

RSPO – Re-Certification Assessment Public Summary Report

Company Name IOI Corporation Bhd. Sakilan Mill and Supply Base
Certification Unit: Sakilan Palm Oil Mill Jalan Sandakan - Telupid, Sandakan, Sabah, Malaysia

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Section 1 Scope of the Re-Certification Assessment

1. Company Details			
RSPO Membership Number	2-0002-04-000-00	Date	Member since: 17 May 2004
Company Name	IOI Corporation Berhad		
Address	Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia		
Mill Address	Sakilan Palm Oil Mill, Batu 22, Jalan Labu - Sandakan, 90009 Sandakan, Sabah, Malaysia.		
Subsidiary of (if applicable)	Halusah Ladang Sdn. Bhd,		
Contact Name	Mr. Too Heng Liew (Head Office) Mr. Jimi Dalinting (HS Manager) & Mrs. Veronica (Sustainability Team)		
Website	www.ioigroup.com	E-mail	hltto@ioigroup.com ioispoe.veronica@gmail.com corp@ioigroup.com
Telephone	+60389478888 (Head Office) +6089563164 (Mill)	Facsimile	+60389432266 (Head Office) +6089563164 (Mill)

2. RSPO Certification Information			
Certificate Number	SPO543161	Date	8 March 2010
Scope of Certification	Palm Oil and Palm Kernel Production Mill: Sakilan Palm Oil Mill Supply Base: Sakilan Estate, Linbar I Estate and Linbar II Estate		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
EU-ISCC-Cert-DE 100-20141910	ISCC	SGS Germany GmbH	22 December 2015

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Sakilan Palm Oil Mill	Batu 22, Jalan Labuk, 90009 Sandakan, Sabah, Malaysia.	117° 50' 37"	5° 50' 21"
Sakilan Estate	Batu 22, Jalan Labuk, 90009 Sandakan, Sabah, Malaysia.	117° 50' 37"	5° 54' 21"
Linbar I Estate	Batu 70, Jalan Sandakan - Telupid, 90009 Sandakan, Sabah, Malaysia.	117° 41' 00"	5° 33' 07"
Linbar II Estate	Batu 70, Jalan Sandakan - Telupid, 90009 Sandakan, Sabah, Malaysia.	117° 39' 00"	5° 30' 00"

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4. Description of Certified Supply Base

Estate	Mature (ha)	Immature (ha)	Total Planted Area (ha)	Infrastructure & Other (ha)	Total Hectareage	% of Planted
Sakilan Estate	2,142	0	2,142	154.37	2,296.37	93.28
Linbar I Estate	1130	1,322	2,452	176.17	2,628.17	93.30
Linbar II Estate	1,619	223	1,842	370.00	2,212.00	83.27
Total	4,891	1,545	6,436	700.54	7,136.54	90.18

5. Plantings & Cycle

Estate	Age (Years) & Hactare					FFB Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (Year 2014)	Actual (Year 2014)	Forecast (Year 2015)
Sakilan Estate	0	0	2,142ha	0	0	66,400	64,749	60,310
Linbar I Estate	1,322ha	404ha	234ha	492ha	0	28,500	25,577	25,641
Linbar II Estate	223ha	0	302ha	1,317ha	0	47,500	38,547	34,214
Total	1,545ha	404ha	2,678ha	1,809ha	0	142,400	128,873	120,165

6. Certified Tonnage

Mill	Estimated (Previous Year Jan 2014 – Dec 2014)			Actual (This Year Jan 2014 – Dec 2014)			Forecast (Next Year Jan 2015 – Dec 2015)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Sakilan Palm Oil Mill Capacity: 40mt/Hour	142,400	28,000	7,300	128,873	28,466	6,957	120,165	26,523	6,909

Section 2 Assessment Process

Certification Body: PT BSI Group Indonesia, Menara Bidakara 2, 17th Floor, Unit 5, Jalan Jend. Gatot, Subroto Kav 71-73, Pancoran, 12870 Jakarta Selatan, Indonesia. Tel +62 8379 3174 Fax +62 8379 3287 Aryo Gustomo: aryo.gustomo@bsigroup.com www.bsigroup.com

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) since 31/10/2014 with accredited office located at Jakarta, Indonesia and an office at Singapore, Kuala Lumpur, Bangkok and Australia which involve in RSPO Certification Program.

Assessment Methodology, Programme, Site Visits

The on-site recertification assessment was conducted from 13 - 16 January 2015. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO P&C 2013 was used as Checklists and questionnaires 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.

Public Stakeholder Notification was made on 13 December 2014, 30 days prior to the recertification assessment. Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone and email to arrange meetings at a location convenient to them to discuss Sakilan Certification Unit'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 E.

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The minor nonconformities that were assigned during the ASA4 were followed up to ensure it remains closed. All the previous nonconformities remains closed (details are in section 3.3.1). The assessment findings for the recertification are detailed in Section 3.3.

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

This report was internally reviewed by Mr. Mohamed Hidhir and externally by independent peer reviewer prior to certification decision by the operation director.

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

1. Assessment Program					
Name (Mill / Supply Base)	Year 1 (Recertification)	Year 2	Year 3	Year 4	Year 5
Sakilan Palm Oil Mill	√	√	√	√	√
Sakilan Estate		√	√		√
Linbar I Estate	√		√	√	
Linbar II Estate	√	√		√	√

Tentative Date of Next Visit: 11 January 2016

Total No. of Mandays: 10.5 mandays on-site

BSI Assessment Team:

Senniah Appalasamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, RSPO P&C Social Auditing Workshop on 21 – 23 January 2014 in Yogyakarta, Indonesia,

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International Sustainable Carbon Certification (ISCC) Lead Auditor training, Sustainability Report Assurance (SRA) Assessor Training, ISO 14001 Lead Auditor Training Course and OHSAS 18001 Lead Auditor Training Course. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member. For this assessment he assess Mill and Estate best practices, supply chain, OSH, HCV, Legal, Environment, Social issues, stakeholder interview etc. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and completed his Master's Degree in Business Administration from the University Utara Malaysia in January 2014. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He completed the RSPO Lead Auditor Training in April 2013 and passed the course. He is also passed the ISO 14001 Lead Auditor Training, OHSAS 18001 Lead Auditor Training Course and qualified as EICC auditor. He has completed International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. Recently he has attended the RSPO P&C Social and Labour Standards and the Mechanics of Social Auditing Workshop on 17 – 19 September in Bangkok, Thailand. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of environment, Safety and Health, Legal, Social and community engagements, Stakeholders consultation, and workers welfare. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

Kelvin Lim Kok Wei – Team member

Kelvin Lim Kok Wei is a fulltime employee with BSI Services Malaysia. He graduated from University Tunku Abdul Rahman, Malaysia. He attended internal RSPO training in May 2014. He has completed ISO 9001:2008 Quality Management System Lead Auditor training in February 2014 and MSPO training on 14 March 2014. Currently he is an ISO 9001:2008 and Medical Devise auditor with BSI. He has involved in RSPO audits since May 2014 and MSPO audits since May 2014 covering legal and social aspects. For this assessment he assessed legal issues, Social issues, workers consultation, Stakeholder Consultation, OSH, etc. He is able to speak and understand Bahasa Malaysia, English, Mandrin and Bahasa Indonesia.

Accompanying Persons: Not Applicable

Section 3 Summary of Assessment Findings

3.1 Details of audit results are provided in the following Appendix:

- ☒ RSPO P&C Summary of the Assessment – **Appendix A**
- ☒ IOI Corporation Berhad's Time Bound Plan – **Appendix B**
- ☒ RSPO Supply Chain Certification Assessment Report for CPO Mill – **Appendix F**

3.2 Progress against Time Bound Plan

IOI Corporation Berhad owns and operates 14 Palm Oil Mills and 81 estates in Peninsular Malaysia and Sabah (additional mill and estates from new acquisition). The FFB from three IOI Estates Sugut (Sabah), Sejam and Tegai Estates (Sarawak) are processed at Mills owned by other companies who have not yet set a target date for RSPO Certification of their mills. IOI Corporation Berhad has implemented program to achieve RSPO Certified Sustainable Palm Oil for all of its 12 Oil Mills. Similar to last assessment, 2016 has been set as target time bound plan to certify newly acquired Unico Desa mill 1 and 2017 for the second Unico Desa Mill. There is no any change in the time bound plan noted at the time of the recertification assessment.

1. There is no isolated lapse in Time Bound Plan.
2. No systematic failures to proceed with implementation of the Time Bound Pan.
3. No changes in the Time bound Plan.

The Head of Sustainability Department gave an update on the on-going mediation process between IOI-Pelita and Long Teran Kanan (LTK). The detail of the chronology of the case was briefly recorded in the ASA3 Public Summary Report and followed up during the ASA4. It is also available on the RSPO website. The Complaint Panel has agreed to lift the suspensions of new certifications by IOI with the exception of IOI-Pelita Plantation (Sarawak), which will not be certifiable until this dispute is being resolved. For more information about the dispute and historical updates can be found on following website: http://www.rspo.org/en/status_of_complaint&cpid=4.

Review of the Time Bound Plan and compliance to partial certification requirements were assessed. Document review and interview with the Sustainability Department Head and his assistants were conducted. As per the RSPO requirement for new acquisition under rules for partial certification, IOI is committed to certify these two palm oil mills by end of 2016 for the Unico Desa complex. There is no other alteration to the Time Bound Plan. The Time Bound Plan to certify the plantations in Indonesia is depends on the commissioning of the palm oil mill (certification unit) which is considered as challenging because there is no palm oil mill (Certification unit) at the moment. BSi considers IOI's Time Bound Plan to conform to the RSPO requirements for Partial Certification subject to the condition and resolution of the IOI-Pelita issue.

IOI has conducted due diligence on the present plantation operations and provided positive statement that there is no known labour dispute that are not being resolved through an agreed process, legal non compliances, land disputes (other than the LTK disputes) and replacement of primary forest or any area containing HCVs since November 2005. BSi has reviewed IOI's Time Bound Plan and considers the programme to be challenging to implement as it will require a uniform, across the geographic spread of its operations in Peninsular Malaysia, Sabah and Indonesia. The latest progress of the Time bound Plan is as per in Appendix B.

3.3 Details of findings

The nonconformity is listed below. The summary of the findings by criteria is listed in Appendix A.

During the recertification assessment there were 2 major nonconformities was raised. Sakilan Palm Oil Mill and Supply Base Estates submitted Corrective Action Plans for the nonconformities. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted. The evidence of implementation for the major nonconformities was verified. The major nonconformities are closed on 12 February 2015. Following are the details of the nonconformities:

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1146434M1	Requirements: 2.1.1 Evidence of compliance with relevant legal requirements shall be available.	Major
	Evidence of Nonconformity: During the document review it was found that 6 worker's (Employee Number: LB10442, LB10445, LB11019, LB11126, LB10378 and LB10373) work permit were not available. It was told that their work permit is in process with the authority but there were no any communication letters found during the document review.	
	Statement of Nonconformity: Work permit for 6 workers were not cited due to delay in processing.	
	Action: Initially it was noted that the agency arranging the work permit can be processed. The manager assumed that the permit can be processed similar to other workers permit. Thereafter, the agency re-confirmed that it will take a longer time for the permit to be processed. Letter from the Agency received on 20/1/2015 indicating work permit for worker could not be processed. The management decided to send the workers back to their country until the permit issue is solved. General Manager Sandakan Region issued letter dated 27/1/2015 to operation unit not bring back the foreign worker without valid document. Executive & staff trained on the procedure of no employment of foreign worker without valid document.	
	Status: NC Closed on 9 February 2015	
1146434M2	Requirements: 6.5.1 Documentation of pay and conditions shall be available.	Major
	Evidence of Nonconformity: Documentation of pay is available. It was told that the Public Holiday Pay for the month of December 2014 was paid. Although the workers confirmed that they have received the Public Holiday Pay, inspection of the salary payslip for the month of December 2014, the Public Holiday Pay is not shown in the payslip.	
	Statement of Nonconformity: Public Holiday pay not shown on the payslip.	
	Action:	

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	<p>It was noted that the code for Public Holiday Pay not being correctly used during checkroll daily data entry. Code on PINFOSYS system segregated to make sure all type of payment can be shown on payslip. The payment of the gazetted Public Holiday January 2015 approved in the estate operation for those eligible workers depending on their attendance (a day before & after the PH) shown on January 2015 payslip. The Chief Clerk and Payroll Clerk were given pinfosys system training specifically on checkroll on 4/2/2015. All workers given a briefing about the details in payslip including their daily rate, eligibility on public holiday pay and other related details in accordance to their contract agreement on 23/1/2015. Sample pay slip for the month of January 2015 shows the Holiday Pay was paid and recorded.</p>	
	<p>Status: NC Closed on 9 February 2015</p>	

Observation	
OBS #	Description
NIL	-

Positive Findings	
PF #	Description
1	No complaints or negative feedback received during the stakeholder consultation.
2	The road leading to Linbar 1 and 2 estates well maintained. This was also confirmed by the local communities and neighboring estate staff. Field visit further confirm that the road is well maintained.
3	Workers housing is in good condition at the time of the assessment at the operating units visited.
4	Safety signs are continuously maintained well and clearly marked with walkways.
5	Continue to use GeoTube system for continuous POME de-sludge and potentially serving as methane avoidance system.

Issues raised by Stakeholders
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Sakilan Certification Unit's environmental and social performance, legal and any known dispute issues.</p>
<p>Meetings were conducted 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 later was verified with the management team. These have been incorporated into the assessment findings.</p>
<p>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 E.</p>

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IS #	Description
1	<p>Issues: DOSH officer: Confirms that there was no any non-compliance in relation to safety and health at the Sakilan complex. He also requested the management to continuously monitor the PPE usage of the workers and give priority for safety at all the times.</p> <p>Management Responses: The management has implemented "Safety First" policy and continues the monitoring of PPE usage as advised by the officer.</p> <p>Audit Team Findings: Site visit and interview with workers at the mill and estates found workers are using correct PPE's and they are aware that safety if important.</p>
2	<p>Issues: Local worker Representative: No issues to highlight. The operating units continue to provide employment opportunity to locals.</p> <p>Management Responses: Management assist wherever possible.</p> <p>Audit Team Findings: No other issues.</p>
3	<p>Issues: Foreign workers and their Employee Consultative Committee (ECC) representative: The representative highlighted that they are treated equally on use of the facilities. Housing provided is in good condition. They confirmed that passport is handed over to the company to process the work permit and for other administrative arrangement which involve embassy and immigration. The workers also gave consent to management to keep the passports in the "safe box" to ensure safety of the document.</p> <p>Management Responses: The management treat all employees equally and no discrimination. Investigation will be done on the claim of the pay related to the piece-rated work.</p> <p>Audit Team Findings: Based on the feedback from the workers and document review revealed that workers were paid the minimum wage at the time of audit. Visit to the facilities and interview with workers reveal that all workers including foreign workers have access to all facilities similar to local workers. Housing is in good condition at the time of the visit. The latest ECC meeting was held on 22/12/2014.</p>
4	<p>Issues: Contractors: Contractors confirm payment is prompt as per agreed contract.</p> <p>Management Responses: Payment is made as per the agreed terms.</p> <p>Audit Team Findings: No other issues.</p>
5	<p>Issues: School teacher: It was re-confirmed that the operating units always support school activities. The relationship is good. No other issues.</p> <p>Management Responses: Management assist wherever possible.</p> <p>Audit Team Findings: No other issues.</p>
6	<p>Issues: GreenPalm: No issue of overselling. The trading of certified physical sales and GreenPalm certificate is monitored and reconciled by UTZ and GreenPalm.</p> <p>Management Responses: Marketing department monitor and ensure no overselling.</p>

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	<p>Audit Team Findings: Production data and sales records were verified. No other issues.</p>
7	<p>Issues: Social NGO: Hoped that close attention is given to the process of hiring and recruitment of workers, the employment arrangements (are the workers outsourced or directly-hired and managed?) and the employment conditions (whether they meet the minimum requirements of Malaysian labour law).</p>
	<p>Management Responses: Copy of the process of recruitment and the documentation is kept at the regional office.</p>
	<p>Audit Team Findings: During document audit it was found that process of hiring and recruitment found to be inconsistent with the instruction from the General Manager who have instructed the operating units not to allow workers to start work if their permit process not completed. It was noted that in Linbar I, 6 workers still waiting for the completion of permit already started work. Nonconformity was raised.</p>
8	<p>Issues: DOE officer: The officer confirmed that the management has maintained good relationship and there was no any non-compliance in relates to environment regulations at the Sakilan complex.</p>
	<p>Management Responses: Management will continuously monitor the emissions and implement the pollution prevention measures at all identified polluting activities.</p>
	<p>Audit Team Findings: No issues sighted during audit.</p>
9	<p>Issues: Village Representative: The management has done lot of contributions to the local community. He also highlighted that the management has gave access to the local community to use the estate road to go to the nearest town. Employment opportunity is given to nearby communities who are employed as general workers.</p>
	<p>Management Responses: Management always gives employment priority to locals but sometime difficult to get local to join plantation.</p>
	<p>Audit Team Findings: Positive remarks from the village representative. No any boundary disputes or complaints highlighted.</p>
10	<p>Issues: Shop owner: The management has always provided assistance whenever necessary and maintains good relationship. The management also monitors the pricing at the shop. Awareness given on zero burning of waste and recycling.</p>
	<p>Management Responses: Management ensure that all those within the estate aware of company policies.</p>
	<p>Audit Team Findings: No issues or complaints to verify.</p>

3.3.1 Status of Nonconformities Previously Identified and Observations

Previous nonconformity was addressed effectively and remains closed. The implementation of Corrective Action Plans were followed up and found to be effectively implemented.

Non-Conformity		
NCR #	Description	Category (Major/Minor)
No outstanding Previous NC	Requirements: -	-
	Evidence of Nonconformity: -	
	Statement of Nonconformity: -	
	Action Taken: -	
	Status: -	

Observation	
OBS #	Description
1	Indicator 4.6.4: Sakilan Mill and Linbar 1: All the MSDS are available and store clerk understand. The MSDS are in English. Bahasa version will be added useful. Action: During the recertification, it was noted that MSDS provided in local languages (Bahasa Malaysia). Interview with the store keeper reveal that MSDS is understood.
2	Indicator 4.7.1i: Linbar 1: All the agrochemical applicators wear full and complete PPE including rubber boot. The record of PPE issuance available but was not indicating the issuance date of Rubber Boot for the agrochemical applicators. Action: The operating units has improved and updated all records and records are current.
3	Indicator 4.8: Sakilan Estate: The Hospital Assistant attended training on chemicals used. There is a delay in providing training to Hospital Assistant's assistant on the chemicals used. Action: Training record includes chemical handling which was attended by the Hospital Assistant's Assistant. The training was conducted on 30/10/2014.
4	Indicator 5.3.1: Sakilan Mill: All waste products identified. The list of waste identified overlooked the sodium hydroxide empty tube from the laboratory. Action: Retraining on the waste management was conducted on 22/11/2014 which includes laboratory personnel. The latest list of waste identified has added the sodium hydroxide empty tube from the laboratory.
5	Indicator 5.3.2: Sakilan Mill: There is no rubbish bin provided at the Effluent Treatment Plant's store. The bund at the diesel tank is starting to have sign of minor cracking.

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	<p>Action: Rubbish bin is available at effluent treatment plant and disposed as per internal procedures. The diesel bund was re-sealed to cover the cracks.</p>
6	<p>Indicator 6.2.3: Linbar 1: Estate sent invitation to their stakeholders to attend the stakeholder meeting and giving the meeting update to those who not attend the meeting to ensure the stakeholders are well informed on any issues, recent operation activity and RSPO related matters. There was one stakeholder not invited – electrical supplier.</p> <p>Action: The latest Sakilan complex stakeholder meeting was held on 29/9/2014 attended by 69 stakeholders includes the electrical supplier.</p>
7	<p>Indicator 6.3.2: Linbar 1: The respond from management towards issues discussed during Employee Consultative Committee meeting conducted on November at Linbar 1 Estate yet to be updated although action have been taken and implemented.</p> <p>Action: Workers are represented in the ECC. Last ECC meeting was conducted on 22/12/14 attended by 7 workers representatives. No issues were highlighted. At Linbar 2 estate, last ECC meeting was conducted on 13/11/14 attended by 8 representatives from all operations. The actions taken are updated accordingly.</p>

3.3.2 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
AT01 (2.1.2)	Major	IAV 28/11/2008	Closed on 16/12/2008
AT02 (5.3.1)	Major	IAV 28/11/2008	Closed on 16/12/2008
AT03 (4.1.2)	Minor	IAV 28/11/2008	Closed on 16/12/2008
AT04 (4.4.7)	Minor	IAV 28/11/2008	Closed on 16/12/2008
AT05 (5.3.2)	Minor	IAV 28/11/2008	Closed on 16/12/2008
AT06 (5.5.3)	Minor	IAV 28/11/2008	Closed on 16/12/2008
AT07 (6.2.3)	Minor	IAV 28/11/2008	Closed on 16/12/2008
AT08 (6.5.3)	Minor	IAV 28/11/2008	Closed on 16/12/2008
CR01 (2.1.1)	Major	ASA1 28/01/2011	Closed on 27/03/2011
CR02 (4.7.1)	Major	ASA1 28/01/2011	Closed on 27/03/2011
A535834/1 (5.1.2)	Minor	ASA1 28/01/2011	Closed on 17/02/2012
A535834/2 (5.3.2)	Minor	ASA1 28/01/2011	Closed on 17/02/2012
A535834/3 (6.1.3)	Minor	ASA1 28/01/2011	Closed on 17/02/2012
A535834/4 (7.1.2)	Minor	ASA1 28/01/2011	Closed on 17/02/2012
A704230/7 (5.6.2)	Minor	ASA2 17/02/2012	closed on 27/02/2013
A848092/1 (465161-2M) 5.2.2	Major	ASA3 27/02/2013	Closed on 17/04/2013
A848092/2 (465161-3M) D.3.4; D.4.1	Major	ASA3 27/02/2013	Closed on 17/04/2013
A848092/1 (465161-1) 2.1.3	Minor	ASA3 27/02/2013	Closed on 17/12/2014
1007386M0 4.4.1	Major	ASA4 18/12/2014	Closed 17/02/2014
1146434M1 (2.1.1)	Major	RC 16/1/2015	Closed 9/2/2015
1146434M2 (6.5.1)	Major	RC 16/1/2015	Closed 9/2/2015

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Assessment Conclusion and Recommendation:	
Based on the findings during the recertification assessment Sakilan Certification Unit and supply base complies with the RSPO P&C 2013, Malaysian National Interpretation (MY-NI 2010) and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Sakilan Certification Unit is approved and continued.	
Acknowledgement of Assessment Findings	Report Prepared by
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Appendix A: Summary Report of the Assessment

Criterion / Indicator	Assessment Findings	Compliance
Principle 1: Commitment to Transparency		
Criterion 1.1: Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Comply
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	Comply
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.		
1.2.1	Publicly available documents shall include, but are not necessary limited to: <ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). - Major compliance –	Comply
Criteria 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.		

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Criterion / Indicator		Assessment Findings	Compliance
1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. -Minor compliance	Policy committing to Code of Business Conduct and Ethics as stated in the IOI Corporation Berhad's 2014 Annual Report is communicated to all level of employees upon their employment. The Annual report is publicly available on the IOI website.	Complied
Principle 2: Compliance with applicable laws and regulations			
Criterion 2.1:			
There is compliance with all applicable local, national and ratified international laws and regulations.			
2.1.1	Evidence of compliance with relevant legal requirements shall be available. - Major compliance -	Legal register covering the applicable local and international laws and regulations are available. Compliance to each applicable law and regulation is monitored by the operating units and sustainability team. Compliance found on permits and licenses checked during the document review. At the mill machineries are having valid permits and current. Sample permits includes MPOB license (502435102000 – valid until 31/8/15), Labour Department Permit No. JTK.H.KBN.600-4/1/1/101261), HA Registration No. 02275 etc. However, during the document review it was found that 6 workers permit documents were not available at the time of assessment. During the document review it was found that 6 worker's (Employee Number: LB10442, LB10445, LB11019, LB11126, LB10378 and LB10373) work permit were not available. It was told that their work permit is in process with the authority but there were no any communication letters found during the document review. Major nonconformity was raised.	Noncompliance Indicator 2.1.1
2.1.2	A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -	All operating units maintain documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements. The legal register was updated on 13/1/2015.	Complied
2.1.3	A mechanism for ensuring compliance shall be implemented. - Minor compliance -	Evaluation of legal requirements and compliance status with legal requirement is monitored by operating units, sustainability team, OHS Manager and head office.	Complied
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information, MPOA and the information are communicated from the IOI Group Head Office. On the site verification, Interviews with office personnel and records indicate that the system is appropriate to the operations.	Complied
Criterion 2.2:			
The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Land ownership such as land title and land lease documents is available. There is no change in the land ownership. All the land belongs to IOI. The country lease is valid until 31/12/2081.	Complied

Criterion / Indicator		Assessment Findings	Compliance
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	It was noted that legal boundaries are clearly demarcated and visibly maintained throughout the estate. Mill is located inside Sakilan Estate and sharing the estate boundary. Verification carried out during the field visit.	Complied
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	There is no land dispute in the Sakilan certification unit at the time of audit. The land belongs to IOI and land ownership documents verified.	Complied
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	There is no land dispute/conflict in the Sakilan certification unit at the time of audit. The land belongs to IOI and land ownership documents verified.	Complied
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute/conflict in the Sakilan certification unit at the time of audit. The land belongs to IOI and land ownership documents verified.	Complied
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	There is no land dispute/conflict in the Sakilan certification unit at the time of audit. The land belongs to IOI and land ownership documents verified.	Complied
Criterion 2.3: Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.			
2.3.1	Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).. - Major compliance -	The estate lands are legally owned and leased by IOI. The existing estates are not encumbered by any customary land rights Interview with the local communities staying nearby the road leading to Linbar I and Linbar II Estates reveal that the boundaries between native and plantation are very clear and transparent. No disputes highlighted.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. - Minor compliance -	Complied
2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance	Complied
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance	Complied

Principle 3: Commitment to long-term economic and financial viability

Criterion 3.1:

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

3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -	Annual budget and management plan documented and with three years projection includes FFB production, CPO, OER, and KER, costs of production, CAPEX and OPEX. There is no scheme smallholder within the supply base.	Complied
3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	Estates have replanting programme which included in the budget as well and extended until financial year 2018/19. The replanting programme includes the schedule and hectares for each field. Review of the replanting program is conducted prior to approving the annual budget. Last review carried out in 17/11/2014. Replanting was completed at Linbar II Estates at the time of audit. The next replanting is in 2016. AT Linbar I 289ha replanting was in progress.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
Principle 4: Use of appropriate best practices by growers and millers			
Criterion 4.1:			
Operating procedures are appropriately documented, consistently implemented and monitored.			
4.1.1	Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	SOP and management systems for monitoring and control of best practice implementation through various SOPs for mill and estates. IOI has prepared Group Palm Oil Mill Standard Operating Procedures (SOPs) issued on April 2008 (mill) and December 2008 (estates). Another review was done on 1/11/ 2013 for the Geo-tube SOP to include this SOP at the palm oil mill.	Complied
4.1.2	A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -	Consistent implementation of SOPs is checked through GM visit at estate on quarterly basis to review estate performance against IOI standard with the last visit was on 27/11/2014. Record of the visit and reports are held on file "General Manager (GM) Visit Report". Comments given by the GM and response from the manager have been recorded in the GM visit book. The Estate also maintained regulatory compliance visit records such as DOSH Visit Record on "Jabatan Keselamatan dan Kesihatan Pekerjaan (Department of Occupationally Health and Safety) and DOE.	Complied
4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -	Records of monitoring and the actions taken are maintained at the mill and estates. Records verified include Mill Advisor and General Manager visit records. Last Mill Advisor visit was on 16/1/2015, at the time of RSPO assessment. Comments given by the Mill Advisor and response from the mill manager have been recorded. As for the estates, General Manager visits the estates on monthly basis for monitoring. Reports are available.	Complied
4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	No FFB sourced from third-party.	Not applicable
Criterion 4.2:			
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	Good agriculture practices from the SOP are followed to manage soil fertility to ensure optimal and sustained yield through annual fertilizer application program. Beside inorganic fertilizer, organic fertilizer in the form of POME and EFB is applied as per recommendation from IOI Research Centre. Agronomist visited the estates on 23/12/2014 and gave fertilizer recommendations.	Complied
4.2.2	Records of fertiliser inputs shall be maintained. - Minor compliance -	Manuring records are maintained in the daily costing books and summarised at the end of the month. The monthly report is sent to Regional General Manager for review as part of monitoring exercise. Manuring records verified reveal that application follows recommendation. Example of record shows at Linbar I NPK was applied on 3/12/2014 – 5/12/2014 at rate of 3kg/palm covering 12ha at filed 12A.	Complied
4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -	Leaf sampling carried out annually to determine the changes in the nutrient level in the palm by analysing the leaf tissue. soil analysis carried out on 5 years cycle to determine the nutrient levels in the soil. The analysis result is used for the fertilizer recommendations to ensure long term soil fertility and nutrient efficiency.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance -	Sakilan Palm Oil Mill continues to utilise the Geotube to filter the solid from the POME and the solid later used by the estates as organic fertilizer. EFB application carried out along the inter-row at mature area at rate of 35-40mt/ha. Immature palms are mulched with EFB surrounding the palm circle to suppress noxious weeds. POME land application is carried out at Sakilan Estate was visited and verified. Palm residues from the replanting are recycled back to the land as part of nutrient recycling strategy.	Complied
Criterion 4.3: Practices minimise and control erosion and degradation of soils.			
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	There was no fragile soil on the estates visited. Soil map and field visit further reveal that there is no fragile soil.	Complied
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	Planting on terraces is carried out on slopes below 15° as part of management strategy for slope planting.	Complied
4.3.3	A road maintenance programme shall be in place. - Minor compliance -	Road maintenance programme available at all the estates covers road grading, patching, surfacing, culvert and bridge maintenance. Road maintenance programme for 2015 is available. Sample records shows road grading work has been completed at field No. 86J and 86I.	Complied
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	No peat soil. Estates and mill have water management program for the purpose of water conservation. Estates have ground cover management to ensure ground cover is maintained with soft grass. Immature area planted with cover crop.	Complied
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	No peat soil.	Not applicable
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	No fragile and problematic soil in the estates.	Not applicable
Criterion 4.4: Practices maintain the quality and availability of surface and ground water.			
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	Sustainability department has developed the water management plan for the whole Sakilan complex. The plan has been reviewed on December 2014. Water management plan includes river water monitoring. Research Centre carried out water analysis in the river (upstream, midstream, and downstream) with the last sampling was on December 2014. The results shown all parameters are complied.	Complied
4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -	Riparian buffer zone maintained at both sides of Streams running through the estate. At Linbar I and Linbar II estates the buffer zones are restored during the recent replanting activities. The area field 12C near Sg. Lokan which was cleared by the workers during the ASA4 was visited again and noted that the riparian has been re-established.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -	Sakilan palm oil mill's effluent discharge is in compliance with DOE license requirement of below 50mg/L for treated effluent discharge in relation to BOD. It is also within the limits for other indicators such as Oil & Grease and Suspended solids. The test of effluent was conducted by Dynakey Laboratories Sdn Bhd. Effluent analysis done on 23/12/2014. Report No.: EF/0151/12/14 for final discharge. The result shows the BOD was 25ppm which is below than the permitted limit of 50ppm by DOE.	Complied
4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -	Mill has maintained monitoring of water usage for processing FFB which recorded every month. Water for processing is abstracted from water catchment by using pump. An average of 0.95 – 1.10 m ³ water is used to process per mt of FFB which is below than the targeted value of 1.2 – 1.5Mt/FFB Mt.	Complied
Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.			
4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -	Beneficial plants are continuously being planted at the ratio of 1dm per ha. Planting of beneficial plants such as <i>Turnera subulata</i> , <i>Cassia cobanensis</i> , and <i>Antigonon leptopus</i> , are a continuous practice in the estates visited. Areas planted were verified during the field visit.	Complied
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	IPM training includes workers involved in rat baiting and for those carrying out pest census. Training mostly from the R&D personnel and executives with plantation working experience.	Complied
Criterion 4.6: Pesticides are used in ways that do not endanger health or the environment			
4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	Justification of all pesticides used is in the SOPs and covers all agrochemicals use. The justification is appropriate for the operations in the estates and included in the CHRA.	Complied
4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	Records of pesticides includes active ingredients used, LD50, area treated, amount of active ingredients applied per hectare and number of rounds applied maintained by estates. Records are updated and comply with the requirement. Estates are maintaining the records of pesticide used and their active ingredients applied per ha. For example, 0.01453 ai/ha of Cypermethrin 5.5% has been used in 2014.	Complied
4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	All the estate's policy is to minimize the use of pesticides in accordance with IPM. No prophylactic use of pesticides noted during the field visit and records verification. IPM is used as part of the initiative to reduce pesticide use through biological control for leaf eating pest.	Complied

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4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Complied
4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Complied
4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	Complied
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	Complied
4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	Complied
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	Complied
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -	Annual medical surveillance carried out for all pesticide operators and those identified in CHRA. CHRA dated 10/9/2013 valid for 5 years cover chemical hazard risk assessment. The CHRA was carried out by the DOSH approved assessor HIE/127/171-2 (289). The last medical surveillance was done on 17 March 2014. The medical report reveals that all workers and staff found medically fit to work.	Complied
4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -	Field inspections, records and interviews with internal and external reveal that no pregnant or breast-feeding woman had been offered work as pesticide operator.	Complied
Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:			
4.7.1	A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -	All the operating units has maintained an approved Health and Safety Policy dated since 18 May 2007 that is displayed prominently on notice boards in English and Bahasa Malaysia and approved by the IOI top management. The health and safety plan monitored by the Safety & Health (SH) Manager from the head office. The safety and health plan cover all the relevant activities in the mill and estate. The activities are recorded and implemented and monitored by the Sabah Group's SH Manager.	Complied
4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -	Reviewed and updated of the health and safety risk assessments is carried out annually through HIRARC assessment assisted by the SH Manager. Latest review was conducted review on December 2014. CHRA dated 10/9/2013 valid for 5 years cover chemical hazard risk assessment. The CHRA was carried out by the DOSH approved assessor HIE/127/171-2 (289).	Complied
4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. - Minor compliance -	Safe working awareness training had been carried out and covers all work groups and contractors. Interview with employees and contractors reveal that all those involved had been adequately trained in safe working practices. Appropriate personal protective equipment (PPE) provided to cover all potentially hazardous operations such as SOP for Laboratory (19/11/14), Oil room SOP (30/11/14), press station (15/10/14), land preparation for replanting (15/9/14), harvesting (19/2/14), transport etc.	Complied
4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -	The responsible person for the safety and health issues is the Manager and Assistant Manager in the operating units. The management of the mill and estates conduct quarterly OSH committee meeting During the OSH meeting health, safety and welfare issues discussed and worksite inspection was carried out.	Complied

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4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -	Accident and emergency procedures had been written in English and Bahasa Malaysia and briefed to staff, workers, contractors and visitors. ERP is communicated with the employees and field/mill supervisors. Interview with the employees and supervisors reveal that they understand the emergency procedures. ERP training such as fire fighting training is conducted to test the emergency preparedness. Workers trained in First Aiders were present in the mill and field operations and contact details are posted on the notice boards. First Aid Kits were available at worksites. ERP training was conducted on 17/1/14.	Complied
4.7.6	All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -	Local workers are covered under SOCSO scheme while foreign workers are covered under foreign workers compensation scheme. MSIG Insurance (M) Sdn. Bhd Policy No.: DL-088366959-FWC valid till 30/9/2015 covering 82 workers, DL-08833649-FWC valid until 30/9/2015. All workers have access to free medical care at the estate clinic.	Complied
4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -	Lost time accidents are monitored. There is no fatal accident reported.	Complied
Criterion 4.8: All staff, workers, smallholders and contract workers are appropriately trained.			
4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance -	Formal training program for the year 2015 prepared in December 2014 for the new financial year. The training program covers all aspects of RSPO P&C including supply chain and traceability. Program for the 2014 have been implemented. Regular assessment of on-the-job training conducted to ensure understanding among the employees.	Complied
4.8.2	Records of training for each employee shall be maintained. - Minor compliance -	Training records available. Some of the records checked and verified: 1. Engine driver training dated 18/12/2014. 2. Water treatment training dated: 30/11/14 3. Chemical handling training dated: 30/10/14. 4. Waste management training dated: 22/11/14. 5. SOP training for laboratory dated: 19/11/14 6. SOP training for oil room dated: 30/11/14 7. SOP training for press station dated: 15/10/14	Complied
Principle 5: Environmental responsibility and conservation of natural resources and biodiversity			
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 continual improvement.			
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	The IOI sustainability team has prepared the environmental aspect and impacts assessment in term of Environmental Impact Assessment, management Action Plans and Continual Improvement Plans from January 2015 till December 2015 for Sakilan region. The review conducted in November 2014.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance -	No changes in the operation at the time of audit. The group in the long term plan to reduce the methane gas released from the POME through CDM project. It also installed GreenTube to minimize solids to the minimum level and thus reducing the frequency of de-sludging for the ponds. The current identified impacts are prepared with management plan to mitigate negative impacts.	Complied
5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. - Minor compliance -	No changes in the operation at the time of audit. The plan is being reviewed on yearly basis with latest review was done on 21 November 2014.	Complied
Criterion 5.2: The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.			
5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). - Major compliance -	HCV assessment has been reviewed on December 2014 by the executive from the sustainability team who has attended HCV training. At Sakilan Group estates 10.7ha. HCV 4 natural vegetation are kept undisturbed. Linbar 1 and Linbar 2 Estates share a border with the Segaliud Lokan Forest Reserve. Sometime animals sighted such as elephant, sun bear, long-tail macaque, sambar deer, hornbill, eagle, otter, wild boar and flying fox along the boundary with Linbar Estates. Some species at the Forest Reserve are protected under the Protection of Wildlife Act 1972 (Act 76) and Sabah Wildlife Conservation Enactment 1997 and/or classified under IUCN Red List 2008. Forestry Department Officers indicated the adjacent Forestry Department land is relatively undisturbed.	Complied
5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -	Estates have a continuous monitoring plan and record for RTE along the forest reserve area. For example, Linbar 2 estate record shows a pygmy elephant was found at the estate boundary on 5/2/2014. It was immediately reported to the wildlife conservation department and also reported in the newspaper dated 20/2/14. The elephant was taken by the wildlife conservation department for rehabilitation. Illegal hunting is prohibited and patrolling by carried out by security personnel.	Complied
5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance -	Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. The estates have installed signboards at prominent areas to prohibit illegal 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 illegal hunting and collecting activities.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
5.2.4	Where a management plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -	Complied
5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -	Complied
Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.		
5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Complied
5.3.2	All chemicals and their containers shall be disposed of responsibly. - Major compliance -	Complied
5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -	Complied
Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimised.		
5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -	Complied
Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Complied

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5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	No burning activities during replanting.	Complied
Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			
5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	The mill has done the Dust emission monitoring on 13/9/2014. The monitoring has been done by Green Environmental Services (Ref. No.: GES/EM14/629). The result shows that the dust concentration level is below the permitted level of EQA (Clean Air) Regulation 1978 of 0.3822g/Nm3.	Comply
5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance	Significant pollutants and greenhouse gas (GHG) emissions were identified includes methane discharged from mill effluent (POME), fossil fuel consumed and fertilizer applied in the field. IOI group is implementing a long term plan to install CDM projects.	Complied
5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -	Monitoring system of the significant pollutants such as POME, smoke emissions and contamination to land Available and was checked and verified. Water quality analysis at discharge points as per DOE regulations and schedule waste disposal were as per regulatory requirements.	Complied
Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.			
Criterion 6.1: Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	Sustainability department has conducted a social impact assessment on January 2015 for Sakilan Palm Oil Mill. As for Linbar 2 estate, the review has been done on December 2014. Latest stakeholder meeting was done on 29/9/14 for the whole Sakilan complex attended by 67 stakeholders.	Complied
6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	Meeting attendance and interview with stakeholders found they were invited for the meeting and the issues highlighted by them have been included in the management plan.	Complied
6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	Social management plan has been included in the SIA assessment to mitigate the negative impacts with time frame and person in charge. There were no negative impacts raised by any external stakeholders. Internal stakeholders raised mainly issues on housing repair and other facilities. During the visit to the housing found that the housing are in good condition at the time of visit.	Complied

Criterion / Indicator		Assessment Findings	Compliance
6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance -	Social Management Plan reviewed annually through the stakeholder consultation and taking into consideration feedback from external and internal stakeholders. Latest meeting was done on 29/9/14 attended by 67 stakeholders.	Complied
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	No smallholder scheme within the Sakilan Certification Unit.	Not applicable
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.			
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	Consultation and communication procedure for stakeholders is through IOI website: www.ioigroup.com or otherwise for those who do not have access to internet may follow on-site Stakeholders Request Procedure which available at operating units. Verbal request by phone call are made by government departments through IOI Group General Line: +60389478888 or written request addressed to: Two IOI Square, IOI resort, 62502 Putrajaya, Malaysia is still in practice. Written procedure held on file Management Plan point 10.0 Stakeholders Request Procedure. No changes noted.	Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The mill has appointed cadet assistant manager as the management official for any social issues. Appointment letter dated 1/7/14 sighted during the audit.	Complied
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	The mill and estates have an updated list of stakeholders. It includes internal and external stakeholders such as government departments, contractor, suppliers, non-governmental organisation and workers representatives. Latest stakeholder meeting was done on 29/9/14 for the whole Sakilan complex attended by 67 stakeholders.	Complied
Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.			
6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	Grievance procedure included in the "Management Plan". Complaint and grievances have been recorded in "Complaint/Grievance Book" since July 2007 which is also called as green book. The "Grievance/Complaints" book is used to record all enquiries beside complaints and grievances. Inspection of the records indicated that the system resolved all disputes in a timely manner. Interview with internal and external stakeholders confirmed that there were no pending complaints. IOI head office has responded to the report by NGO from Finland. The details are available on the IOI website dated 19 December 2014 by Corporate Communication.	Complied
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance -	Internal and External disputes/grievances/enquiries are documented in the green book. ECC (Employment Consultative Committee) for resolving employment issues at local level is documented through minutes of meetings.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
Criterion 6.4: Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.			
6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance -	All operating units have a copy of procedure to identify legal, customary rights or user right and people entitled to compensation. There are no any issues at Sakilan Certification unit. This was re-confirmed by stakeholders interviewed.	Complied
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance -	SOP for calculating and distributing fair compensation which includes various factors such as gender differences, ownership and access to land, rights of long-established communities, differences in ethnic group's proof of legal versus communal ownership of land have been established. However, there is no any issue at Sakilan Certification unit.	Complied
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	At the time of audit it was noted that there is no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders to date.	Complied
Criterion 6.5: Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			
6.5.1	Documentation of pay and conditions shall be available. - Major compliance -	<p>Pay and condition documented includes pay slips with details of the calculation. Documentation prepared and maintained by the Chief Clerk at mill and estates and complies.</p> <p>However there are some discrepancies was noted during the document verification. Major nonconformity was raised. Public Holiday pay not shown on the payslip. It was told that the Public Holiday Pay for the month of December 2014 was paid. Although the workers confirmed that they have received the Public Holiday Pay, inspection of the salary payslip for the month of December 2014, the Public Holiday Pay was not shown in the payslip</p>	Major Noncompliance Indicator 6.5.1

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Criterion / Indicator		Assessment Findings	Compliance
6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. - Major compliance -	Contract of employment are available and understood by workers. Pay and conditions have been explained to workers by the plantation management during the induction program conducted at the time of arrival.	Complied
6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. - Minor compliance -	All the workers are provided with housing, water and electricity from government supply, medical and welfare amenities. There are government schools located in the estate. During the interview with workers at the sites confirmed that they have access to all the facilities. Interviews with local and foreign workers confirmed that all have there is no any issues at the time of assessment conducted.	Complied
6.5.4	Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance -	During the assessment, interview with employees and stakeholders confirmed that access to food are adequately and sufficiently provided and the employees have ability to purchase food of their choice through internal and external shops available in each operating units and within the vicinity of the operating units.	Complied
Criterion 6.6: The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.			
6.6.1	A published statement in local languages recognising freedom of association shall be available. - Major compliance -	The company has statement on workers freedom of association (Polisi Hak Sama Rata dan Kebebasan Berpersatuan Pekerja) dated 2 January 2009.	Complied
6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	Workers are represented in the ECC. Last ECC meeting was conducted on 22/12/14 attended by 7 workers representatives. No issues were highlighted. At Linbar 2 estate, last ECC meeting was conducted on 13/11/14 attended by 8 representatives from all operations.	Complied
Criterion 6.7: Children are not employed or exploited.			
6.7.1	There shall be documentary evidence that minimum age requirements are met. - Major compliance -	The minimum age for employment is 18 years old. Inspection of employee register confirmed that copy of ID for local employees or passport for foreign employees is checked and verified to ensure the age condition is fulfilled. During field visit children were not observed at any of the working place at both mill and estate. This was also re-confirmed with stakeholders.	Complied
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.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	Equal Opportunity policy dated 20 Aug. 2009 approved by the IOI Group Plantation Director. This policy is displayed at the notice boards along with the other policies. Interview with staff and workers reveal they are aware of the policy'	Complied

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Criterion / Indicator		Assessment Findings	Compliance
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance -	Interview with staff and workers as well as external stakeholders reveal that there is no discrimination between ethnic groups and among employees. Gender equality is noted where there are female mandors employed and paid equally for the same job carried out.	Complied
6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	Due to shortage of local labour supply in plantations, application for field work by locals is accepted by the estate management directly. All workers are paid equally as per the agreed term and contract stipulated in the employment contract. Promotions to higher post based on skill, capabilities, qualities and medical fitness of the workers.	Complied
Criterion 6.9: There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	Policy on preventing sexual harassment "Polisi Pencegahan dan Pemberantasan Gangguan Seksual di Tempat Kerja" is available for prevention and eradication of sexual harassment in the workplace. At the time of audit there are no reported cases of sexual and other forms of harassment noted or informed by the stakeholders interviewed. Gender Committee comprised of female representatives communicate the awareness on preventing harassment.	Complied
6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Management protect the reproductive rights of the workers especially women. Female workers and staff interview reveal that they are aware of their right to reproductive and entitled for two months paid maternity leave.	Complied
6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance -	Grievance mechanism which respects anonymity and protects complainants has been established, implemented, and communicated to all employees. Interview with employees reveal that they are aware of the existing mechanism for complaint submission. Mill has formed gender committee specifically to address women issues. Latest gender meeting was done on 29/10/14 attended by 7 members. No issues were highlighted during the meeting.	Complied
Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.			
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	Although there is no any FFB sourced from external suppliers or smallholders, the palm oil mill has the records of current and past FFB prices which in accordance to MPOB pricing and published in the newspaper.	Complied
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	FFB not sourced from smallholders or out-growers.	Complied
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Sample contract of CPO and PK transporter (Syarikat Perniagaan Pigrusyalia Jaya) dated 2/1/2015 was checked. All contracts are fair, legal, and transparent and understood by the contractors. This was re-confirmed by contractors during interview.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Payment record of the above contractor for the month of December 2014 found as per the contract term. Payments are made in a timely manner as per contract terms and re-confirmed by the contractors interviewed.	Complied
Criterion 6.11: Growers and millers contribute to local sustainable development where appropriate.			
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance -	All operating units contribute to local development through consultation and communication. Continuous donations were made to local schools for activities and assistance for local community events.	Complied
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance -	No scheme smallholders in the supply base.	Not applicable
Criterion 6.12: No forms of forced or trafficked labour are used.			
6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -	Workers, staff and stakeholder interview confirm that there is no any form of forced labour or trafficked labour in the operating units. All workers are legalised as per the requirements from local authorities.	Complied
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance -	No contract substitution and this was confirmed that during interviews with workers and external stakeholders.	Complied
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	Equal Opportunity and Non- Discrimination policy is implemented as part of the special labour policy to ensure employees are treated fairly.	Complied
Criterion 6.13: Growers and millers respect human rights.			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	IOI's Sustainability Policy Statement includes Human Rights at Workplace. This has been stressed in the IOI Corporation Berhad's 2014 annual report. This policy covers the necessary aspects of human rights related issues. Interview during the assessment reveal that employees understand their right. IOI head office is in process of reviewing their various social policies for integration into the group.	Complied
Principle 7: Responsible development of new plantings			
Sakilan Certification unit and supply base did not carry out any new plantings since November 2005. Therefore, Principle 7 is not applicable during this recertification assessment. The immature area are replanted area.			
Principle 8: Commitment to continual improvement in key areas of activity			
Criterion 8.1: Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

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Criterion / Indicator	Assessment Findings	Compliance
<p>8.1.1</p> <p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); <ul style="list-style-type: none"> • Optimising the yield of the supply base. <p>- Major compliance -</p>	<p>There was no class 1a or 1b pesticide used at the time of audit. Continuous implementation of planting beneficial plants to reduce the leaf eating pest damage. This has helped the estates to minimise use of pesticides. Natural vegetation such as soft grass is maintained. Only selective weeding carried out with agrochemical. All the estate’s policy is to minimize the use of pesticides in accordance with IPM. No prophylactic use of pesticides noted during the field visit and records verification. Greenhouse gas (GHG) emissions have been identified as one of the environmental impact issue and polluting factor. As a group Ioi has plans to develop CDM projects. At the moment regulatory measures are carried out to monitor the emission from processing activities. Social Action Plans are working towards improving stakeholder relationship through engagement and dialogue. Contribution to local development such as mosque activities and schools are continuously implemented.</p>	<p>Complied</p>

Appendix B: Time Bound Plan

No	Certification Unit	Status	Remarks
1	Pamol Sabah Palm Oil Mill (Covering 6 Estates)	Certified since 1/2/2009.	Re-Certification completed.
2	Sakilan Palm Oil Mill (Covering 3 Estates)	Certified since 8/3/2010	Re-Certification completed.
3	Pamol Kluang Palm Oil Mill (Covering 6 Estates)	Certified since 16/3/2010	Re-Certification completed.
4	Gomali Palm Oil Mill (Covering 11 Estates)	Certified since 23/8/2010	-
5	Baturong Palm Oil Mill (Covering 4 Estates)	Certified since 8/10/2010	-
6	Bukit Leelau Palm Oil Mill (Covering 6 Estates)	Certified since 19/11/2010	-
7	Mayvin Palm Oil Mill (Covering 5 Estates)	Certified since 22/12/2010	-
8	Pukin Palm Oil Mill (Covering 4 Estates)	Certified since 13/6/2012	-
9	Syarimo Palm Oil Mill (Covering 9 Estates)	Certified since 20/3/2013	-
10	Ladang Sabah Palm Oil Mill (Covering 8 Estates)	Certified since 3/4/2013	-
11	Leepang Palm Oil Mill (Covering 7 Estates)	Certified since 16/12/13	-
12	Morisem Palm Oil Mill (Covering 9 Estates)	Certified since 18/12/2013	-
13	IOI-Pelita RSPO Main Audit (covering 2 estates – No Palm Oil Mill)	<i>*Audit date is depending on uplifting on suspension</i>	-
14	PT SKS & PT BNS (No Palm Oil Mill)	<i>*Audit date is depending on the commissioning of Palm Oil Mill (Certification Unit)</i>	-
15	Unico – Desa (New Acquisition in 2013)	Certification by 2016	New Acquisition
16	Mill 2	Certification by 2017	New Acquisition

Appendix C: RSPO Certificate Details

IOI Corporation Berhad
 Sakilan Palm Oil Mill,
 Batu 22, Jalan Labu - Sandakan,
 90009 Sandakan, Sabah,
 Malaysia.

Website: www.ioigroup.com

RSPO Membership number: 2-0002-04-000-00

BSI RSPO Certificate No: SPO 543161

Date of Initial Certificate Issued: 8 March 2010

Applicable Standards: RSPO P&C 2013; RSPO Certification System June 2007 (revised March 2011); RSPO P&C MY-NIWG 2010; RSPO Supply Chain Certification Standard 21 November 2014 Module D - CPO Mills: Identity Preserved

Sakilan Palm Oil Mill and Supply Base					
Location Address	Batu 22, Jalan Labu - Sandakan, 90009 Sandakan, Sabah, Malaysia.				
GPS Location	Longitude: 117° 50' 37" E Latitude: 5° 50' 21"				
CPO Tonnage Total	26,523				
PK Tonnage Total	6,909				
CPO Claimed for Certification	26,523				
PK Claimed for Certification	6,909				
Own estates FFB Tonnage	120,165				
Scheme Smallholder FFB Tonnage	NIL.				
Non-company suppliers FFB Tonnage - Other adjacent estates	NIL.				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Sakilan Estate	2,142	0	154.37	2,296.37	60,310
Linbar I Estate	1130	1,322	176.17	2,628.17	25,641
Linbar II Estate	1,619	223	370.00	2,212.00	34,214
Total	4,891	1,545	700.54	7,136.54	120,165

Appendix D: Assessment Plan

PRELIMINARY AGENDA					
Date	Time	Subjects	AS	KL	MH
Monday 12/1/2015	AM	Audit Team travelling to the site.	√	√	√
	PM	Meeting external stakeholders	√	√	√
Tuesday 13/1/2015	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> Opening Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation). 	√	√	√
	09.00 – 12.00	Sakilan Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Sakilan Palm Oil Mill: Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√	√
Wednesday 14/1/2015	08.30 – 12.00	Linbar 2 Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	-
	10.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Workers Leader, contractor etc.)	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Linbar 2 Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30 - 17.00	Interim Closing Briefing	√	√	√
Thursday 15/1/2015	8.30 – 12.00	Linbar 1 Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Linbar 1 Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√	√
Friday 16/1/2015	8.30 – 10.30	Verify any outstanding issues & Preparation for closing meeting	√	√	√
	10.30 - 12.00	Closing Meeting	√	√	√

Note: **AS:** A. Senniah; **KL:** Kelvin Lim; **MH:** Muhammad Haris

Appendix E: Stakeholders Contacted

INTERNAL STAKEHOLDERS

Sakilan Mill	Linbar 1 Estate	Linbar 2 Estate
Mill manager and staffs Boiler operators Engine room operators Electrician Store officer Weighbridge Clerk Lap Assistants Workshop personnel Clinic/hospital assistants Local workers Representative Foreign worker representative Check-roll clerk ETP operator FFB Graders Mill Supervisors Gender committee Representative	Estate manager and staffs Field supervisor/mandor Harvesters Sprayers Housewives Local workers representative Foreign worker representative Clinic/hospital assistants	Estate manager and staffs Field supervisor/mandor Harvesters Sprayers Housewives Local workers representative Foreign worker representative Clinic/hospital assistants

EXTERNAL STAKEHOLDERS

Government Departments	NGOs and others	Local Communities
Labour Department Department of Safety and Health Department of Environment Ministry of Human Resources Forestry Department	Neighboring Plantation Transport Contractors Suppliers Spare Parts Supplying Contracts Social NGO GreenPalm	Kampung Lungmanis Head of Village

Appendix F: CPO Mill Supply Chain Assessment Report (Module D-CPO Mills: Identity Preserved)

Requirements	Compliance
D.1. Definition	
<p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>Sakilan mill only receives certified FFB from own supply base. Therefore Identity Preserved supply chain system and module used. During the P&C assessment, the audit team verified the volumes and sources of certified FFB entering the mill, the implementation of processing controls and volume sales of RSPO certified products</p>
D.2 Explanation	
<p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report.</p>
<p>D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>Sakilan mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim). Previous registration was Segregation. Based on the SCCS November 2014, the mill will be using IP.</p>
D.3 Documented procedures	
<p>D.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ul style="list-style-type: none"> a) Complete and up to date procedures covering the implementation of all the elements in these requirements; b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard. 	<p>Latest written documented procedures The details include all elements of the Supply Chain for controlling the receipt, sale and dispatch of palm products. SOP RSPOSC/SOP/IP/3 dated 2 January 2015 for the chain of custody is with Identity Preserved (IP) model covering all the RSPO Supply Chain Certification Standard and Traceability covering the implementation of all the elements of supply chain. This developed based on the RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The IP model is used because only certified FFB from own supply base.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>
<p>D.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>The Palm Oil mill has documented procedures SOP RSPOSC/SOP/IP/3 dated 2 January 2015 for the incoming FFB, processing and outgoing palm products (CPO and PK). The procedure covers receiving and processing certified and non-certified FFBs.</p>
D.4 Purchasing and goods in	

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D.4.1 The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified FFB. Records verified by internal and external audit. The palm oil mill have system to verify at the weighbridge.
D.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	The facilities aware of this procedure and stated in the.
D.5 Record keeping	
D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	Inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. Computerized system in place. No PKO and Palm kernel meal at the Palm Oil mill. PK is sold to external independent kernel crushing plants. Daily records are prepared at the entry point at the weighbridge. Daily summary and three-monthly summary documented for all the FFB received. Records of certified FFB received verified during annual surveillance. Records verified by internal and external audit.
D.6 Processing	
D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.	It was confirmed that only certified source of FFB from own plantation is processed. No possibility of mixing during processing. No non-certified FFB received.
D.6.2 The objective is for 100 % segregated material to be reached.	Records of processing and storage can be trace back to only certified segregated FFB and finish product (CPO and PK) through traceability records. This ensures that 100% segregated materials are reached.

Actual Tonnage Certified Palm Production - 01 January 2014 - 31 December 2014 (ASA4)

Mill	Capacity	CPO	PK
Sakilan Palm Oil Mill	40 mt/hr	28,466mt	6,957mt

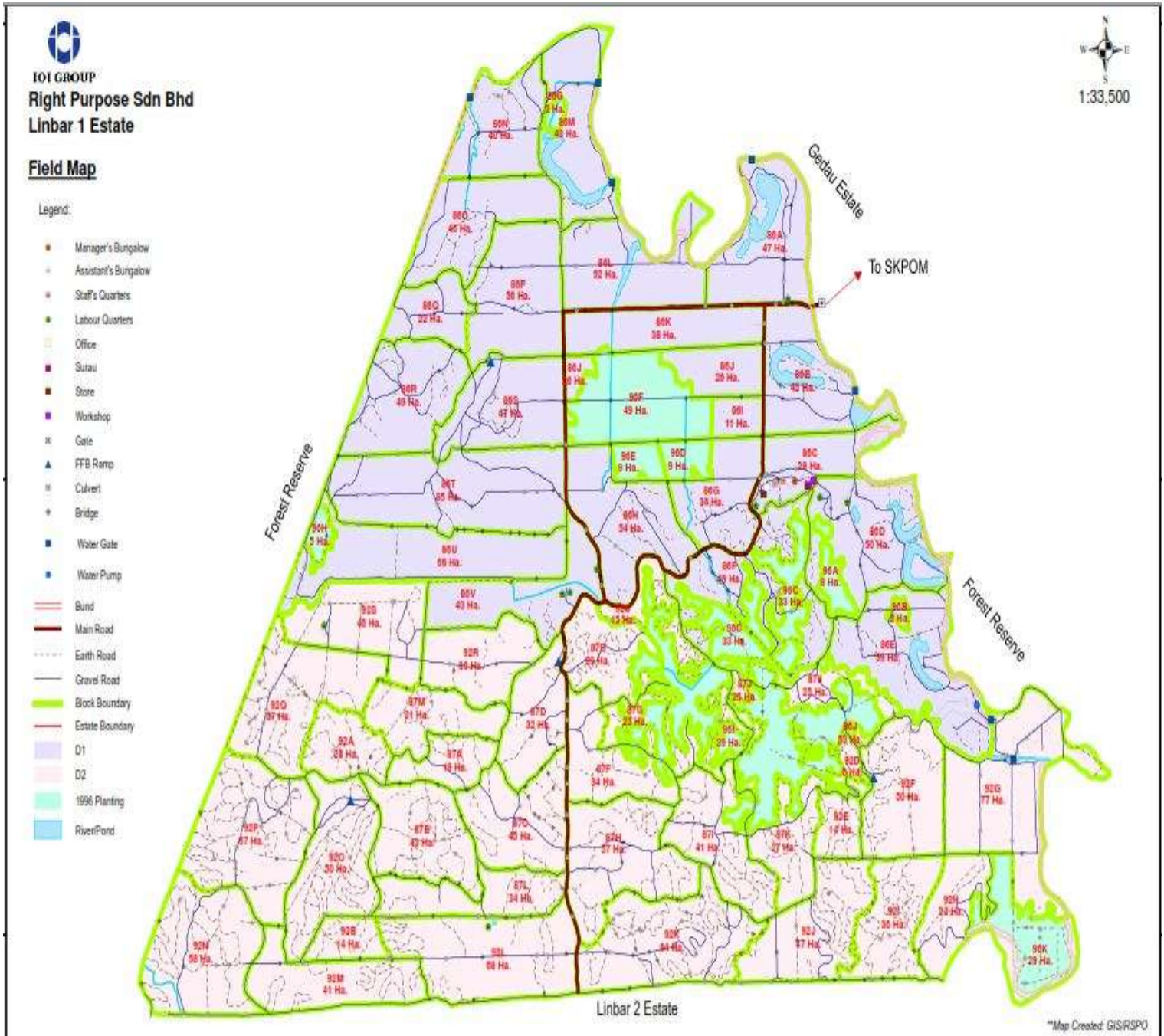
Actual Tonnage Sales of Certified Palm Products - 01 January 2014 - 31 December 2014(ASA4)

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Sakilan Palm Oil Mill	5,048.39mt	NIL	-

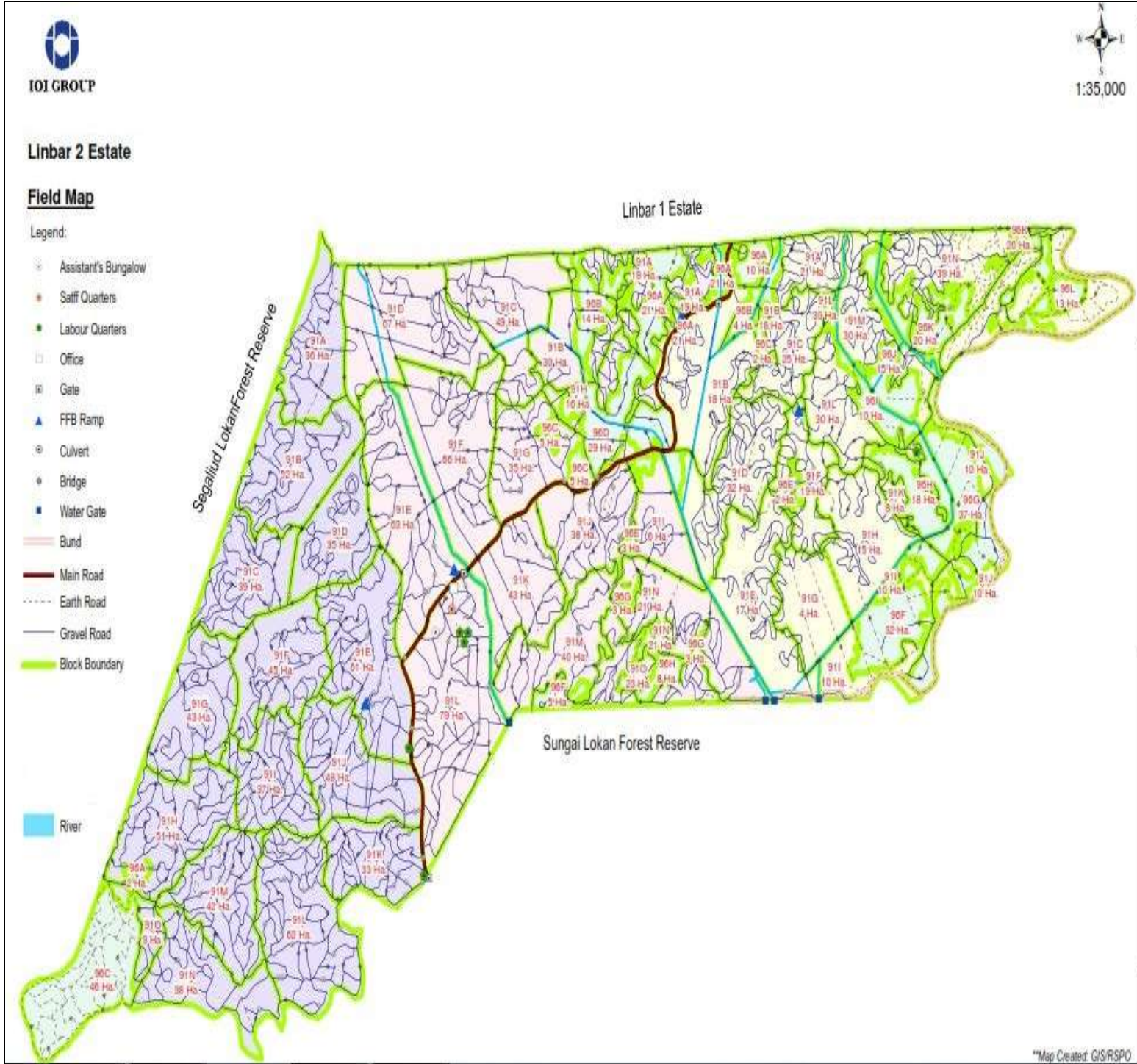
Actual Tonnage Certified FFB Received Monthly - 01 January 2014 – 31December 2014 (ASA4)

Month	Sakilan	Linbar 1	Linbar 2	Total FFB/Month
January 2014	4,642	2,033	3,541	10,216
February 2014	3,524	1,795	2,612	7,931
March 2014	4,012	2,167	3,559	9,738
April 2014	3,270	1,314	2,171	6,755
May 2014	5,796	2,322	3,627	11,745
June 2014	5,600	2,152	3,228	10,980
July 2014	6,253	1,878	3,051	11,182
August 2014	7,270	2,562	3,669	13,501
Sept. 2014	6,496	2,664	3,262	12,422
Oct. 2014	6,683	2,404	3,444	12,531
Nov. 2014	6,351	2,403	3,359	12,113
Dec. 2014	4,852	1,883	3,024	9,759
Total	64,749	25,577	38,547	128,873

Appendix G: Linbar I Field Map



Appendix H: Linbar II Field Map



Appendix J: List of Abbreviations Used

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CIP	Continual Improvement Plan
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MPOA	Malaysian Palm Oil Association
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
MY-NI	Malaysian National Interpretation
NGO	Non Governmental Organisation
OSH	Occupational Safety & Health
PK	Palm Kernel
PKO	Palm Kernel Oil
PPE	Personal Protective Equipment
RC	Re-Certification
RED	Renewable Energy Directive
RSPO P&C	Roundtable on Sustainable Palm Oil Principle & Criteria
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure