generator. The company has started work to have the housing connected to the Government water supply.

The company provides free treatment at its clinics for workers and their families. 3 Primary Schools are located within walking distance of the Mill housing – Malay, Tamil and Chinese. The buildings were constructed by the company and are staffed by Government Teachers. A Secondary School is located at Kluang approx 1.5k distance and the company provides transport with costs subsidised 50%. Children living at Kahang Estate housing attend Primary School at Ladang Mutiara and Secondary School at Kahang with the company providing transport at no cost to families.

**Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.**

IOI Group Human Resources Manager and Group Plantation Directors meet with NUPW officials when requested. The most recent meeting for the Mill was 3 June 2010 attended by Mill officials and NUPW representatives. The Human Resources Manager holds copies of the minutes of meetings. The Mamor Estate Employment Consultative Council met 17 December 2010 to discuss work related issues. Interviews of staff and workers and Officials from the NUPW Kluang Office confirmed that IOI supports freedom of association.

**Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with**

**education programmes. Children are not exposed to hazardous working conditions.**

Inspection of a sample of personnel files confirmed that a copy of identity documents is held. During the audit, children were not observed at any of the work places of the Mill or Estates.

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

An Equal Opportunities Policy is displayed on notice boards at Muster areas of the Mill and Estates. Interview of Staff and Workers confirmed knowledge and awareness of the Policy.

Interview of Staff and Workers confirmed that there is no discrimination between ethnic groups, religious beliefs or gender. Check of payroll documentation showed foreign and local workers and male and female workers were paid at the same base daily rate.

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

Top management has approved a Policy on the prevention and elimination of sexual harassment in the workplace, 4 January 2008. A female staff member has been appointed as a gender representative.

The company has developed a specific Grievance Procedure on sexual harassment and violence that is available in Bahasa Malaysia. Female staff and workers confirmed their knowledge of the Procedures and no issues were raised during the interview process.

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

The Mill processes only crop harvested from Company Estates.

Interviews confirmed that contractors/suppliers and workers understand contractual agreements, and stated that contracts are fair. The Company has standard terms and conditions of contract, which are explained to the contractors prior to signing.

Interviews of contractors and examination of records indicated no complaints in relation to processing of payments. Contractors stated payments were made in a timely manner.

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

The company has cooperated with the government to allow the water supply pipeline and underground electricity cable to be placed along the Estate access road to Kampong Pengkalan Tereh. The company makes donations to local schools and assists underprivileged

students from kampong Gajah through the purchase of teaching aids and supplies. (6.11.1)

**Principle 7: Responsible Development of New Plantings**

*Pamol Kluang Group has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.*

**PRINCIPLE 8: Commitment to Continuous Improvement in Key Areas of Activity**

IOI has carried out an annual review of the environmental and social aspects of Pamol Kluang operations, with a view to identifying improvements.

IOI has continued the programme of establishing beneficial plants and installation of barn owl boxes as important parts of IPM for reducing the use of pesticides. The reinstatement of riparian buffer zones at replanting is being applied consistently during replanting to protect surface water quality.

The Mill has optimised the use of the steam turbine to generate electricity for reducing the quantity of non-renewable fuel used. Improvements were made with the segregation of wastes, which appeared to be more consistently implemented than in 2009.

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

IOI has continued to use paraquat because of its effectiveness, although its application is restricted to use in immature palms. The company is placing increasing importance on biological controls to help reduce pesticides use.

The recycling of palm by-products to the field is well implemented and more attention is being given to waste segregation at housing to reduce the quantity of garden waste disposed in the landfill.

With point sources of pollutants well controlled, the company's Improvement Plan is to reduce the use of fossil fuels as much as practical through the use of the steam turbine to generate electricity and optimisation of FFB transport.

The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue.

**3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations**

A Nonconformity was assigned to Minor Compliance Indicator 6.5.3. Pamol Kluang has prepared a Corrective Action Plan for addressing the identified Nonconformity. The Audit Team has reviewed and accepted the Pamol Kluang Corrective Action Plan. Implementation of corrective actions will be followed up during the next Surveillance Assessment.

**CR05: 6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act446) or above, where no such public facilities are available or accessible (not applicable to smallholders).**

A Nonconformity was assigned because Inspection of the housing at Mamor Estate found that the system for inspection and reporting of repairs that are required to be carried out was ineffective because broken windows, for example, had not been identified as requiring replacement.

**Corrective Action:**

The Estate Hospital Assistant will inspect all houses and identify defects requiring repair. In order to prevent a reoccurrence, the Estate Manager will review the Grievance Register monthly.

The Audit Team has reviewed and accepted the Corrective Action Plan and implementation of corrective actions will be followed up during the next Surveillance Assessment.

**Noteworthy Negative Observations**

Eight (8) Observations/Opportunities for Improvement were identified during ASA1. The progress with the Observations/Opportunities for Improvement will be checked during the next Surveillance Assessment.

01. (2.1.1) Recent (February 2011) Nalco Laboratory tests of the Mamor Estate domestic water supply reported aluminium and oil and grease exceeded the Malaysia Drinking Water Quality Standard (2009). Mamor has requested Nalco to advise on the adjustment of the water treatment plant to correct this situation.
02. (2.2.3) At Mamor Estate, the locations of boundary stones need to be updated on the map, in particular, the boundary with smallholders and the quarry where the stones have been reinstated.
03. (4.3.2) Field inspection indicated that groundcover vegetation needs to be improved at some areas, such as Block 03B at Kahang Estate.
04. (4.6.1) The accuracy of measuring the quantity of chemical for mixing with water could be improved by providing appropriate measuring devices.
05. (4.7.1) Inspection of the Kahang Estate Workshop found the electric-arc welder power lead insulation sheath was badly damaged, indicating inadequate workplace safety inspection. The Estate was advised that a Nonconformity would be assigned. The welder was immediately removed from service and the faulty lead replaced the same day.

06. (5.2.3) At Mamor Estate, two caged birds were kept at the housing area. One of the birds was a spotted dove *Streptopelia chinensis*, which is likely to have been captured in the Estate, indicating inadequate control of hunting and gathering activities.
07. (6.5.2) Interview of foreign workers found that they did not understand that the reasons for fluctuation of their pays was because of the movements in the CPO market price.
08. (6.5.3) The houses at Kahang Estate, in particular foreign worker houses, are badly in need of repainting.

**Noteworthy Positive Observations**

- Reinstatement of riparian buffer zones has been consistently implemented at replanting areas.
- The Mill has improved safety of access through the processing workstations by upgrading and clearly marking walkways and handrails of ladder-ways.
- The Mill has maximised the use of renewable fuel for generating electricity by running the steam turbine outside of processing hours.
- At the Estates the Company has a system whereby buffalos that are purchased by the company for infield collection of FFB are then sold prior to completion of foreign worker contracts and the "sale proceeds" are distributed amongst the workers.
- Proceeds from the sale of "recyclables" collected from domestic waste are distributed to the residents.

**3.3 Status of Nonconformities (Major and Minor Previously Identified (during Initial Certification Assessment))**

All nonconformities issued during the Initial Certification Assessment were closed prior to submitting the Public Summary Report to RSPO. Corrective Actions implemented for the Nonconformities identified during the Initial Certification Assessment remain in place and all nonconformities remain closed.

**Review of Progress with Observations/Opportunities for Improvement Identified (during Initial Certification Assessment)**

- OBS01 (4.3.3)** Some roads have inadequate numbers of "turn-out drains" for diversion of rainfall runoff into the field and prevention of erosion of the road surface.



**ASA1 Findings: Inspections of roads showed improvements in the number of “turn-out drains” and “silt traps” to control rainfall runoff.**

**OBS02 (4.4.1)** Inspection of the recent replanting area near the mill showed several palms had been planted within the riparian strip. The Estate Manager stated that the palms will be removed and checks carried out of planting locations near riparian strips.

**ASA1 Findings: Inspection confirmed the palms had been removed. At Kahang Estate, the riparian buffer zone had been consistently implemented at the 2009 replanting.**

**OBS03 (4.4.7)** There is a requirement to systematically inspect sediment traps and other pollution control devices at the Mill. A system has not been implemented for regular inspection or recording of drain maintenance for water quality protection.

**ASA1 Findings: The Mill has assigned responsibility to the Mill Laboratory Supervisor to conduct weekly inspections of the 6 sediment traps and maintenance of records, which was found to be completed consistently.**

**OBS04 (4.6.4)** Bangladeshi workers are employed as pesticide operators. Although pictorial safety signs are posted and they have an understanding of Bahasa Malaysia, there is no information available on the chemicals in their language.

**ASA1 Findings: IOI has translated MSDSs into Bangladeshi and Hindi and posted them on Notice Boards at the Muster area and the Chemical Mixing area.**

**OBS05 (4.6.5)** At the time of the audit, the CHRA medical surveillance programme had recently commenced for all pesticide operators to undergo testing during 2009 calendar year.

**ASA1 Findings: Inspection of records confirmed CHRA medical examinations were carried out in accordance with the schedule and DOSH requirements.**

**OBS06 (4.7.1)** The list of step-wise responses were not included in the Mill ERP document (filed in Safety Management Plan) and the ERP was undated. P Barat Estate has not included copies of site plans and estate map in ERP document.

**ASA1 Findings: The Mill and Estates have revised the ERPs to list the “steps” to be taken in cases of emergencies.**

**OBS07 (4.7.1)** The Mill workplace inspection checklist did not include examination of welding equipment to detect faulty pressure gauges. Faulty equipment identified at the Mill workshop during the audit was repaired immediately.

**ASA1 Findings: The OSH Mill checklist has been revised to include more specific workplace checks, in particular, electrical and welding equipment used at the Maintenance Workshop.**

**OBS08 (5.3.2)** Scrap metal is stored at a designated area for sale to a recycler. However, non-metallic wastes were stored with scrap metal indicating inadequate segregation. During the audit, the mill sorted and separated the waste from recyclable scrap metal.

**ASA1 Findings: Inspection confirmed the Mill and Estates have implemented consistent separation of wastes at source and storage of recyclables in designated areas.**

**OBS09 (6.5.1)** Interview found that the wages and deductions may not be understood by Myanmar, Bangladeshi and Nepalese workers.

**ASA1 Findings: IOI has translated pay information into the languages of foreign workers.**

### 3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during the Initial Certification Assessment were followed up during this ASA1 and found to have been actioned appropriately by the company.

During this ASA1, the majority of stakeholders had positive comments about Pamol Kluang. For the situations where stakeholders raised issues, the company’s response is stated.

#### Worker/Family Issues

Residents at Kahang Estate Housing stated that electricity is supplied between the hours of 7pm to 7am daily, including Sundays. However they are unable to use their fans or watch television when they return from working in the field or on Sunday, their rest day. Interview of staff indicated they have 24 hour electricity to their houses.

**Company Response:** The Estate will consult with residents on reallocation of the generator operating time to allow Sunday day-time operation.

Although good use has been made of the disused Mill buildings at Kahang Estate, noise levels from the genset could be reduced by redirecting the exhaust away from the Office and constructing a brick wall to shield the Workshop and Office from noise.

**Company Response:** The Estate will develop and Improvement Plan for carrying out modifications.

Interview of Mill and Estate foreign workers found that they were not aware they are eligible and allowed to join a Union. This indicates that the Company is not following through on the spirit of RSPO relating to “Freedom of Association” and making available “a published statement in local languages recognising Freedom of Association” – Indicator 6.6.2.

**Company Response:** IOI has translated the Freedom of Association and Equal Opportunity Policies into Bangladeshi and Nepali languages and are displayed on Notice Boards. Separate awareness training is carried

out. Recently hired workers may not be aware of this. IOI does not prevent workers from joining a Union.

#### **Contractors & Consultants**

Contractors interviewed stated they were treated fairly and did not raise any issues of concern.

#### **Local Communities**

Discussions with local community representatives found that the relationship with the Mill was not close and could be improved with informal visits by Mill representatives to the Kampung. The Mill should keep notes of discussions of importance at any informal visits.

**Company Response:** The Mill will include Kampung Sri Tambak in informal visits.

#### **Government**

Government Officers did not raise any issues with the IOI Pamol operations relating to labour, environment, land or indigenous peoples' issues.

#### **NGOs and Other Interested Parties**

NUPW Kluang had received feedback that the facilities for workers were poor at Unijaya Estate, however Union Officials have not visited the Estate to confirm this claim.

**Company Response:** The Estate has submitted a Plan to Labour Department in December 2010 for upgrading of houses but has not yet received approval. Estate will follow up with Labour Department.

### **4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

#### **4.1 Date of Next Surveillance Visit**

The next Surveillance Assessment visit will be carried out within twelve months of the anniversary of ASA1.

#### **4.2 Date of Closing Nonconformities (Major and Minor)**


**Table 5: Status of Nonconformities**

CAR	CLASS	ISSUED	CLOSED
CR01	Major	20/03/2009	28/04/2009
CR02	Major	20/03/2009	28/04/2009
CR03	Minor	20/03/2009	28/04/2009
CR04	Minor	20/03/2009	28/04/2009
CR05	Minor	10/03/2011	"Open"

### **4.3 Sign-off on Surveillance Assessment Findings**

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

Signed for on behalf of  
IOI Corporation Bhd (Pamol Kluang)



Dato Foong Lai Choong  
Group Plantation Director  
Date: 26/4/11

Signed for on behalf of  
BSi Group Singapore Pte Ltd



.....  
**Charlie Ross**  
Lead Auditor  
Date: 16 May 2011

# ***Appendix “A”***

## ***IOI Time Bound Plan***

## IOI TIME BOUND PLAN

Jan '08	Feb '08	Mar '08	Apr '08	May '08	June '08	July '08	Aug '08	Sep '08	Oct '08	Nov '08	Dec '08
				Pamol Sabah Oil Mill (Covering 6 Estates)						Sakilan Oil Mill (Covering 3 Estates)	
Jan '09	Feb '09	Mar '09	Apr '09	May '09	June '09	July '09	Aug '09	Sep '09	Oct '09	Nov '09	Dec '09
		Pamol Kluang Oil Mill (Covering 6 Estates)					Gomali Oil Mill (Covering 11 Estates)	Baturong Oil Mill (Covering 4 Estates)			
Jan '10	Feb '10	Mar '10	Apr '10	May '10	June '10	July '10	Aug '10	Sep '10	Oct '10	Nov '10	Dec '10
			Bukit Leelau Region RSPO Main Audit (Covering 1 Oil Mill & 6 Estates)			Mayvin Grouping Main Audit (Covering 1 Oil Mill & 5 Estates)					Pukin Region RSPO Main Audit (Covering 1 Oil Mill & 4 Estates)
Jan '11	Feb '11	Mar '11	Apr '11	May '11	June '11	July '11	Aug '11	Sep '11	Oct '11	Nov '11	Dec '11
Sakilan & Pamol Sabah Grouping RSPO Surveillance Audit		Pamol Kluang Region RSPO Surveillance Audit	Syarimo Grouping RSPO Main Audit (Covering 1 Oil Mill & 9 Estates)			Gomali Region RSPO Surveillance Audit & Ladang Sabah Grouping RSPO Main Audit (Covering 1 Oil Mill & 8 Estates)		Baturong Grouping RSPO Surveillance Audit	Bukit Leelau Region RSPO Surveillance Audit & Leepang Grouping RSPO Main Audit (Covering 1 Oil Mill & 7 Estates)		Mayvin Grouping RSPO Surveillance Audit & Morisem Grouping Main Audit (Covering 1 Oil Mill & 9 Estates)

## ***Appendix “B”***

### ***CV for New Team Member***

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## Noryati Hambali – Curriculum Vitae

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Year of Birth:	1986
Nationality:	Malaysian (Permanent Resident)
Present Status:	Student
Location:	Puchong, Selangor, Malaysia
Home Address:	Lahad Datu, Sabah, Malaysia

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### **Educational Qualifications**

Noryati Hambali was born in Lahad Datu Sabah 1986 and attended the Government Primary School Sekolah Kebangsaan Pekan 3 Lahad Datu (1993-1998). She completed 'O' Level in Sekolah Menengah Kebangsaan Segama Lahad Datu, Sabah 2003 and is now doing her Diploma in Business Administration at Rima International College, Selangor to complete her 'A' Level.

### **Work Experience**

She commenced working in Humana (Borneo Child Aid Society) as a Teacher in (2006) and relocated to teach at a school in the Lahad Datu area. Due to her good performance, within a year she was offered an Administration position with Humana where she assisted the Manager for a Period of 3 years (2007-2010). She then resigned in 2010 in order to continue her studies.

### **RSPO Experience**

Noryati has assisted with the assessments of six oil palm plantation companies, one in Sabah and five in Peninsula Malaysia. Her role has involved assisting and facilitating the interview of female workers and their families at oil palm Mills and Estates. She has first-hand knowledge of the issues facing families working and living in remote locations. She is fluent in Bahasa Malaysia, Sabahan and English, which is a key asset for effective communication with local as well as foreign workers.

## ***Appendix “C”***

### ***ASA1 Programme***

**ASA1 PROGRAMME – 08–10 MARCH 2011**

<b>AUDIT TEAM – CR: Charlie Ross RR: Robyn Ross IN: Iman Nawireja NH: Noryati Hambali</b>					
<b>DATE</b>	<b>TIME</b>	<b>ACTIVITY</b>	<b>CR</b>	<b>RR/ NH</b>	<b>IN</b>
Tuesday 08 March  MILL	AM	Opening Meeting (Mill and Estates) Document Review Interview Female Office Staff/Workers Review Pay Documentation Interview Males Mill Workers Interview Contractors/External Stakeholders Contact Government Offices, such as DOSH, DOE, Labour Department, NUPW Regional Office (Union Official), NGOs	√ √	√  √ √	    √ √ √
	PM	Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill Visit any Local Communities Visit Clinic Interview Staff Inspect Housing Interview Residents Closing Briefing	√   √	 √ √ √	 √  √
Wednesday 09 March  <b>SPLIT INTO 2 TEAMS</b>	AM	Physical inspection Estate & Work Tasks (Harvesting, Spraying, Upkeep, Fertiliser Application, Buffer Zones, Stores, Workshop) Interview Female Field Workers Interview Female Office Staff/Workers Review Pay Documentation	√	 √ √ √	
KAHANG ESTATE	PM	Documentation Review Visit Clinic Interview Staff Inspect Housing Interview Residents Closing Briefing	√  √	 √ √ √	
MAMOR ESTATE	AM	Physical inspection Estate & Work Tasks (Harvesting, Spraying, Upkeep, Fertiliser Application, Buffer Zones, Stores, Workshop) Interview Male Field Workers Interview External Stakeholders/Contractors Inspect Housing			√ √ √ √
	PM	Visit any local communities Documentation Review Closing Briefing			√ √ √
Thursday 10 March	AM	Follow-up on any outstanding information/clarification/data Prepare Visit Report/Closing Presentation Closing Meeting	√ √	 √ √	√  √



## ***Appendix “D”***

### ***List of Stakeholders Contacted***

**LIST OF STAKEHOLDERS CONTACTED**

<p><b>Internal Stakeholders</b></p> <p>7 Female Mill Office Staff        8 Female Mill Office Workers        6 Male (Foreign) Mill Workers        6 Male (Local) Mill Workers        Hospital Assistant (Mill Clinic)        10 Residents Mill Housing</p>	<p><b>Internal Stakeholders</b></p> <p>5 Male Sprayers Kahang Estate (Nepalese &amp; Indonesian)        Hospital Assistant Kahang Estate Clinic        3 Female Office Staff/Workers (Kahang Estate)        Group of Residents Kahang Estate        Crèche worker Kahang Estate        4 Male Pesticide Sprayers Mamor Estate (Indonesian &amp; Nepalese)        2 Indonesian Harvesters (Mamor Estate)</p>
<p><b>Contractors &amp; Consultants</b></p> <p>3 FFB Transport Contractors        Harvesting Contractor        General Contractor        Transport Contractor</p>	<p><b>Local Communities</b></p> <p>Kampung Tereh Head        Kampong Seri Tambak Representative</p>
<p><b>Government Departments</b></p> <p>Johor Labour Department        Department of Safety and Health        Department of Environment</p>	<p><b>NGOs and others</b></p> <p>National Union of Plantation Workers, Kluang Branch        All Malayan Estates Staff Union (AMESU)        Tenaganita</p>