

**MALAYSIAN SUSTAINABLE PALM OIL
4th ANNUAL SURVEILLANCE ASSESSMENT (ASA 4)
Public Summary Report**

IOI CORPORATION BERHAD
Client Company Address: IOI City Tower 2, Lebuhr IRC IOI Resort City, 62502 Putrajaya, Malaysia
Certification Unit: Halusah Ladang Sdn Bhd (Sakilan Palm Oil Mill) and Supply Base (Sakilan Estate, Linbar 1 Estate, and Linbar 2 Estate)
Date Final Report: 9/5/2022

Report prepared by:
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Report Number: 3293254

Assessment Conducted by:
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
Company Name	IOI Corporation Berhad		
Mill/Estate	MPOB License No.	Expiry Date	
	Sakilan Palm Oil Mill	500293404000	30/11/2022
	Sakilan Estate	503335002000	31/07/2022
	Linbar 1 Estate	502435102000	31/08/2022
	Linbar 2 Estate	502435102000	31/08/2022
Address	Regional Office: Sandakan Regional Office, Sandakan/ Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia		
Certification Unit	Sakilan Palm Oil Mill and Supply Base: Sakilan Estate, Linbar 1 Estate & Linbar 2 Estate		
Contact Person Name	Mr. William Siow Kar Dat Sr. Sustainability Manager, Plantation Division, IOI HQ		
Website	www.ioigroup.com	E-mail	william.siow@ioigroup.com
Telephone	+603-89478888 (Head Office)	Facsimile	+603-89432266 (Head Office)

1.2 Certification Information			
Certificate Number	Mill: MSPO 720885 Estates: MSPO 720886		
Issue Date	26/01/2018	Expiry date	25/01/2023
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estates: Production of Sustainable Oil Palm Fruits		
Standard	<ul style="list-style-type: none"> Mill: MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills Estates: MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders 		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	06-10/11/2017		
Continuous Assessment Visit Date (CAV) 1	11-14/12/2018		
Continuous Assessment Visit Date (CAV) 2	18-20/11/2019		
Continuous Assessment Visit Date (CAV) 3	18-20/11/2020		
Continuous Assessment Visit Date (CAV) 4	15-17/11/2021		
Other Certifications			

Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 543161	RSPO Principles & Criteria for Sustainable Palm Oil Production: 2018; Malaysian National Interpretation: 2019	BSI Services Malaysia Sdn Bhd	07/03/2025
MSPO 720888	MSPO Supply Chain Certification Standard (MSPO SCCS) 1 October 2018	BSI Services Malaysia Sdn Bhd	02/02/2025

1.3 Location of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Latitude	Longitude
Sakilan POM	Mile 22, Sandakan/ Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia	5° 50' 9.74" N	117° 50' 37.77" E
Sakilan Estate	Mile 22, Sandakan/ Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia	5° 50' 49.17" N	117° 53' 15.62" E
Linbar 1 Estate	Mile 45, Sandakan/ Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia	5° 32' 58.63" N	117° 40' 53.42" E
Linbar 2 Estate	Mile 45, Sandakan/ Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia	5° 30' 8.31" N	117° 38' 42.87" E

1.4 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Sakilan Estate	2,094.00	-	202.37	2,296.37	91.19
Linbar 1 Estate	2,315.00	7.24	305.93	2,628.17	88.08
Linbar 2 Estate	1,933.00	-	278.83	2,211.83	87.39
TOTAL	6,342.00	7.24	787.13	7,136.37	

1.5 Plantings & Cycle

Estate	Age (Years)					Mature	Immature
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30		
Sakilan Estate	326	0	0	1,768	0	1,768	326
Linbar 1 Estate	100	1,822	393	0	0	2,215	100
Linbar 2 Estate	726	934	0	82	191	1,207	726

Total (ha)	1,152	2,756	393	1,850	191	5,190	1,152
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1.6 Certified Tonnage of FFB			
Estate	Tonnage / year		
	Estimated (Dec 20 - Nov 21)	Actual (Nov 20 - Oct 21)	Forecast (Jan 22 - Feb 23)
Sakilan Estate	35,848.00	37,040.06	34,800.00
Linbar 1 Estate	59,185.00	41,771.36	63,013.00
Linbar 2 Estate	18,146.00	14,926.40	21,893.00
Terusan Baru Estate	0	1,331.07	0
Laukin Estate	0	624.09	0
Moynod Estate	0	371.94	0
Sungai Sapi Estate	0	286.90	0
Luangmanis Estate	0	534.11	0
Total	113,179.00	96,885.93	119,706.00

1.7 Uncertified Tonnage of FFB			
Estate	Tonnage / year		
	Estimated (Dec 20 - Nov 21)	Actual (Nov 20 - Oct 21)	Forecast (Jan 22 - Feb 23)
NA	0	0	0
Total	0	0	0

1.8 Certified Tonnage			
	Estimated (Dec 20 - Nov 21)	Actual (Nov 20 - Oct 21)	Forecast (Jan 22 - Feb 23)
	FFB	FFB	FFB
Mill Capacity: 40 MT/hr	113,179.00	96,885.93	119,706.00
	CPO (OER: 22.49 %)	CPO (OER: 22.20 %)	CPO (OER: 22 %)
SCC Model: SG	25,465.00	21,505.42	26,341.00
	PK (KER: 5 %)	PK (KER: 4.15 %)	PK (KER: 4 %)
	5,659.00	4,024.54	4,855.00

1.9 Actual Sold Volume (CPO)					
CPO (MT)	MSP0 Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		

21,505.42	-	-	17,525.25	3,980.17	21,505.42
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1.10 Actual Sold Volume (PK)					
PK (MT)	MSPO Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
4,024.54	-	-	3,480.84	543.7	4,024.54

Section 2: Assessment Process

BSI is a leading global provider of management systems assessment and certification, with more than 80,000 certified locations and clients in over 190 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 15-17/11/2021. The audit programme is included as Appendix 2.3. The approach to the audit was to treat the Sakilan Palm Oil Mill and Supply Base (Sakilan Estate, Linbar 1 Estate & Linbar 2 Estate) as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 and MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $S = r\sqrt{n}$ where n is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement. The sampling of smallholders were based on the formula $(r\sqrt{n})$; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

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

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

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

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

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

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

Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Sakilan POM	√	√	√	√	√
Sakilan Estate	√	√	√	-	√
Linbar 1 Estate	√	√	√	√	-
Linbar 2 Estate	√	√	-	√	√

Tentative Date of Next Visit: November 1, 2022 - November 3, 2022

Total No. of Mandays: 6

2.1 BSI Assessment Team

Team Member Name	Role (Team Leader or Team member)	Qualifications (Short description of the team members)
Muhamad Naqiuddin Mazeli (MNM)	Team Leader	He holds Bachelor of Science Horticulture, graduated from University Putra Malaysia. He has 11 years working experience in oil palm plantation industry as sustainability team. Joining the sustainability team, he managed, implement, and monitors the RSPO, ISCC, MSPO and ISO9001 and ISO 18001 certification requirements for the estates, mills, refineries, and Smallholder scheme. He also supports in providing training related to RSPO, MSPO and other certifications where applicable to the operations during previous company. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and 45001 Lead Auditor Course in 2019, Endorsed RSPO P&C Lead Auditor Course in 2019, MSPO Awareness Training in 2018, Endorsed RSPO SCCS Lead Auditor Course in 2019 and trained in SMETA on 2021. He had been involved in RSPO/MSPO auditing since August 2018 in more than various companies in Malaysia. During this audit, he covers Social aspect and stakeholder consultation. Able to speak and understand Bahasa Malaysia and English.
Mohamad Fitri Mustafa (MFM)	Team Member	Graduate in degree of agribusiness with more than 8 years working experience in various plantation companies and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in ISCC and MSPO auditing since September 2017. Qualified as Lead Auditor/Auditor for MSPO, RSPO and ISO 9001. Completed and certified MSPO Auditor course in 2018 held by SGS (M) Sdn Bhd. Member of BSI MSPO audit team). During this assessment, he assessed on the aspects of best practice, environment and safety, able to speak and understand Bahasa Malaysia and English.

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2.2 Accompanying Persons

No.	Name	Role
	Nil	

2.3 Assessment Plan

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

Date	Time	Subjects	MNM	MFM
Sunday 14/11/2021	-	Travelling to Sandakan (Pavillion Hotel)	√	√
Monday 15/11/2021	0800 - 0830 0830 - 0900	Opening Meeting MSPO: <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan. 	√	√
	0830 - 1230	Sakilan POM Inspection: FFB receiving, warehouse, workshop, waste management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders etc.	√	√
	1000 - 1100	Stakeholder Interview	√	
	1230 - 1330	Lunch	√	√
	1330 - 1600	Document review (MS:2530 Part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6: Best practices	√	√
	1600 - 1700	Interim Closing briefing	√	√
Tuesday 16/11/2021	0830 - 1230	Limbar II 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.	√	√
	1000 - 1100	Stakeholder Interview		√
	1230 - 1330	Lunch	√	√
	1330 - 1600	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6: Best practices, P7: Development of New Planting	√	√

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Date	Time	Subjects	MNM	MFM	
	1600 - 1700	Interim Closing briefing	√	√	
Wednesday 17/11/2021	0830 - 1230	Sakilan 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.	√	√	
	1000 - 1100	Stakeholder Interview	√		
	1230 - 1330	Lunch	√	√	
	1330 - 1600	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6: Best practices, P7: Development of New Planting	√	√	
	1600 - 1630		Interim Closing briefing	√	√
			Finalization of audit findings & preparation of closing meeting	√	√
	1630 - 1700	Closing meeting	√	√	

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the assessment there were no Major & one (1) Minor nonconformities raised. Sakilan Palm Oil Mill and Supply Base Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment.

Minor Nonconformities:		
Ref: 2133482-202111-N1	Area/Process: Sakilan Estate	Clause: MS 2530:2013 Part-3-4.4.1.1
	Issue Date: 17/11/2021	Due Date: Next Surveillance
Requirements:	Social impact should be identified, and plans are implemented to mitigate the negative impacts and promote the positive ones.	
Statement of Nonconformity:	Found an issue been raised by worker which was not been discussed in the SIA.	
Objective Evidence:	As per verification in Joint Consultative Committee (JCC) dated 30/6/2021, issue was raised by workers (1SSD/IOI/0510/8954) on children being brought to the field by the parents. He also requested that the management strictly enforced the No Child Labour policy. This issue was not inadequately captured in the Sakilan Estate SIA (10/11/2021).	
Corrections:	<ol style="list-style-type: none"> 1. Reminder letter for the minute taker of the minute meeting for taking irresponsible action to exclude the discussed issue. 2. Revision of the JCC meeting to include the discussed child labour issued. 3. SPO department to conduct verification on the issue raised during the JCC meeting and to revise the SIA partially to include the assessment of child labour in Sakilan Estate. 	
Root cause analysis:	According to the interview inputs with the Estate Manager, the issue was being discussed during the meeting and action plan was provided. However, the minutes was excluded from record by the minute taker without having informed the management on the decision. Due to this action, the subsequent correspondence related to this issue is absent in the meeting record and further not captured in the reviewed SIA accordingly.	

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Corrective Actions:	<p>The ECC Chairman together with the Social Liaison Officer to check and review all meeting minutes prior being verified and finalized by the estate manager to ensure all issue as discussed during meeting has been recorded accordingly.</p> <p>SPO and Estate Management shall conduct the SIA revision to ensure all issue were correctly represent the situation on ground.</p> <p>To conduct periodic spot inspection to workplace and house census against the list of registered school students to ensure there were no child labour in the workplace vicinity.</p>
Assessment Conclusion:	The correction and corrective action are accepted. The effectiveness of the implementation will be verified during next assessment

Opportunity for Improvement		
Ref: Nil	Area/Process:	Clause:
Objective Evidence:	Nil	

Noteworthy Positive Comments	
1	Good documentation upkeep and retrieval
2	Good cooperation by management team/staff/sustainability team

3.3 Status of Nonconformities Previously Identified and OFI

Major/Minor Nonconformities:		
Ref: Nil	Area/Process:	Clause:
	Issue Date:	Due Date:
Requirements:	Nil	
Statement of Nonconformity:		
Objective Evidence:		
Corrections:		
Root cause analysis:		
Corrective Actions:		
Assessment Conclusion:		
Verification Statement		

Opportunity for Improvement		
Ref: 1988148-202011-I1	Area/Process: Sakilan POM	Clause: MS 2530:2013 Part-4, 4.1.3.1
Objective Evidence:	The agenda of the management review conducted by Sakilan POM can be further improved by covering the overall management system performance apart from focusing only on the internal audit's outcome.	
Verification Statement:	Verification on management review on 2/11/2021 (Linbar 2 Estate) and 6/11/2021 (Sakilan Estate) the management review was followed as per Management review	

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	under title RSPO Supply Chain – Identity Preserve (IP) (Doc No; RSPOSC/SOP/IP/3 Revision: 08 dated 31/10/2020)
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3.4 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1848666-201911-N1	Minor	20/11/2019	Closed on 20/11/2020
1848666-201911-N2	Minor	20/11/2019	Closed on 20/11/2020
2133482-202111-N1	Minor	17/11/2021	Closed on 10/1/2022

3.5 Issues Raised by Stakeholders

IS #	Description
1	Feedbacks: Workers’ Representatives – They informed that they were elected by the workers to be the representatives of workers. Meeting was conducted with the management to discuss if there is any issue with the workers. Actions have been taken by management and kept them informed on the status of issue reported. There was no issue raise by the workers during the time of audit.
	Management Responses: The management will act accordingly if there is any complaint reported.
	Audit Team Findings: No other issue.
2	Feedbacks: Foreign Workers – They informed that the management treated them equally without any discrimination of nationalities and religion. They are offered with overtime based on voluntarily basis. There is no restriction on movement where they can go out any time after work. They kept their passport inside the passport lockers prepared by management or kept inside the cupboard inside their house. They were paid according to Minimum Wage Order 2020 and legal requirements.
	Management Responses: The management will continue to comply with the legal requirements and RSPO requirements.
	Audit Team Findings: No other issue.
3	Feedbacks: Contractor’s workers – They informed that they have signed agreement with the employer and paid as per Minimum Wage Order 2020. Work on rest day and work on public holiday was paid according to Sabah Labour Ordinance. There is no discrimination reported while working in the mill. They understand the procedure on how to report a complain if there is any.
	Management Responses: The management will ensure the contractors to comply to the legal requirements.
	Audit Team Findings: No other issue.

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment <i>Sakilan Palm Oil Mill and Supply Base</i> Certification Unit complies with the <i>MS 2530-3:2013</i> and <i>MS 2530-4:2013</i> . It is recommended that the certification of <i>Sakilan Palm Oil Mill and Supply Base</i> Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: <i>Kumaresh A/C Ragnathan</i>	Name: Muhamad Naquiuddin Mazeli
Company name: IOI Plantation Services Sdn Bhd	Company name: BSI Services (M) Sdn Bhd
Title: Senior Plantation Controller	Title: Lead Auditor
Signature:  R. KUMARESH SR. PLANTATION CONTROLLER SANDAKAN REGION	Signature: 
Date: 05/03/2022	Date: 26/1/2022

Appendix A: Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	IOI group has established IOI Group Sustainable Palm Oil Policy (SPOP) signed by Dato’ Lee Yeow Chor, group Chief Executive Officer and Dr. Surina Ismail, Group Head of Sustainability. The policy was last revised in October 2020. The policy emphasizes on the following commitments: <ul style="list-style-type: none"> • Compliance with all applicable legislation and codes of practice • Implementation of sustainability standards laid out in the policy of environmental, human rights, community development and social impacts • Contribution to the United Nations Sustainable Development Goals (“UN SDGs”) • Building traceable supply chain such that all suppliers are also in compliance with IOI’s Sustainability Policy • To strive the highest levels of transparency and stakeholder engagement The policy is also publicly available at https://www.ioigroup.com/content/S/pdf/Sustainable%20Palm%20Oil%20Policy.pdf	Complied

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Criterion / Indicator		Assessment Findings	Compliance												
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The commitment towards sustainable production of palm oil and its continuous improvement as outlined in the MSPO guidelines and RSPO Principle and Criteria is stated in the IOI Group Sustainable Palm Oil Policy. The latest training conducted was on 5/2/2021 attended by all workers during morning briefing.	Complied												
Criterion 4.1.2 – Internal Audit															
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The plan of the internal audit was established at the beginning of the year. The actual internal audits were conducted by an independent unit i.e. "Sustainable Oil Palm Department".	Complied												
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	<p>The internal audits were conducted guided by the company's Standard Operation Procedure for MSPO Internal Audit Procedure (Ref. No.: MSPO/SOP/IA/2, revision no: 02, dated 1st Nov 2018). The recent internal audits for the sampled estates were conducted as follows:</p> <table border="1"> <thead> <tr> <th>No</th> <th>POM</th> <th>Date of audit</th> <th>Finding</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Linbar 1 Estate</td> <td>6/10/2021</td> <td>1 finding and 1 OFI</td> </tr> <tr> <td>2</td> <td>Sakilan Estate</td> <td>8/10/2021</td> <td>2 findings and 1 OFI</td> </tr> </tbody> </table> <p>The root-causes of the NCR have been identified and recorded in the corrective action plan. All the NCRs were satisfactorily closed within the timeframe.</p>	No	POM	Date of audit	Finding	1	Linbar 1 Estate	6/10/2021	1 finding and 1 OFI	2	Sakilan Estate	8/10/2021	2 findings and 1 OFI	Complied
No	POM	Date of audit	Finding												
1	Linbar 1 Estate	6/10/2021	1 finding and 1 OFI												
2	Sakilan Estate	8/10/2021	2 findings and 1 OFI												
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	The internal audit reports were available to the management of each operating unit. The report has the information about standards' requirements and findings. The results of the internal audits were also part of the agenda recorded in the management review meeting.	Complied												

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Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>The Management Review meeting was last conducted on 2/11/2021 (Linbar 2 Estate) and 6/11/2021 (Sakilan Estate). The meetings were chaired by the mill manager and attended by the Assistant, supervisor, mandora and others.</p> <p>Verification on implementation of CAP in Mill, Transporter Rico Enterprise (payslip and contract agreement not given by the contractor) from the verification the record of the contract and payslip already available in Mill.</p>	Complied
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>The continual improvement plan for financial year 2020/2021 was available for all the sampled estates. It was established based on the social and environmental impact. To name a few of the action plans established are:</p> <ol style="list-style-type: none"> 1) To build 1-unit community hall 2) To conduct on anti-pollution waste 3) New method of salary payment (Merchantrade) will be use in month of December 2021 	Complied
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>Any new technology and/or innovation equipment is subject to approval by HQ. No new technology adopted by the estates for field operation so far.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	Should there be any new technology adopted, training shall be provided to the related personnel.	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. - Major compliance -	Sakilan Palm Oil Mill and its supply bases are transparent and open to communicate its information on environmental, social and legal issues related to sustainability practice to its stakeholders. The awareness among the stakeholders about the request of information was made mainly during stakeholder’s consultation meetings.	Complied
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	The management document such as Company’s policies, Occupational Safety and environmental management plans, Company’s annual report, MSPO/RSPO external audit reports, Continuous improvement plan and others been publicly available.	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	IOI Group had established Grievance Procedure as sighted in the GSIA dated March 2019. There are three stages of handling grievance i.e.: 1. Grievance Submission - Submitted through Green Book, hotline or ECC immediately or within 24 hours 2. Preliminary Investigation - Investigate within 30 working days from grievance submission date	Complied

Criterion / Indicator		Assessment Findings	Compliance
		3. Further Investigation/Meeting with complainant - Meet up with complainant within 10 working days after preliminary investigation outcome	
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance -	The sampled estates have appointed the following personnel to be the responsible person in handling the issues related to Indicator 1.	Complied
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	List of stakeholders for all the operating units were last updated n 22/09/2020. The list consists of various group of stakeholders such as government authorities, contractors/suppliers, NGOs, local communities and also internal stakeholders such as workers and representatives. Records of consultation generally recorded in the stakeholders' consultation minute of meeting. The last meeting was conducted on 21/10/2021.	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	IOI Group has established the SOP for Traceability, document no: MSPO/SOP/MST/01, revision no: 00, dated on 31/10/2020. The objective of the SOP is to establish a documented sustainable procedure for identifying and recording the products from its respective sources or stations as required in the sustainable requirement. The estate management has identified the station such as security post, weighbridge, lab (mill) and office as critical control point. All related records pertaining to MSPO requirement must be kept and maintained at minimum period of 3 years.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		The training on the traceability SOP was conducted on 12/11/2021, delivered by the estate assistant manager.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Compliance on the traceability system was maintained through regular inspections, monthly checking of records and the annual internal audits conducted for the current year.	Complied
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The estate management has appointed respective officer to handle the traceability matters. They are Mr. Zulfikar Jamaludin (Estate Assistant Manager) from Linbar 2 Estate, appointed on 06/08/2020 and Mr Mohd Harman Bin Bahar (Estate Assistant Manager), appointed on 29/09/2021 as PIC for traceability for Sakilan Estate.	Complied
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	All records of incoming FFB transported/received, CPO & PK produced and delivery, on daily basis were maintained and verified traceable through the delivery notes, lorry ticket & weighbridge which were maintained at the respective estate’s office. Records for year 2019, 2020 and 2021 were maintained and sighted.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	The legal requirements register covering the applicable local and international laws and regulations is available at the office. The relevant legislation identified and listed as below: <u>Linbar 2 Estate:</u> a. “Permit Kawalan Berjadual untuk Bahan Api – Diesel”, license no: S003537, expired on 13/06/2024.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>b. "Lesen Untuk Menggaji Pekerja Bukan Pemastautin", permit no JTK.H.KBN.600-4/1/1/01261/0281, expired on 26/07/2022.</p> <p>c. MPOB license no: 502435102000, expired on 31/08/2022.</p> <p>d. "Lesen Bagi Pemasangan Persendirian (Bekalan Elektrik) – 200 kilowatts", license no: 46498, expired on 04/11/2022.</p> <p>e. "Permit Pendahuluan Gaji Pekerja", reference no: 600-1/2/320(11/SDK/2020-0272), expired on 18/04/2023.</p> <p>f. "Permit Potongan Daripada Gaji Pekerja" reference no: 600-1/320(11/SDK/2020-0272), expired on 14/04/2022.</p> <p><u>Sakilan Estate:</u></p> <p>a. "Permit Kawalan Berjadual – Diesel License", serial no: PPDNK.SDK.43/2007(SK), expired on 16/11/2021</p> <p>b. MPOB license no: 503335002000, expired on 31/07/2022.</p> <p>c. MPOB Nursery license no: 618962011000, expired on 30/11/2021.</p> <p>d. "Lesen Perpasangan Persendirian", permit no: 49921, expired on 12/06/2021.</p> <p>e. "Permit Potongan Gaji", permit no: JTK.H.SDK.600-4/1/1/01261/003858, expired on 12/04/2022.</p> <p>f. "Permit Pengandung Tekangan Tak Berapi", permit no: SB.PMT 80859 EP0000031069, expired on 11/06/2022.</p>	
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>The list of related regulations and laws was documented in their Legal of Requirement Register. Sustainable Palm Oil Department was in charged for the updating if there any new requirement or regulations come into force.</p>	Complied
4.3.1.3	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>All legal requirement was documented in Legal and Other Requirement Register. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>reviewed/updated on a yearly basis / as and when needed for new updates/licenses. Sighted the document 'Summary of Compliance' available at the estates undersigned by the Top Management. The document lists the latest applicable laws and amendments, revision dates and acknowledgement by the management.</p> <p>All the legal and other requirements were registered accordingly and documented in the legal requirement register including new updates for:</p> <ol style="list-style-type: none"> 1. Fees (Employment Pass, Visit Pass (Temporary Employment) and Work Pass (Remission of Fees) Order 2020. 2. Prevention and Control of Infectious Diseases (Compounding of Offences) (Amendment) (No.6) Regulations 2020. 3. Minimum Wages Order 2020 4. Employment Provident Fund (Amendment) Rules 2020. 	
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>Sustainable Palm Oil Department (SPOD) is responsible to monitor compliance and to track & update the changes in the regulatory requirements. Upon receiving new updates from the HQ, SPOD will distribute the information to all operating centres thru their respective person in charged.</p>	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>The oil palm cultivation activities for the sampled estates do not diminish the land use rights of other users. The conditions stipulated in the land title was adhered to.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	The mill located in Sakilan Estate Land in lot 10955 with land title no. CL 075471242. The mill occupied approximately 5.11 ha of the area excluding effluent ponds. Linbar 1 and Linbar 2 Estates are sharing one land title [ref.: #CL095311667, owner: Linbar Estate Sdn Bhd, 4,840.0 Ha, lease period: 1/1/1983 to 31/12/2081] to show legal ownership.	Complied
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Boundary markers are clearly visible and well maintained by the estate managements. Sighted during the visit, the estate management using trenches to mark their boundary from their neighbour.	Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There was no land dispute at all the sampled estates. The company has the legal ownership documents as demonstrated by possessing a land title.	Complied
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no customary land or negotiated agreements at all the sampled estates.	Not applicable
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	There is no customary land or negotiated agreements at all the sampled estates.	Not applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	There is no customary land or negotiated agreements at all the sampled estates.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
- Major compliance -			
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	<p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The sampled estates have last reviewed their SIA on 10/11/2021 (Linbar 2) by the appointed Social Liaison Officers. The method of identifying the social impacts was by conducting both internal and external stakeholder meeting. Among the group of stakeholders outreached by the governmental organization, gender representatives, NGO, neighboring estates, religious representatives, employees, contractors, suppliers and village representatives. Generally, among the impacts identified were those related to compliance with legal requirements, workers welfare, handling of complaints & grievances and socio-economic impact on surrounding communities.</p> <p>As per verification in Joint Consultative Committee (JCC) dated 30/6/2021, issue was raised by workers (1SSD/IOI/0510/8954) on children being brought to the field by the parents. He also requested that the management strictly enforced the No Child Labour policy. This issue was not inadequately captured in the Sakilan Estate SIA (10/11/2021). Thus, Minor NC been raised.</p>	Minor Non-Conformance
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>IOI Corporation Berhad has a Grievance Procedure [doc. No. IOI/P/GP/001, rev. 1, dated 20/1/2020] which outlined the system for dealing with complaints and grievance. The objective of the procedure is to ensure that operating unit has a documented system for dealing with complaints and grievances that is agreeable to all sides and</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		accepted by all stakeholders. The management shall process and resolve the complaints within 25 workdays.	
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	The estates are having a format to record complaints or requests from the stakeholders. Based on the records, most of the complaints were about defects of housing facility. Verification of the records of complaints lodged, the actions taken by the management were found to be appropriate and timely manner.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	The complaint forms were available at the operating unit's office, where the stakeholders can easily access should it be needed. Among the information available in the form is name of requestor/complainant, date of request, details of complaint/grievance, details of action taken including dates and acknowledgement signature of the requestor. Latest record of complaint was on 20/9/2021 as per complaint and grievances book in Linbar 2 Estate.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	Employees and the surrounding communities were made aware that complaints or suggestions can be made any time through various meetings such as morning muster, training/briefing and stakeholder consultation.	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	The complaints and resolutions for the past 24 months (i.e. from November 2018) were well maintained by the sampled estates and available upon request.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			

Criterion / Indicator		Assessment Findings	Compliance
4.4.3.1	Growers should contribute to local development in consultation with the local communities. - Minor compliance -	The Estate management have made contribution to both internal and external stakeholders. In Linbar 2 Estate, donation been given to Sekolah Kebangsaan Lung Manis with total RM 5,004. Verification on purchase order no 4531028546 dated 22/1/2021.	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	The group has established safety & health policy and implemented for all operation centres. The policy, ref no: IOIPD-PL-OSH-003 was signed by the Plantation Director on April 2019 and displayed prominently on notice boards in English and local language (Bahasa Malaysia). The policy has been communicated and implemented through the OSH activities which was programmed by the HSE Manager and monitored accordingly. Included in the policy is the group's commitment to provide and maintain a safe & healthy environment to their employees. Interview with the employees during the site visit to the field revealed that they were able to demonstrate a good understanding regarding on the safe working environment and able to react during emergency incident. The employees also admitted that they been briefed by and undergone a necessary training prior carry out their daily task.	Complied
4.4.4.2	The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:	a. Communication and briefing of the OSH policy were made through the morning briefing session before all employees go to their workstation. Sighted the briefing records held at both estates. Apart from the records, safety policy was displayed on the notice board in both English and Bahasa Malaysia.	Complied

	Criterion / Indicator	Assessment Findings	Compliance
	<ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements. g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded. h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees. i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite. 	<ul style="list-style-type: none"> b. HIRARC for both estates were available for review, where it covers all operation and administration activities. The HIRARC sighted having details for common activities as follow; office, security, weeding, pest & disease, boundary, transportation, pruning & harvesting, manuring, workshop, break time and weighbridge. c. Related training and briefings were conducted to the employees who were exposed with the chemicals. Samples some of the training sessions as follow: <ul style="list-style-type: none"> • "SOP Pembancuh Bahan Kimia", dated on 16/11/2021, delivered by cadet assistant. • "SOP Menabur Baja & Penggunaan PPE", dated on 25/05/2021, delivered by Safety Officer. • "Taklimat Asas Pertolongan Cemas", dated on 03/11/2021, delivered by Estate Hospital Assistant. • "SOP Re-entry Time", dated on 13/09/2021, delivered estate supervisor. d. PPE issuance records were made available to the audit team. documents were sighted and interview with the employees confirmed that the PPE were provided by the employer without any charges. e. The group has established Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Schedule Waste) 2005, Environmental Quality Act 1974, to ensure proper & safe handling, storage & disposal under the document reference IOI-OSH 3.2.2 Appendix 6 (31). Following procedures were sighted "Pengendalian Bekas Kosong", "Pembilasan 3 Kali & Tebuk" and "Langkah Langkah Pencegahan". 	

Criterion / Indicator		Assessment Findings	Compliance						
	<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>f. Estate assistant managers from both estates were appointed by the estate manager to in charge the OSH committee. The appointments were made on 15/03/2021.</p> <p>g. Respective estate management has conducted relevant OSH Committee meeting. Sighted the meeting minute for year 2021 and 2020 for both estates</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Date of Meeting</th> </tr> </thead> <tbody> <tr> <td>Linbar 2</td> <td>29/12/2020, 16/04/2021, 24/06/2021, 18/10/2021.</td> </tr> <tr> <td>Sakilan</td> <td>04/11/2021, 29/06/2021, 30/03/2021</td> </tr> </tbody> </table> <p>h. During the site visit, the general workers can demonstrate a good understanding regarding on the emergency response procedure. They were able to identify the emergency situation would notify the person in charge to request for an aid.</p> <p>i. First aiders were available at the workstation. Confirmed during the site visit at harvesting and spraying area. The employees can demonstrate a good understanding regarding on the emergency and safety while at works.</p> <p>j. The estate submitted JKPP 8 form to the DOSH on 21/01/2021 for Linbar 2 Estate and 08/01/2021 for Sakilan Estate.</p> <p>Incident records were sighted and reviewed for both estates. Follow up investigation (investigation report/minute meetings/follow up training/HIRARC update) for accident happened were well maintained and kept.</p>	Estate	Date of Meeting	Linbar 2	29/12/2020, 16/04/2021, 24/06/2021, 18/10/2021.	Sakilan	04/11/2021, 29/06/2021, 30/03/2021	
Estate	Date of Meeting								
Linbar 2	29/12/2020, 16/04/2021, 24/06/2021, 18/10/2021.								
Sakilan	04/11/2021, 29/06/2021, 30/03/2021								
Criterion 4.4.5: Employment conditions									
4.4.5.1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy	Policy on good social practices regarding human rights is addressed in the IOI Group Sustainable Palm Oil Policy (SPOP) signed by Dato' Lee	Complied						

Criterion / Indicator		Assessment Findings	Compliance
	shall be signed by the top management and effectively communicated to the employees. - Major compliance -	Yeow Chor, group Chief Executive Officer and Dr. Surina Ismail, Group Head of Sustainability. The policy was last revised in October 2020. Communication to the employees was done in various methods such as briefing during morning muster, display on notice boards and training.	
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. - Major compliance -	All sampled estates had employed Migrant Indonesian and Local workers. Migrant Indonesian workers were recruited on a 2 years contract basis while Local workers were employed on a long-term basis. Both Migrant and Local workers were provided with the wage structure, amenities, etc. The management establish sustainable policy to commit to their transparent respect and recognition of the right of all their employee including contract, temporary and migrant workers as well as people living nearby and adjacent communities. Other support such as job opportunities and amenities such as free housing, water and medical care are given to all employees without discrimination.	Complied
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	All the workers are under direct employment. The payslip has included basic income, allowance pay, working days, medical leave, and deduction of salary and others as per employment contract. The payroll for the following sampled workers for Jan 2020 and Sept 2020 were verified to be consistent with the Minimum Wages Order 2020. For the new Minimum Wages Order 2020 implementation; - Sakilan Estate: a. Employee ID: 1SRP/IOI/1215/5027 b. Employee ID: 1SRP/IOI/0313/5042 c. Employee ID: 1SRP/IOI/1015/5231 d. Employee ID: 1SRP/IOI/0115/5025	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Linbar 2 Estate: a. Employee ID: 1SRP/IOI/1212/5570 b. Employee ID: 1SRP/IOI/0319/5652 c. Employee ID: 1SRP/IOI/0116/6766 d. Employee ID: 1SRP/IOI/1017/5765	
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. - Minor compliance -	There are 2 contractors for harvesting and transporting of FFB. Verification of payslip and employment contract has confirmed that employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	Complied
4.4.5.5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. - Major compliance -	The workers master list was reviewed. The list includes names, NRIC & Passports numbers, Expiry dates of Passports & Work Permits, date of birth, date joined, gender etc.	Complied
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records. - Major compliance -	Employees had been provided with fair contracts that have been signed by both employee and employer. Foreign migrant Indonesian workers are recruited with 2 years contract. Local workers are on a long-term employment basis. The following contracts has been verified to confirm that workers have binding working agreement with the company: Employment contract are available and explained in language that understood by workers. The contract was signed by the workers and sampled of contracts as below: Sakilan Estate: <ul style="list-style-type: none"> Employee ID: 1SRP/IOI/1215/5027 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> Employee ID: 1SRP/IOI/0313/5042 Employee ID: 1SRP/IOI/1015/5231 Employee ID: 1SRP/IOI/0115/5025 <p>Linbar 2 Estate:</p> <ul style="list-style-type: none"> Employee ID: 1SRP/IOI/1212/5570 Employee ID: 1SRP/IOI/0319/5652 Employee ID: 1SRP/IOI/0116/6766 Employee ID: 1SRP/IOI/1017/5765 	
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	The company is using Electronic Plantation Mobile Solution (EPMS) as its method to record working hours and overtime. The data will then be transferred to the SAP system for wages calculation. Employees can be transparently provided with the information in the EPMS.	Complied
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	The management of both estates had informed all workers the working hours and breaks times. The working hours and break times complied with legal regulations and collective agreements. The working hours and break time was exhibited on notice boards. Working time was from 6.30am to 2.30pm while the break time was from 11.00am to 11.30am.	Complied
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements of Employment Act 1955 and worker's employment contract. Sakilan Estate: <ul style="list-style-type: none"> Employee ID: 1SRP/IOI/1215/5027 Employee ID: 1SRP/IOI/0313/5042 Employee ID: 1SRP/IOI/1015/5231 Employee ID: 1SRP/IOI/0115/5025 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Linbar 2 Estate: <ul style="list-style-type: none"> Employee ID: 1SRP/IOI/1212/5570 Employee ID: 1SRP/IOI/0319/5652 Employee ID: 1SRP/IOI/0116/6766 Employee ID: 1SRP/IOI/1017/5765 	
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions. - Minor compliance -	The company provides free medical benefit and free housing to foreign workers. In addition, there is free school bus provided for local’s children to go and back from school, football field, mosque, community hall was provided.	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. - Major compliance -	The estates workers are provided with free housing facilities which includes potable water and electricity. Housing inspection by the medical assistants was also carried out on weekly basis which criteria is mainly focusing on cleanliness and safety. Records of inspection were well maintained for verification.	Complied
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The company has implemented Guidelines for Handling Harassment at Workplace’ dated 26/11/2020 where the company is committed to promote a safe and healthy working environment. The company has zero tolerance for any form of harassment at workplace. The policy serves as a guidance on handling matters related to harassment. The briefing of Policy was conducted at respective unit and the record was available at each site.	Complied
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a	IOI Group has developed and implemented Equal Opportunity Employment & Freedom of Association Policies dated October 2017 in both languages where the company respects the freedom of association and collective bargaining to the workers. The workers have	Complied

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	trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	the right to join or form trade unions of their own choosing without prior authorization and to bargain collectively. The policy has been displayed at notice board in office and linesite.	
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not expose to hazardous working conditions. - Major compliance -	IOI Group has developed and implemented Sustainable Palm Oil Policy dated Oct 2020 where the company eliminates child labour in the company. Reviewed of the name list of workers found that the workers recruited with minimum age of 18 years old.	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept. - Major compliance -	Training program was established on annual basis and based on the training needs analysis. It was designed to suit each employee according to their job scope and workstation in order to ensure their competency of carry out the task are at the best level. Training records were sighted and reviewed during the audit programs.	Complied
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. - Major compliance -	Training needs analysis record was made available to the audit team. The management has categorized the training under 4 groups which are safety & health, environment, social and sustainability. Each employee is required to undergo the training to ensure their competency while carrying out their duties.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>Continuous training program has been developed by the respective estate management to ensure their employees are competent and capable of doing their task. Sighted the annual training program, training needs analysis and the training records.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>The group has established environmental policy which is integrated into the company' sustainable palm oil policy to comply with relevant country and state environmental laws.</p> <p>The Sustainable Palm Oil Policy dated Oct 2020 signed by the Plantation Director. Apart from that, they also have developed the environmental management plan.</p> <p>Both were communicated to the employees thru regular training and morning briefing.</p>	Complied
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>The environmental aspect & impact assessment has been conducted and documented. The scope of assessment had included the management of mill effluents, management of pests and disease palms (IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements.</p> <p>The EIA report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		stakeholders to identify impacts and develop the mitigation measures such as relevant conservation activities.	
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance -	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. The implementation and monitoring of the documented environmental improvement plan were reviewed annually and found to be satisfactorily implemented.	Complied
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	Referring to the EIA assessment, the program to promote positive impacts were included in the continual improvement plan.	Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	Verified that the documented training program that has been established. Briefing on the awareness and understanding of the objectives on Environmental management were adequately conducted and conveyed to all levels of employees. Sighted some of the training as follow: a. Schedule waste management training delivered by HSE Manager on 01/11/2021. b. "Latihan Larangan Menyembur Racun di Kawasan Tepi Sungai & Kawasan Pemuliharaan", delivered by the cadet assistant on 05/10/2021. c. Anti-Pollution Training delivered by cadet assistant on 05/10/2021. d. HCV and conservation area training were conducted on 30/08/2021, delivered by the estate assistant manager. e. Zero burning policy training delivered by estate assistant manager on 16/06/2021.	Complied
4.5.1.6	Management shall organize regular meetings with employees where	<u>Linbar 2 Estate:</u>	Complied

Criterion / Indicator		Assessment Findings	Compliance																																																
	<p>their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Meeting was conducted on the regular basis and latest meeting was made on 03/11/2021 and attended by 22 personnel and among the agenda discussed during the meeting are employment contract, grievances procedure, gender meeting committee, workers union, environmental issues and sustainability certification.</p> <p><u>Sakilan Estate:</u></p> <p>Issues regarding on the environmental were discussed during the internal stakeholder meeting (29/09/2021) and Joint Consultative Committee meeting (which was held once in two months). Issues were discussed during the meeting.</p>																																																	
Criterion 4.5.2: Efficiency of energy use and use of renewable energy																																																			
4.5.2.1	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.</p> <p>- Major compliance -</p>	<p>The estate management has closely monitored the used of non-renewable energy and is made using diesel/Mt FFB. Sighted the plan as follow:</p> <p>Diesel consumption for 5 years at Linbar 2 Estate</p> <table border="1"> <tr> <td>MT</td> <td>17/18</td> <td>18/19</td> <td>19/20</td> <td>20/21</td> <td>21/22</td> </tr> <tr> <td>FFB</td> <td>32,598</td> <td>26,820</td> <td>24,395</td> <td>16,573</td> <td>5,373</td> </tr> <tr> <td>Litre</td> <td>305,797</td> <td>330,935</td> <td>306,474</td> <td>276,456</td> <td>55,348</td> </tr> <tr> <td>L/Mt</td> <td>9.381</td> <td>12.339</td> <td>12.563</td> <td>16.681</td> <td>10.301</td> </tr> </table> <p>Diesel consumption for 5 years at Sakilan Estate</p> <table border="1"> <tr> <td>MT</td> <td>17/18</td> <td>18/19</td> <td>19/20</td> <td>20/21</td> <td>21/22</td> </tr> <tr> <td>FFB</td> <td>52,675</td> <td>52,359</td> <td>49,838</td> <td>41,272</td> <td>11,955</td> </tr> <tr> <td>Litre</td> <td>193,895</td> <td>224,234</td> <td>259,937</td> <td>198,443</td> <td>58,647</td> </tr> <tr> <td>L/Mt</td> <td>3.681</td> <td>4.282</td> <td>5.215</td> <td>4.808</td> <td>4.905</td> </tr> </table>	MT	17/18	18/19	19/20	20/21	21/22	FFB	32,598	26,820	24,395	16,573	5,373	Litre	305,797	330,935	306,474	276,456	55,348	L/Mt	9.381	12.339	12.563	16.681	10.301	MT	17/18	18/19	19/20	20/21	21/22	FFB	52,675	52,359	49,838	41,272	11,955	Litre	193,895	224,234	259,937	198,443	58,647	L/Mt	3.681	4.282	5.215	4.808	4.905	Complied
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Criterion / Indicator		Assessment Findings	Compliance																									
4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>The estimation of the diesel was incorporated in the business plan management. It included the estimation (diesel) for contractor. Sighted the documents as follow:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Year</th> <th>Projected Diesel</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Linbar 2</td> <td>21/22</td> <td>305,000</td> </tr> <tr> <td>22/23</td> <td>305,000</td> </tr> <tr> <td>23/24</td> <td>305,000</td> </tr> <tr> <td>24/25</td> <td>305,000</td> </tr> <tr> <td>25/26</td> <td>305,000</td> </tr> <tr> <td rowspan="5">Sakilan</td> <td>21/22</td> <td>240,000</td> </tr> <tr> <td>22/23</td> <td>240,000</td> </tr> <tr> <td>23/24</td> <td>240,000</td> </tr> <tr> <td>24/25</td> <td>240,000</td> </tr> <tr> <td>25/26</td> <td>240,000</td> </tr> </tbody> </table>	Estate	Year	Projected Diesel	Linbar 2	21/22	305,000	22/23	305,000	23/24	305,000	24/25	305,000	25/26	305,000	Sakilan	21/22	240,000	22/23	240,000	23/24	240,000	24/25	240,000	25/26	240,000	Complied
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4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	No renewable energy implemented in the estate compound.	NA																									
Criterion 4.5.3: Waste management and disposal																												
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>Waste management plan is incorporated in the Environment Impact Assessment Document, dated on 10/11/2021 until 10/11/2022. The document was prepared by the environmental liaison officer and approved by the estate manager. The waste has been categorized into 4 category which are schedule waste, clinical waste, domestic & recycle waste (sewage & garden residue) and scrap iron.</p> <table border="1"> <thead> <tr> <th>Type of Waste</th> <th>Source of Waste</th> </tr> </thead> <tbody> <tr> <td>Schedule waste</td> <td>Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, fertilizer bag liner, sanitizer,</td> </tr> </tbody> </table>	Type of Waste	Source of Waste	Schedule waste	Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, fertilizer bag liner, sanitizer,	Complied																					
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			polybag), SW110 (waste from electrical and electronic assembly), SW109 (waste containing mercury), SW429 (discarded chemicals or off spec)										
		Clinical waste	Bio hazard waste from clinic.										
		Domestic Waste	Building and filed block within estate,										
		Scrap iron	Residue from vehicle maintenance.										
4.5.3.2	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p>- Major compliance -</p>	<p>The identification of waste and monitoring plan integrated in the Environmental Impact Aspect Document.</p> <table border="1"> <thead> <tr> <th>Type of Waste</th> <th>Source of Waste</th> <th>Action & Monitoring Plan</th> </tr> </thead> <tbody> <tr> <td>Schedule waste</td> <td>Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, fertilizer bag liner, sanitizer, polybag), SW110 (waste from electrical and electronic assembly), SW109 (waste containing mercury), SW429 (discarded chemicals or off spec)</td> <td>To properly store, label, monitor and dispose of scheduled waste according to Environment Quality Act 1974. Lubricant and spent oil separately stored in banded storage. The empty chemical containers to be triple rinsed and punctured.</td> </tr> <tr> <td>Clinical waste</td> <td>Bio hazard waste from clinic.</td> <td>To store the clinical waste at the Clinical Waste Store before disposing it to the</td> </tr> </tbody> </table>		Type of Waste	Source of Waste	Action & Monitoring Plan	Schedule waste	Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, fertilizer bag liner, sanitizer, polybag), SW110 (waste from electrical and electronic assembly), SW109 (waste containing mercury), SW429 (discarded chemicals or off spec)	To properly store, label, monitor and dispose of scheduled waste according to Environment Quality Act 1974. Lubricant and spent oil separately stored in banded storage. The empty chemical containers to be triple rinsed and punctured.	Clinical waste	Bio hazard waste from clinic.	To store the clinical waste at the Clinical Waste Store before disposing it to the	Complied
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Criterion / Indicator		Assessment Findings			Compliance
				<p>Sedafiat via Hospital Beluran.</p> <p>To ensure the disposal of one-time use item such as syringe, from the clinic issue record tally with the clinical waste received record.</p> <p>To monitor the expiry date of the medicine in the clinic.</p>	
		Domestic Waste	Building and filed block within estate,	<p>Systematic collection of garbage or domestic waste.</p> <p>Schedule for sewage tank cleaning at periodic interval.</p> <p>Segregation of plastics, glass, paper, tin etc.</p>	
		Scrap iron	Residue from vehicle maintenance.	<p>Scrap iron accumulated at the workshop to be sold to contractor.</p> <p>Reusable metal parts will be stored in estate at appropriate place.</p>	
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>Standard Operation Procedure Schedule Waste Guidelines, document no: IOI/SRO/HSE/SW/01, dated on 01/01/2017 is referred to for handling used chemical.</p> <p>The SOP covers the following:</p> <ol style="list-style-type: none"> Safe working procedure at the chemical store. Chemical store management. During handling chemical at store. Post handling chemical at store. 			Complied

Criterion / Indicator		Assessment Findings	Compliance						
		e. Handling of chemical returned from field. f. Chemical spillage or leakage handling. g. Handling of chemical containers. h. Chemical mixing procedure.							
4.5.3.4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer’s labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. - Major compliance -	During the site visit, it was observed that the chemical containers were punctured, properly stored at the schedule waste store and disposed to the licensed contractors. For example, the empty chemical container (0.33 Mt) at Linbar 2 Estate was disposed to Lagenda Bumimas Sdn Bhd on 14/11/2021.	Complied						
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. - Minor compliance -	Domestic waste disposed in the landfill located in the respective estate. As for Linbar 2 Estate, the waste disposed at block 18BA and for Sakilan Estate the waste disposed at block 97W division 2.	Complied						
Criterion 4.5.4: Reduction of pollution and emission									
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	The estate management has identified and assessed the pollutant activities that might contributed to GHG emissions. The assessment was documented in the Environment Impact Aspect Assessment. The documents have classified the activities as below: <table border="1" data-bbox="1093 1157 1921 1386"> <thead> <tr> <th>Source of GHG</th> <th>Impact</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>Fertilizer</td> <td>GHG emission from field application of fertilizer. Volatilization of ammonia if nitrogen fertilizer</td> <td>To fertilizer recommendation by agronomists. To calibrate the fertilizer based on the recommendation by</td> </tr> </tbody> </table>	Source of GHG	Impact	Action Plan	Fertilizer	GHG emission from field application of fertilizer. Volatilization of ammonia if nitrogen fertilizer	To fertilizer recommendation by agronomists. To calibrate the fertilizer based on the recommendation by	Complied
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Criterion / Indicator		Assessment Findings			Compliance
			and alkaline fertilizers applied.	agronomist before field application. To monitor the EFB application to minimize the application of inorganic fertilizer.	
		Diesel	GHG emission through the use of vehicle and genset. Hazardous effects on spillage into watercourses and land from storage tank at time of filling. Leakages from damaged diesel tank. Fire accidental.	Avoid use of second grade diesel from unauthorized dealer. Monitor the effectiveness of diesel usage by contractors. To conduct regular vehicle maintenance. To monitor diesel usage especially on the genset consumption.	
		Electricity use	Higher usage of electricity indicates higher emission of GHG.	Conversion of current lights to energy saving lights. The program starts at office first. To switch off fans and lights when not used to reduce electricity.	
		Chemical	Use of chemical contribute to	Promote more biological control on pest management.	

Criterion / Indicator		Assessment Findings			Compliance
			overall GHG emission.	Mouse trapping at resident area. The application of pesticide should only be happened as per guided by the SOP.	
		Generator Set	Emission of GHG from combustion of the diesel for power generation.	Regular scheduled maintenance for fuel efficiency.	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Action plan to reduce identified significant pollutants was explained under indicator 4.5.4.1.			Complied
Criterion 4.5.5: Natural water resources					
4.5.5.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	<p>a. Water management plan for period from 31/10/2021 until 31/10/2022 was made available to the audit team. The plan prepared by the SPOD team and endorsed by the estate manager.</p> <p>Linbar 2 Estate: The main water source come from pond and rain water. Average rain water for year 19/20 and 20/21 are 223 mm and 239 mm respectively.</p> <p>b. Drinking water analysis was done by the Dynakey Laboratories Sdn Bhd. Water was sampled on 16/06/2021 and results come out on 14/07/2021. The result shows that the water is safe to consume by the estate residents. Referring to the water sampling result, cert no:</p>			Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<p>W210616-13B-0, dated on 14/07/2021, coliform count (cfu) and E. Coli count were not detected.</p> <p>The Sakilan estate management has conducted water sampling analysis on annual basis. The sampling was conducted on 16/03/2021 and further analysed by Enfirst Laboratories Sdn Bhd. The result show that there were no oil and grease were detected in the water sample.</p> <p>c. Sakilan Estate: Water management plan for the estate was made available to the audit team. The plan reviewed on 31/10/2021 for a period of 1 year. Water source was supplied by the Sakilan Palm Oil Mill as they shared the same compound. The estate using rai water harvesting as per action plan for tractor washing and other use for operation.</p> <p>d. Protection of water courses and wetlands are monitored from time to time to ensure the riparian reserve area in good condition and corrective action will be conducted on necessary basis.</p> <p>e. During site verification, the natural vegetation in riparian buffer zone in good condition. Not sighted any natural vegetation in riparian areas has been removed.</p> <p>f. No bore or well were used as source of water.</p>	
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	No damn, weirs and damn were sighted during the site visit.	Complied
4.5.5.3	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p>	Road side drain have been practices by the estate to harvest the rain water for the oil palm. Among the soil moisture conservation program taken by estate are frond stack arrangement, EFB mulching, EFB fibre mulching and shell mulching.	Complied

Criterion / Indicator		Assessment Findings	Compliance																			
- Minor compliance -																						
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value																						
<p>4.5.6.1</p> <p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>b) Conservation status (<i>e.g.</i> The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>	<p>HCV assessment was conducted for a period of 1 year from November 2020 until November 2021. The assessment report was prepared by the Sustainable Palm Oil Department and reviewed by the estate manager.</p> <p>The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented. HCV and other environmentally sensitive areas were documented and inspected on site.</p> <p>Boundaries bordering the estates were well demarcated. Trenches were also constructed along the borders to clearly demarcate their boundary. At some places, estate roads estate roads also served as perimeter boundary.</p> <p>Summary of Internal & External HCV/Conservation for Linbar 2 Estate as follow:</p> <table border="1"> <thead> <tr> <th colspan="2">Internal Conservation Area</th> </tr> </thead> <tbody> <tr> <td>Conservation Area</td> <td>Ha</td> </tr> <tr> <td>Water Pond</td> <td>0.64</td> </tr> <tr> <td>Sepat Area</td> <td>35.5</td> </tr> <tr> <th colspan="2">HCV Management Area</th> </tr> <tr> <td>FR Buffer Zone</td> <td>77.38</td> </tr> <tr> <td>Riparian Reserve</td> <td>16.83</td> </tr> <tr> <td>River</td> <td>5.22</td> </tr> <tr> <th colspan="2">External HCV Area</th> </tr> <tr> <td>Segaliud Lokan Forest Reserve</td> <td>Class II 54,000 ha</td> </tr> </tbody> </table>	Internal Conservation Area		Conservation Area	Ha	Water Pond	0.64	Sepat Area	35.5	HCV Management Area		FR Buffer Zone	77.38	Riparian Reserve	16.83	River	5.22	External HCV Area		Segaliud Lokan Forest Reserve	Class II 54,000 ha	Complied
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4.5.6.2	<p>If rare, threatened or endangered species or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	<p>Regular patrols on a monthly basis to monitor the HCV buffer zones have been carried out by both the estate executives and the auxiliary patrol personnel and sightings were recorded in the record book.</p> <p>Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained.</p> <p>The estates have taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estates. 'Conservation Zone' signages and "no hunting" policy was prominently displayed and verified to be maintained during field visits.</p>	Complied
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>A management plan was developed, established and effectively implemented. Document relating to the above was available.</p>	Complied
Criterion 4.5.7: Zero burning practices			
4.5.7.1	<p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>- Major compliance -</p>	<p>The operating units adhered to the policy of "Zero open burning" for any replanting. From field visits and interviews with the workers there is no open burning being practiced in the estates. For replanting land preparation, palms are felled, chipped and windrowed as required in the company's procedure.</p>	Complied
4.5.7.2	<p>A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.</p> <p>- Major compliance -</p>	<p>Not applicable due to no record of special approval that been get from the authorities. No record of highly disease in sampling estate.</p>	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	Not applicable. Not sighted any open burning was verified as per site verification.	Not applicable
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Noted based on the records on the land clearing and felling for the replanting at sampled estates, method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	The group has established standard operation procedure for estate operation. The document was well maintained at the estates audited which were verified to be in order. The SOP covered the operational activities such as: <ul style="list-style-type: none"> a. Planting density b. Pre nursery seedlings c. Land clearing & preparation d. Oil palm planting technique e. Leguminous cover plant f. Fertilizer application g. Weeding h. Integrated management of rat control, bagworms. i. Road maintenance 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		j. Workshop k. Harvesting l. Buffalo healthcare During the site visit, it was verified that estate operations SOP were satisfactorily implement by the operating unit. This verified as per site visit.	
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. - Major compliance -	The estate managements constructed terraces at slope area of more than 6 degrees. Planting of cover crop are made to retain the soil structure and conservation. Terrace were constructed inclined towards the terrace wall.	Complied
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	Visual identification of block marking is well established, confirmed during the site visit. The marking contains the information such as block no, hectarage, planted year and material.	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Both estate managements have produced 5 Years Business Plan. The plan was prepared annually on July (financial year for IOI Group starts from July until June the following year) and approved by the Plantation Director. The 5 years business plan includes the following: a. Area statement. b. Crop (FFB) by year planting. c. Crop (FFB) monthly breakdown. d. 10 years replanting programs.	Complied

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Criterion / Indicator		Assessment Findings	Compliance																							
		e. Summary of replanting program by field. f. Detail of replanting by field. g. Executive/staff and workers requirement. h. Mature OP costing statement. i. General charges statement. j. Capital expenditure statement. k. Summary replanting cost to maturity. l. Replanting cost field by field.																								
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	Replanting program sighted as follow: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Estate Name</th> <th>Year</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td rowspan="8">Sakilan</td> <td>2021/22</td> <td>326</td> </tr> <tr> <td>2022/23</td> <td>230</td> </tr> <tr> <td>2023/24</td> <td>232</td> </tr> <tr> <td>2024/25</td> <td>232</td> </tr> <tr> <td>2025/26</td> <td>241</td> </tr> <tr> <td>2026/27</td> <td>228</td> </tr> <tr> <td>2027/28</td> <td>202</td> </tr> <tr> <td>2028/29</td> <td>202</td> </tr> <tr> <td>Linbar 2</td> <td>2021/22</td> <td>273</td> </tr> </tbody> </table>	Estate Name	Year	Ha	Sakilan	2021/22	326	2022/23	230	2023/24	232	2024/25	232	2025/26	241	2026/27	228	2027/28	202	2028/29	202	Linbar 2	2021/22	273	Complied
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Sakilan	2021/22	326																								
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	2026/27	228																								
	2027/28	202																								
	2028/29	202																								
Linbar 2	2021/22	273																								
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production: cost per tonne of FFB d) Price forecast e) Financial indicators: cost benefit, discounted cash flow, return on investment - Major compliance -	Annual business plan in the form of annual budget and the projection for 3 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER and KER, costs of production, etc.	Complied																							

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Criterion / Indicator		Assessment Findings	Compliance
4.6.2.4	The management plan shall be effectively implemented, and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	The management plan was effectively implemented, and achievements of the goals and objectives regularly monitored, periodically reviewed and documented by performance monitoring. The estates' performance was recorded in the monthly progress reports. Details on the actual vs budget i.e crop production, fixed and direct cost are shown therein. The management also provides variance report on the performance and reviewed monthly.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Contract award is handled by the Regional Office or IOI HQ, Putra Jaya guided by a procurement procedure, which is normally through tendering process.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Based on contractor contract verification in sampling estate and mill, the rate of payment was clearly stated in the agreement. Based on verification of sampled payment vouchers, the payment was made on timely manner by the Head Quarter after received invoice from the contractor.	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	The Estates had informed its contractors regarding the need to follow the MSPO requirements through MSPO training/briefing. The latest session was carried out on 10/3/2020 in estate.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Sampling in Sakilan POM, outsourcing only applicable for CPO & PK despatch based on the delivered contract with buyers. Sighted the contract agreement as following;-	Complied

Criterion / Indicator		Assessment Findings	Compliance
		CPO Transporter a) Rico enterprise b) KK Fong Sdn Bhd c) Syarikat Perniagaan Piqrusyahlia jaya PK Transporter Syarikat Pengangkutan Budi Bersaudara Sampling on KK Fong Sdn Bhd and IOI Halusah Ladang Sdn Bhd dated August 2019. This agreement valid until 31/7/2022.	
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	There were no objections from management to accept MSPO approved auditors to verify assessments through a physical inspection where required and written in the addendum contract.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	Delivery of task is verified by the mill before proceeding for payment. Evaluation of task was normally done by the estate's personnel or regional office depending on type of work. Reports of task evaluation (e.g. Checklist, Workdone) were well maintained for verification.	Complied
4.7 Principle 7: Development of new planting (Not Applicable because no new planting in Sampling estate)			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia’s National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
Criterion 4.7.2: Peat Land			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	This compliance being addressed in the Sustainable Policy - "Slope and River Protection" signed by the Pengarah Besar dated May 2018.	Not applicable
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	Not applicable

MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	IOI group has established IOI Group Sustainable Palm Oil Policy (SPOP) signed by Dato’ Lee Yeow Chor, group Chief Executive Officer and Dr. Surina Ismail, Group Head of Sustainability. The policy was last revised in October 2020. The policy emphasizes on the following commitments: <ul style="list-style-type: none"> • Compliance with all applicable legislation and codes of practice • Implementation of sustainability standards laid out in the policy of environmental, human rights, community development and social impacts • Contribution to the United Nations Sustainable Development Goals (“UN SDGs”) • Building traceable supply chain such that all suppliers are also in compliance with IOI’s Sustainability Policy • To strive the highest levels of transparency and stakeholder engagement The policy is also publicly available at https://www.ioigroup.com/content/S/pdf/Sustainable%20Palm%20Oil%20Policy.pdf	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	The commitment towards sustainable production of palm oil and its continuous improvement as outlined in the MSPO guidelines and	Complied

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Criterion / Indicator		Assessment Findings	Compliance								
	- Major compliance -	RSPO Principle and Criteria is stated in the IOI Group Sustainable Palm Oil Policy.									
Criterion 4.1.2 – Internal Audit											
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The plan of the internal audit was established at the beginning of the year. The actual internal audits were conducted by an independent unit i.e. "Sustainable Oil Palm Department".	Complied								
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	<p>The internal audits were conducted guided by the company's Standard Operation Procedure for MSPO Internal Audit Procedure (Ref. No.: MSPO/SOP/IA/2, revision no: 02, dated 1/11/2018). The recent internal audits for the sampled estates were conducted as follows:</p> <table border="1"> <thead> <tr> <th>No</th> <th>POM</th> <th>Date of audit</th> <th>Finding</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Sakilan POM</td> <td>11/10/2021</td> <td>3 finding and 2 OFI</td> </tr> </tbody> </table> <p>The root-causes of the NCR have been identified and recorded in the corrective action plan. All of the NCRs were satisfactorily closed within the timeframe.</p>	No	POM	Date of audit	Finding	1	Sakilan POM	11/10/2021	3 finding and 2 OFI	Complied
No	POM	Date of audit	Finding								
1	Sakilan POM	11/10/2021	3 finding and 2 OFI								
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The internal audit reports were available to the management of each operating unit. The report has the information about standards' requirements and findings. The results of the internal audits were also part of the agenda recorded in the management review meeting.	Complied								
Criterion 4.1.3 – Management Review											

Criterion / Indicator		Assessment Findings	Compliance
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	The Management Review meeting was last conducted on 22/10/2021. The meetings were chaired by the mill manager and attended by the Assistant, supervisor, mandora and others. Verification on implementation of CAP in Mill, Transporter Rico Enterprise (payslip and contract agreement not given by the contractor) from the verification the record of the contract and payslip already available in Mill.	Complied
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - Major compliance -	The continual improvement plan for financial year 2020/2021 was available for all the sampled estates. It was established based on the social and environmental impact. To name a few of the action plans established are: 1) Implementation of Mill Micro Macro Programme (MMMP) in Mill to ensure the progress in mill according to Standard Operating Procedure and meet product quality	Complied
4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance -	Any new technology and/or innovation equipment is subject to approval by HQ. The has planned to adopt mill operation monitoring system (MMMP) to ensure operation meets desired products quality. Already implemented on May 2021.	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			

Criterion / Indicator		Assessment Findings	Compliance
4.2.1.1	<p>The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.</p> <p>- Major compliance -</p>	<p>IOI Group has established several procedure and record to ensure all request, response and release information to stakeholders.</p> <p>Communication and consultation process are also through stakeholder meeting and the records with attendance lists was sighted. Sakilan Palm Oil Mill and its supply bases are transparent and open to communicate its information on environmental, social and legal issues related to sustainability practice to its stakeholders. The awareness among the stakeholders about the request of information was made mainly during stakeholder’s consultation meetings.</p>	Complied
4.2.1.2	<p>The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Sighted Procedure of Controlling the Disclosure of Confidential Information (For Third Party) Estate. Among the information can be made available is:</p> <ul style="list-style-type: none"> • Company’s policies • Occupational Safety and environmental management plans • Company’s annual report • MSPO/RSPO external audit reports • Continuous improvement plan • Complaint and grievance procedure • Land use rights <p>The document is divided into two grades: - Grade A; Production Control Data, Account Control Data Grade B; Worker’s Personal File, Contract of Agreement, Store & Stock Document, Correspondence Document, Internal & External Audit Report, RSPO, MSPO, ISCC Control Document, Harvesting Record.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		For the Grade B upon requests for official documents will have to go through the Estate Manager, who will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document. The Manager require to sign the Book of Confidential Information Disclosure.	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	IOI Group had established Grievance Procedure as sighted in the GSIA dated March 2019. There are three stages of handling grievance i.e.: 1. Grievance Submission - Submitted through Green Book, hotline or ECC immediately or within 24 hours 2. Preliminary Investigation - Investigate within 30 working days from grievance submission date 3. Further Investigation/Meeting with complainant - Meet up with complainant within 10 working days after preliminary investigation outcome	Complied
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	The mill has appointed Mr Mohd Ezman Bin Mohd Yusop [ref.: letter dated 4/1/2021 from the Mill Manager] to be the responsible person in handling the issues related to Indicator 1.	Complied
4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - Major compliance -	List of stakeholders for all the operating units were last updated n 11/11/2021. The list consists of various group of stakeholders such as government authorities, contractors/suppliers, NGOs, local communities and also internal stakeholders such as workers and representatives.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Records of consultation generally recorded in the stakeholders' consultation minute of meeting. The last meeting was conducted on 21/10/2021.	
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. - Major compliance -	The IOI Group has established, implemented and maintained a procedure for traceability of FFB from the estate to the CPO & PK produced by the palm oil mill. The SOP for Traceability, document no: SOP/COC/3 issue no: 06 dated on March 2019 was made available to the audit team and reviewed.	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Compliance on the traceability system was maintained through regular inspections, monthly checking of records and the annual internal audits conducted for the current year.	Complied
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	The mill management has appointed Mr. Christine Joannes (Mill Assistant Manager) as the person in charge for traceability system. The appointment was made on 04/01/2021.	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	All records of incoming FFB transported/received, CPO & PK produced and delivery, on daily basis were maintained and verified traceable through the delivery notes, lorry ticket & weighbridge which were maintained at the palm oil mill office. Records for year 2021 were maintained and sighted.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. - Major compliance -	The legal requirements register covering the applicable local and international laws and regulations is available at the office. The relevant legislation identified and listed as below: a. MPOB license no 500293404000, expired on 30/11/2021. b. "Permit Potongan Gaji Pekerja", reference no: 11/SDK/2018-092, expired on 12/04/2022. c. "Lesen Untuk Menggaji Pekerja Bukan Pemastautin", reference no: JTK.HSDK.600-4/1/1/10401/003866, expired on 23/06/2022. d. "Permit Wanita Kerja Malam", reference no: 600-1/2/8/32(08/SDK/2018-023), expired on 11/01/2022. e. SuruhanJaya Tenaga refence no: 2021/01163, expired on 14/05/2022. f. "Timbangan dan sukat (50,000)", reference no: D081265, expired on 02/03/2022.	Complied
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	The list of related regulations and laws was documented in their Legal of Requirement Register. Sustainable Palm Oil Department was in charged for the updating if there any new requirement or regulations come into force.	Complied
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	The documented system for identifying, determining, reviewing and updating applicable legal and other requirements has been satisfactorily implemented. The Legal Requirements Register was verified to be reviewed for the mill management for any relevant updates.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.	Sustainable Palm Oil Department is responsible to update as when the new regulation or amendments coming into force. Later the SPOD will distributed the information to the operating units.	Complied

Criterion / Indicator		Assessment Findings	Compliance
- Minor compliance -			
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	The oil palm milling activities does not diminish the land use rights of other users. The conditions stipulated in the land title was adhered to.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	The mill located in Sakilan Estate Land in lot 10955 with land title no. CL 075471242. The mill occupied approximately 5.11 ha of the area excluding effluent ponds. No changes from previous audit.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The palm oil mill is located within the Sakilan Estate compound properly demarcated with fences.	Complied
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There was no land dispute at the certification unit. The company has the legal ownership documents as demonstrated by possessing land titles.	Complied
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	Not Applicable. There is no customary land.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	Not Applicable. There is no customary land.	Not applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	Not Applicable. There is no customary land.	Not applicable
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The mill has last reviewed their SIA on October 2021 by the appointed Social Liaison Officers. The method of identifying the social impacts was by conducting both internal and external stakeholder meeting. Among the group of stakeholders outreached by the governmental organization, gender representatives, NGO, neighboring estates, religious representatives, employees, contractors, suppliers and village representatives. Generally, among the impacts identified were those related to compliance with legal requirements, workers welfare, handling of complaints & grievances and socio-economic impact on surrounding communities.	Complied
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	IOI Corporation Berhad has a Grievance Procedure [doc. No. IOI/P/GP/001, rev. 1, dated 20/1/2020] which outlined the system for dealing with complaints and grievance.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	The mill is having a format to record complaints or requests from the stakeholders. Based on the records, most of the complaints were about defects of housing facility. Verification of the records of complaints lodged, the actions taken by the management were found to be appropriate and timely manner.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The complaint forms were available at the operating unit's office, where the stakeholders can easily access should it be needed. Among the information available in the form is name of requestor/complainant, date of request, details of complaint/grievance, details of action taken including dates and acknowledgement signature of the requestor.	Complied
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Training conducted with workers and evaluation available to confirm their understanding of the complaint and grievance process. There is no grievance recorded for the pass 2 year. Only request for maintenance housing are made by workers. Employees and the surrounding communities were made aware that complaints or suggestions can be made any time through various meetings such as morning muster, training/briefing and stakeholder consultation.	Complied
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	Sighted all internal complaints filled, responded and the records being maintained for the last 24 months. No negative complaints made by external stakeholders within last 24 months at the mill.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of	The mill management has made contribution to the stakeholders such as contributed of cooking oil to all the workers during festive	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p>- Minor compliance -</p>	<p>season, subsidized of electricity and water, provide clinic facilities etc. Programmed with stakeholders (internal and external) was also plan and included in the social improvement plan such as family days, sport event etc. The latest contribution record available dated 24/8/2021, the record was regarding to paint for Police station with total RM 154.00.</p>	
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>IOI Group has developed OSH policy, ref no: IOIPD-PL-OSH-003, dated on April 2019, endorsed by the Group Plantation Director NB Sudhakaran.</p> <p>Safety management plan for year 2021 was made available to the audit team, prepared by the HSE Manager, Mr. Jimi Dalinting. Among the items covered or planned are as follow:</p> <ol style="list-style-type: none"> a. Emergency treatment of illness/injury on job. b. Reporting of injuries. c. Medical check-up d. Medical surveillance. e. Legal provision. Safety inspections. <p>Communication of the OSH policy and plan was conducted on 04/11/2021. The briefing was delivered by Mill Assistant Manager. Interview with the employees during the site visit to the field revealed that they were able to demonstrate a good understanding regarding on the safe working environment and able to react during emergency incident. The employees also admitted that they been briefed by and undergone a necessary training prior carry out their daily task.</p>	Complied

	Criterion / Indicator	Assessment Findings	Compliance													
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements. g) The management shall conduct regular two-way communication with their employees where issues that affect their business 	<ul style="list-style-type: none"> a) Communication and briefing of the OSH policy were made through the morning briefing session before all employees go to their workstation. Sighted the briefing records held at both of the estates. Apart from the records, safety policy was displayed on the notice board in both English and Bahasa Malaysia. b) HIRARC for the mill was made available for review, where it covers all operation and administration activities. The HIRARC sighted having details for common activities as follow; office, security, FFB received, boundary, transportation, manuring, workshop, and weighbridge. c) Related trainings and briefings were conducted to the employees who were exposed with the chemicals. Sampled some of the training records as follow: SOP Chemical Store & lubricant training, conducted on 25/02/2021, delivered by the mill assistant manager. SOP lubricant store, schedule waste and chemical store, conducted on 14/03/2021, delivered by mill assistant manager. PPE training conducted on 16/06/2021, delivered by store assistant. d) PPE issuance records were made available to the audit team. sighted the records as follow: <table border="1" data-bbox="1128 1206 1868 1374"> <thead> <tr> <th>Name</th> <th>Date</th> <th>Items</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Tome (Engine Room)</td> <td>04/02/2021</td> <td>Ear plug</td> </tr> <tr> <td>26/10/2021</td> <td>Safety shoes</td> </tr> <tr> <td>26/04/2021</td> <td>Leather glove</td> </tr> <tr> <td>Abd Ghani (Foremen)</td> <td>15/10/2021</td> <td>Safety shoes</td> </tr> </tbody> </table>	Name	Date	Items	Tome (Engine Room)	04/02/2021	Ear plug	26/10/2021	Safety shoes	26/04/2021	Leather glove	Abd Ghani (Foremen)	15/10/2021	Safety shoes	Complied
Name	Date	Items														
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Abd Ghani (Foremen)	15/10/2021	Safety shoes														

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Criterion / Indicator		Assessment Findings			Compliance
	<p>such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>			<p>Leather glove</p>	
		Jaafar Gani (Store Keeper)	11/01/2021 25/10/2021 24/07/3032	Safety helmet Safety shoes Leather glove	
		<p>e) The group has established Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Schedule Waste) 2005, Environmental Quality Act 1974, to ensure proper & safe handling, storage & disposal under the document reference IOI-OSH 3.2.2 Appendix 6 (31).</p> <p>f) The mill management has appointed Mr. Christine Joannes (Mill Assistant Manager) as the person in charge for worker's safety & health. The appointment was made on 04/01/2021.</p> <p>g) OSH committee meeting is program to be conducted on every 3 months. As to date, the management has conducted 3 OSH meeting. The date as follow: a. 26/03/2021, 28/06/2021 and 28/09/2021. the fourth meeting is expected to be done on December 2021. Among the agenda discussed during the meeting were verification on previous issues, work space inspection, accidents records, trainings & briefings conducted, HIRARC review, discussion on the audit findings or new orders from HQ, PPE stock & replacement, chemical handling checklist, building safety inspection, emergency response plan and matters arising. The minute meeting was prepared by Ms. Hasniati Ramli (SPO Supervisor, checked by Mr. Christine Joannes (Mill Assistant Manager) and verified by Mr. Thong Yee Han (Sr. Asst. Manager In-Charge).</p>			

Criterion / Indicator		Assessment Findings	Compliance
		<p>h) During the site visit, the employees were able to demonstrate good understanding regarding on the emergency response procedure. They were able to identify the emergency situation would notify the person in charge to request for an aid.</p> <p>i) First aiders were available at the workstation. Confirmed during the site visit at harvesting and spraying area. The employees can demonstrate a good understanding regarding on the emergency and safety while at works.</p> <p>j) Records of accidents are well maintained by the mill management and incidents are discussed during the emergency safety meeting and OSH committee meetings. The mill submitted form JKPP 8 to the DOSH on 06/01/2021, reference no: JKPP8/67553/2020.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>Policy on good social practices regarding human rights is addressed in the IOI Group Sustainable Palm Oil Policy (SPOP) signed by Dato' Lee Yeow Chor, group Chief Executive Officer and Dr. Surina Ismail, Group Head of Sustainability. The policy was last revised in October 2020. Communication to the employees was done in various methods such as briefing during morning muster, display on notice boards and training.</p>	Complied
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>The company is committed to ensure all the employees are treated equally regardless of race, nationality religion, gender, age and other political opinions. There was no evidence of any form of discriminatory practice.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>All the workers are under direct employment. The payslip has included basic income, allowance pay, working days, medical leave, and deduction of salary and others as per employment contract. The payroll for the following sampled workers for January 2020 and September 2020 were verified to be consistent with the Minimum Wages Order 2020. Sampling as per below id workers;-</p> <p>ISHL/IOI/1214/6909 ISHL/IOI/0712/6907 ISHL/IOI/0817/6902 ISHL/IOI/0318/6933 ISHL/IOI/0221/27814</p> <p>There was no records or complaint observed during the interview with workers. All the sampled workers had achieved the minimum wage in accordance to Minimum Wage Order 2020 and Sabah Labour Ordinance.</p>	Complied
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>There were no employees of contractors in the mill.</p>	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>The workers master list was reviewed. The list includes date of birth, date joined, gender etc.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employees had been provided with fair contracts that have been signed by both employee and employer. Migrant Indonesian workers are recruited with 2 years contract. Local workers are on a long-term employment basis.</p> <p>The following contracts has been verified to confirm that workers have binding working agreement with the company:</p> <p>ISHL/IOI/1214/6909 ISHL/IOI/0712/6907 ISHL/IOI/0817/6902 ISHL/IOI/0318/6933 ISHL/IOI/0221/27814</p>	Complied
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</p>	<p>The management had established a time recording system that makes working hours and overtime transparent using the Punch Card and Pocket Check roll system.</p> <p>Sighted the Punch Cards record and pocket check roll record of the following workers:</p> <p>ISHL/IOI/1214/6909 ISHL/IOI/0712/6907 ISHL/IOI/0817/6902 ISHL/IOI/0318/6933 ISHL/IOI/0221/27814</p>	Complied
4.4.5.8	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p>	<p>The working hours and breaks of the individual worker indicated in the time records complied with legal regulations and collective agreements. The working hours and break times was exhibited on notice boards. Working time from 7.30am to 4.00pm were given a</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	1 hour and 15 minutes break. The workers could take their breaks at their own convenient times.	
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements of Labour Ordinance Sabah and worker’s employment contract. The payroll for the following sampled workers for January 2020 and September 2020 were verified to be consistent with the Minimum Wages Order 2020.	Complied
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings. - Minor compliance -	Among the other forms of social benefits provided by the company are: <ul style="list-style-type: none"> • Annual production bonus • Turn-out incentive • EPF & SOCSO • Inhouse dispensary 	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance -	The mill workers are provided with free housing facilities which includes potable water and electricity. Housing inspection by the medical assistants was also carried out on weekly basis which criteria is mainly focusing on cleanliness and safety. Records of inspection were well maintained for verification.	Complied
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	Apart from the SPOP, this is also addressed under ‘Guidelines for Handling Harassment at Workplace’ dated 26 Nov 2020.	Complied
4.4.5.13	The management shall respect the right of all employees to form and join trade union and allow workers’ own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions	The management respected the right of all employees to form and join trade union and allow workers’ own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	Apart from the SPOP, this is addressed under IOI Group’s Equal Opportunity Employment & Freedom of Association Policies, which was signed by the Plantation Director dated Oct 2017. By this policy, employees are not restricted to join any trade union.	
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	Based on verification of the employees’ data base extracted from the SAP system, there was no evidence that children and young persons have been recruited. This is also in-line with the company’s SPOP.	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance -	Sakilan Palm Oil Mill management has established an annual training program and listed 68 different training which cover the aspect of safety & health, environmental, social and sustainability. The records were prepared by Ms. Hasniati Ramli (SPO Supervisor) and endorsed by Mr. Thong Yee Han, Senior Assistant Manager In-Charge on 30/12/2020. Some of the training records sighted are as follow: a. Safe Working Procedure: Lubricant & Chemical Store, PPE training and Emergency Response Plan, conducted on 04/08/2021, delivered by the Mill Assistant Manager. b. SOP Training: Laboratory, PPE Usage & Chemical Handling and Emergency Response Plan, conducted on 16/10/2021, delivered by Laboratory Attendant. c. SOP Sterilizer & PPE training, conducted on 06/08/2021. d. “Program Perlindungan Telinga”, conducted on 04/06/2021, delivered by the mill assistant engineer.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		e. SOP Effluent & PPE training, conducted on 18/06/2021, delivered by the mill staff.	
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. - Major compliance -	Training needs analysis record was made available to the audit team. The management has categorized the training under 4 groups which are safety & health, environment, social and sustainability. Each employee is required to undergo the training to ensure their competency while carrying out their duties.	Complied
4.4.6.3	A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure. - Minor compliance -	Continuous training program has been developed by the mill management to ensure their employees are competent and capable of doing their task. Sighted the annual training program, training needs analysis and the training records.	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented. - Major compliance -	A policy on environment was developed in accordance with the relevant country and state laws. It was documented and communicated to all levels of the workforce through briefing and placement of the policy on the notice boards. Briefing on the group's policy were conducted on 29/01/2021 to all employees.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	The environmental management plan was prepared for year 2021 and reviewed by the mill manager. The environmental aspect & impact for all operation has been conducted and documented. the scope of assessment included the management of mill effluent, schedule waste disposal, transportation of FFB/CPO/PK and others.	Complied

Criterion / Indicator		Assessment Findings	Compliance												
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -	<p>The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts.</p> <p>The POME and EFB are delivered/recycled to the plantation for fertiliser and moisture retention purposes.</p> <p>The implementation and monitoring of the documented environmental improvement plan were reviewed annually and found to be satisfactorily implemented.</p>	Complied												
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	<p>A Continual Improvement Plan (CIP) has been developed and implemented for the promotion of positive impacts. Among the area covers under CIP are water consumption, fossil fuel monitoring and boiler fuel monitoring. Sighted the action plan as follow:</p> <table border="1"> <thead> <tr> <th>Area</th> <th>Issues</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>Monthly water consumption was above the baseline 1.20 cubic metre for every Mt of FFB</td> <td>Mill to improve water usage and maintain the water consumption as per baseline value.</td> </tr> <tr> <td>Fossil fuel monitoring.</td> <td>Fuel usage above average baseline value.</td> <td>Mill to reduce and maintain fossil fuel usage below baseline value.</td> </tr> <tr> <td>Boiler fuel monitoring</td> <td>kW/Mt CPO shown to be above baseline value.</td> <td>Increase FFB processed will increase the amount of electricity through boiler fuel. Mill to</td> </tr> </tbody> </table>	Area	Issues	Action Plan	Water consumption	Monthly water consumption was above the baseline 1.20 cubic metre for every Mt of FFB	Mill to improve water usage and maintain the water consumption as per baseline value.	Fossil fuel monitoring.	Fuel usage above average baseline value.	Mill to reduce and maintain fossil fuel usage below baseline value.	Boiler fuel monitoring	kW/Mt CPO shown to be above baseline value.	Increase FFB processed will increase the amount of electricity through boiler fuel. Mill to	Complied
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Criterion / Indicator		Assessment Findings				Compliance																																				
				maintain boiler fuel usage above baseline.																																						
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	Verified that the documented training programme had been established. Briefing on the awareness and understanding of the objectives on Environmental management were adequately conducted and conveyed to all levels of employees.				Complied																																				
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	The mill management has conducted 3 meeting with the employees to discussed on the environment issues. The meeting was conducted on 26/03/2021, 28/06/2021 and 27/09/2021. Among the agenda discussed are previous agenda verification, DOE licenses & compliance requirement, effluent management system, schedule waste disposal management, continuous improvement plan.				Complied																																				
Criterion 4.5.2: Efficiency of energy use and use of renewable energy																																										
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	<p>The mill management has monitored the diesel, electricity and water consumption. Sighted the records as follow:</p> <p>Diesel Consumption Records for 5 Years</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Diesel</td> <td>498305</td> <td>590476</td> <td>581768</td> <td>571987</td> <td>535736</td> </tr> <tr> <td>CPO (Mt)</td> <td>25549.22</td> <td>26016.08</td> <td>26845.09</td> <td>27035.43</td> <td>22654.43</td> </tr> <tr> <td>FFB (Mt)</td> <td>114538.7</td> <td>117180.8</td> <td>124886.3</td> <td>122119.7</td> <td>102599.2</td> </tr> <tr> <td>Diesel/CPO</td> <td>19.50</td> <td>22.70</td> <td>21.67</td> <td>21.16</td> <td>23.65</td> </tr> <tr> <td>Diesel/FFB</td> <td>4.35</td> <td>5.04</td> <td>4.66</td> <td>4.68</td> <td>5.22</td> </tr> </tbody> </table>				Year	2017	2018	2019	2020	2021	Diesel	498305	590476	581768	571987	535736	CPO (Mt)	25549.22	26016.08	26845.09	27035.43	22654.43	FFB (Mt)	114538.7	117180.8	124886.3	122119.7	102599.2	Diesel/CPO	19.50	22.70	21.67	21.16	23.65	Diesel/FFB	4.35	5.04	4.66	4.68	5.22	Complied
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Criterion / Indicator		Assessment Findings	Compliance														
		<p>Summary of boiler fuel monitoring (July 2020 – June 2021) was made available to the audit team.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FFM (Mt)</td> <td>102,599.16</td> </tr> <tr> <td>Total CPO</td> <td>22,654.43</td> </tr> <tr> <td>Total kilowatt (kWH)</td> <td>2,066,000</td> </tr> <tr> <td>kWH/Mt CPO</td> <td>91.20</td> </tr> <tr> <td>kWH/Mt FFB</td> <td>20.14</td> </tr> <tr> <td>OER</td> <td>22.08</td> </tr> </tbody> </table>	Item	Total	FFM (Mt)	102,599.16	Total CPO	22,654.43	Total kilowatt (kWH)	2,066,000	kWH/Mt CPO	91.20	kWH/Mt FFB	20.14	OER	22.08	
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4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>The estimation of diesel consumption is reflected in their business management plan. The plan was made available to the audit team and reviewed.</p>	Complied														
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>No renewable energy implemented in the mill compound.</p>	Complied														
Criterion 4.5.3: Waste management and disposal																	
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>Waste management plan is incorporated in the Environment Impact Assessment Document, dated on 10/11/2021 until 10/11/2022. The document was prepared by the environmental liaison officer and approved by the estate manager. The waste has been categorized into 4 category which are schedule waste, clinical waste, domestic & recycle waste (sewage & garden residue) and scrap iron.</p>	Complied														

Criterion / Indicator		Assessment Findings			Compliance						
		Type of Waste	Source of Waste								
		Schedule waste	Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, fertilizer bag liner, sanitizer, polybag), SW110 (waste from electrical and electronic assembly), SW109 (waste containing mercury), SW429 (discarded chemicals or off spec)								
		Clinical waste	Bio hazard waste from clinic.								
		Domestic Waste	Building and filed block within estate,								
		Scrap iron	Residue from vehicle maintenance.								
4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<p>The identification of waste and monitoring plan integrated in the Environmental Impact Aspect Document.</p> <table border="1"> <thead> <tr> <th>Type of Waste</th> <th>Source of Waste</th> <th>Action & Monitoring Plan</th> </tr> </thead> <tbody> <tr> <td>Schedule waste</td> <td>Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, SW110 (waste from electrical and electronic assembly), SW109 (waste containing mercury), SW429 (discarded chemicals or off spec)</td> <td>To properly store, label, monitor and dispose of scheduled waste according to Environment Quality Act 1974. Lubricant and spent oil separately stored in banded storage. The empty chemical containers to be triple rinsed and punctured.</td> </tr> </tbody> </table>			Type of Waste	Source of Waste	Action & Monitoring Plan	Schedule waste	Used battery (SW102), used lubricant (SW305), used hydraulic oil (SW306), SW409 (empty chemical container, SW110 (waste from electrical and electronic assembly), SW109 (waste containing mercury), SW429 (discarded chemicals or off spec)	To properly store, label, monitor and dispose of scheduled waste according to Environment Quality Act 1974. Lubricant and spent oil separately stored in banded storage. The empty chemical containers to be triple rinsed and punctured.	Complied
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Criterion / Indicator		Assessment Findings			Compliance
		Domestic Waste	Building and filed block within estate,	Systematic collection of garbage or domestic waste. Schedule for sewage tank cleaning at periodic interval. Segregation of plastics, glass, paper, tin etc.	
		Scrap iron	Residue from vehicle maintenance.	Scrap iron accumulated at the workshop to be sold to contractor. Reusable metal parts will be stored in estate at appropriate place.	
4.5.3.3	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>Standard Operation Procedure Schedule Waste Guidelines, document no: IOI/SRO/HSE/SW/01, dated on 01/01/2017 is referred to for handling used chemical.</p> <p>The SOP covers the following:</p> <ul style="list-style-type: none"> a. Safe working procedure at the chemical store. b. Chemical store management. c. During handling chemical at store. d. Post handling chemical at store. e. Handling of chemical returned from field. f. Chemical spillage or leakage handling. g. Handling of chemical containers. h. Chemical mixing procedure. 			Complied

Criterion / Indicator		Assessment Findings	Compliance				
		The mill has engaged Lagenda Bumimas Sdn Bhd as their schedule waste contractor. Latest disposal was done on 11/11/2021 (SW305 – spent lubricant oil, SW409 – disposed containers, bags or equipment, SW429 – discarded chemical or off spec, SW417 – inks, paints, dye or vanish, SW10 – dust, slag or ash containing heavy metal, SW110 – waste from electrical and electronics assemblies)					
4.5.3.4	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance -	Domestic wastes from the mill were buried in a designated landfill in the oil palm estate. Based on SOP, no toxic wastes such as spent lubricants, empty chemical containers, used lab chemical, etc. were permitted to be disposed in the rubbish pit. The location of the landfill was also far from residential area and water ways based on the estate map provided. The weekly domestic waste disposal records were available and verified. Mill domestic waste disposed in the landfill located in the Sakilan Estate, division 2, block 97W.	Complied				
Criterion 4.5.4: Reduction of pollution and emission							
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	<p>The assessment of polluting activities was identified and documented in the Identification & Management Plan of Waste Products, Potential Pollution Sources and Potential Source of GHG Emission.</p> <table border="1"> <tr> <td>Identification of waste products/ pollutants & GHG Emission.</td> <td>Action Plan.</td> </tr> <tr> <td>Smoke emission</td> <td>To enforce boiler management plan. Observe leakage in dust cyclone and do regular maintenance. Air pollution meter gauge.</td> </tr> </table>	Identification of waste products/ pollutants & GHG Emission.	Action Plan.	Smoke emission	To enforce boiler management plan. Observe leakage in dust cyclone and do regular maintenance. Air pollution meter gauge.	Complied
Identification of waste products/ pollutants & GHG Emission.	Action Plan.						
Smoke emission	To enforce boiler management plan. Observe leakage in dust cyclone and do regular maintenance. Air pollution meter gauge.						

Criterion / Indicator		Assessment Findings		Compliance
			6 monthly monitoring of isokinetic emission. Soot blower is operated to maintain the boiler tubes free from ashes to improve efficiency.	
		Diesel	To bund diesel storage tank. Containment trap oil is constructed to prevent any leakage of diesel from going to waterways. To place rags at diesel store area.	
		Washing of lubricant floor, CPO from marshalling yards, ramps etc.	To scoop lubricants from the trap at least once a week. Proper storing, labelling, monitoring and disposal of schedule waste. To train the workers on how to handle the schedule waste and chemical spillage.	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	The polluting activities have been assessed during the environmental aspect & impact assessment. The findings were documented and made available for the audit team action plan as per indicator 4.5.4.1.		Complied
4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. - Major compliance -	The group has established a procedure to treat the POME, GSOP: Effluent Treatment Plant, doc no: IOI/StOP/11, issue no: 03, dated on 01/01/2020. the objective of this StOP is to provide a guideline to treat the effluent complied with the statutory requirement. Results and discharged limit of the treated POME is explained under indicator 4.5.5.2.		Complied

Criterion / Indicator		Assessment Findings	Compliance																												
Criterion 4.5.5: Natural water resources																															
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). <p>- Major compliance -</p>	<p>Water management plan was developed by the Sustainability Palm Oil Department for the period of October 2021 until October 2022. The main water source for the complex are water pond and rainwater. Sakilan Palm Oil Mill held the responsibility to provide clean water for both Sakilan Estate and Mill employees through the water treatment process.</p> <p>Water quality testing was conducted twice a year by Dynakey Laboratories Sdn Bhd. The result shows that the water (after chlorination) was safe to consume as the heavy metal and harmful microorganism were not detected.</p> <p>Water usage from October 2020 until October 2021 ranged from 1.54 – 2.08 cubic metre per Mt FFB.</p>	Complied																												
4.5.5.2	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>According to the Compliance Schedule, the POME is released to the watercourses. POME sample analysis was conducted on monthly basis to ensure the result as per guided by the compliance schedule. Mill management submitted Online Environmental Reporting to the Department of Environment. Sighted the POME analysis results as below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Parameter</th> <th rowspan="2">Value</th> <th colspan="3">POME Result Analysis</th> </tr> <tr> <th>October</th> <th>Sept</th> <th>August</th> </tr> </thead> <tbody> <tr> <td>BOD</td> <td>50 mg/l</td> <td>2</td> <td>< 2</td> <td>9.9</td> </tr> <tr> <td>Suspended Solid</td> <td>200mg/l</td> <td>7</td> <td>< 2</td> <td>< 2</td> </tr> <tr> <td>Oil & Grease</td> <td>20mg/l</td> <td>< 2</td> <td>< 2</td> <td>< 2</td> </tr> <tr> <td>AN</td> <td>150 mg/l</td> <td>< 1</td> <td>< 1</td> <td>1</td> </tr> </tbody> </table>	Parameter	Value	POME Result Analysis			October	Sept	August	BOD	50 mg/l	2	< 2	9.9	Suspended Solid	200mg/l	7	< 2	< 2	Oil & Grease	20mg/l	< 2	< 2	< 2	AN	150 mg/l	< 1	< 1	1	Complied
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Criterion / Indicator		Assessment Findings					Compliance
		TN	200 mg/l	< 1	< 1	8.9	
		pH	< 9	7.7	7.6	8.7	
		Temperature	< 45 dc	25	25	25	
4.6 Principle 6: Best Practices							
Criterion 4.6.1: Mill Management							
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	Standard Operating Procedures (SOP) for estates and mills were documented and maintained. Set of procedures for mill operation detailed out under Group Standard Operating Procedures (SOPs) for Palm Oil Mill, document no: IOI/StOP/A, issue no: 02, dated on 01/07/17. Sighted some of the procedures as below: a. FFB reception. b. FFB handling. c. Sterilizer. d. Threshing. e. Digestion & pressing. f. Oil room. g. Depericarper. h. Nut & kernel plant. i. Product storage & despatch. j. Laboratory. k. Effluent treatment plant. l. Biogas plant. m. Polishing plant.					Complied
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	The implementation of mill best practices was monitored thru daily monitoring and discussed during the Performance Monitoring					Complied

Criterion / Indicator		Assessment Findings	Compliance
		Committee meeting which conducted every 3 months. Besides that, they also received monthly visits from Mill Controller. Latest visit was made on 29.10.2021.	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	5 years business plan was made available to the audit team. the plan was prepared by SPOD team, checked by the Mill Assistant Manager and approved by the Mill Manager. The plan covers the following area: a. Crop FFB monthly Seasonal Breakdown. b. CPO and PK production. c. General charges and RSPO budget. d. Capital expenditure. e. Palm oil mill expenditure. f. Summary graph.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Contract award is handled by the Regional Office or IOI HQ, Putra Jaya guided by a procurement procedure, which is normally through tendering process.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	The contract agreements between the management and the contractors [e.g. Syarikat Pengangkutan Budie Bersaudara and Rico Enterprise] were verified. The rate of payment was clearly stated in the agreement. Based on verification of sampled payment vouchers, the payment was made on timely manner by the Head Quarter after received invoice from the contractor.	Complied

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.6.4: Contractor			
4.6.4.1	<p>In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.</p> <p>- Major compliance -</p>	<p>Outsourcing only applicable for CPO dispatch based on the delivered contract with buyers. No outsourcing for PK dispatch that have ex-mill contracts with buyers. Sighted the contract agreement as following:</p> <p>CPO Transporter Rico Enterprise Sampling on Rico Enterprise and IOI Halusah Ladang Sdn Bhd dated 1/8/2019. This agreement valid until 31/7/2022.</p> <p>PK Transporter Syarikat Pengangkutan Budie Bersaudara Sampling on Syarikat Pengangkutan Budie Bersaudara and IOI Halusah Ladang Sdn Bhd dated 1/8/2019. This agreement valid until 31/7/2022.</p> <p>Both contracts have been included with addendum of Transport policy mention a clause reserving the right of the certification body to audit the outsourced contractor.</p>	<p>Complied</p>
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>Sampled contract agreements as mentioned in Indicator 4.6.3.2, between the mill and the contractors were available for verification. The agreements were signed by both parties. At the point of this assessment, all the agreements were still valid.</p>	<p>Complied</p>
4.6.4.3	<p>The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.</p> <p>- Minor compliance -</p>	<p>The Mill was audited by BSI MSPO auditor and the Management accept the BSI MSPO Auditors to verify through a physical inspection if required for audit purposed.</p> <p>The Sustainable Palm Oil Department have briefed to all contractors</p>	<p>Complied</p>

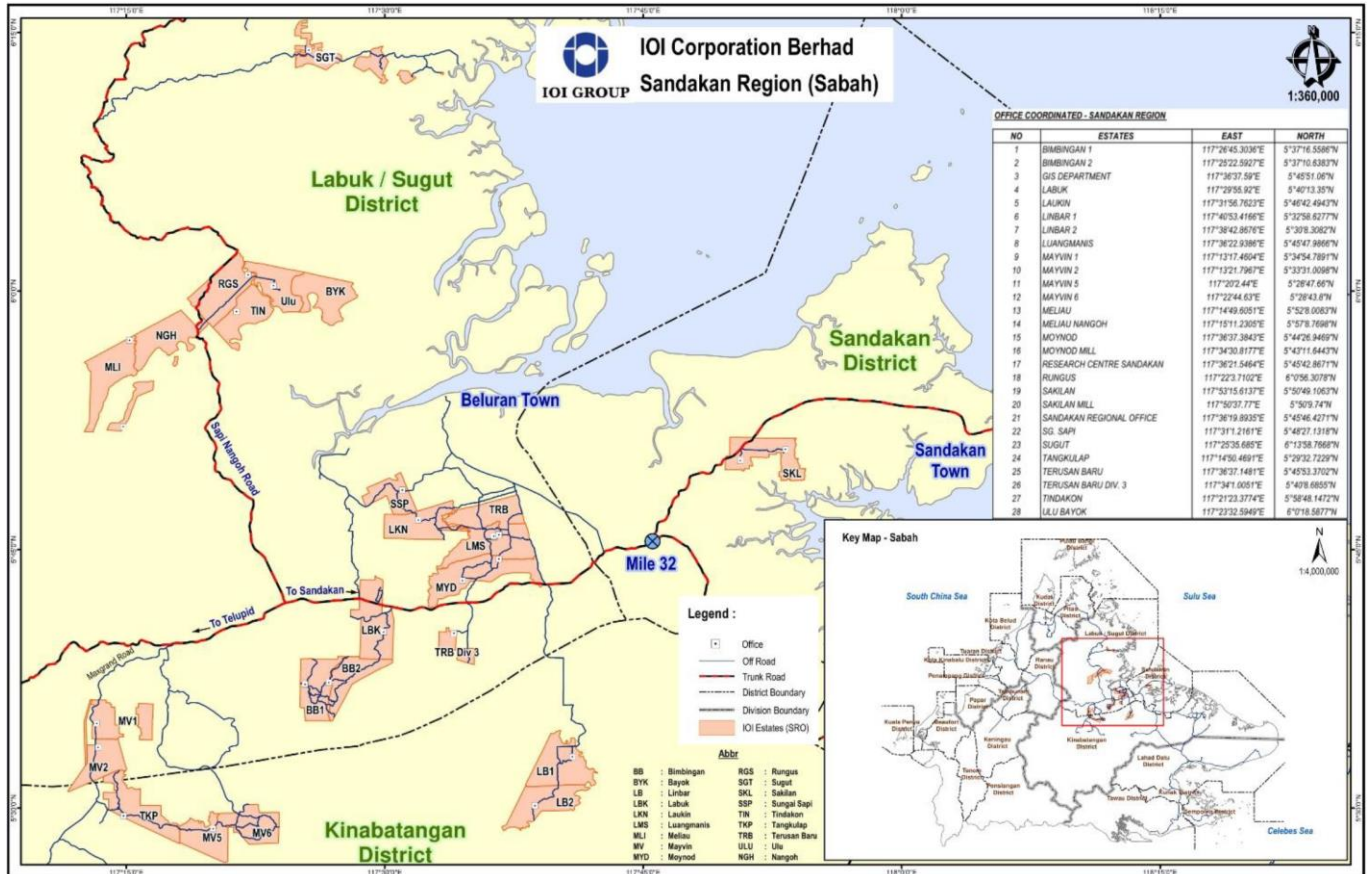
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Revision 1 (Feb 2020)

	Criterion / Indicator	Assessment Findings	Compliance
		on the verification assessment by Auditors through Taklimat RSPO & MSPO early this year.	

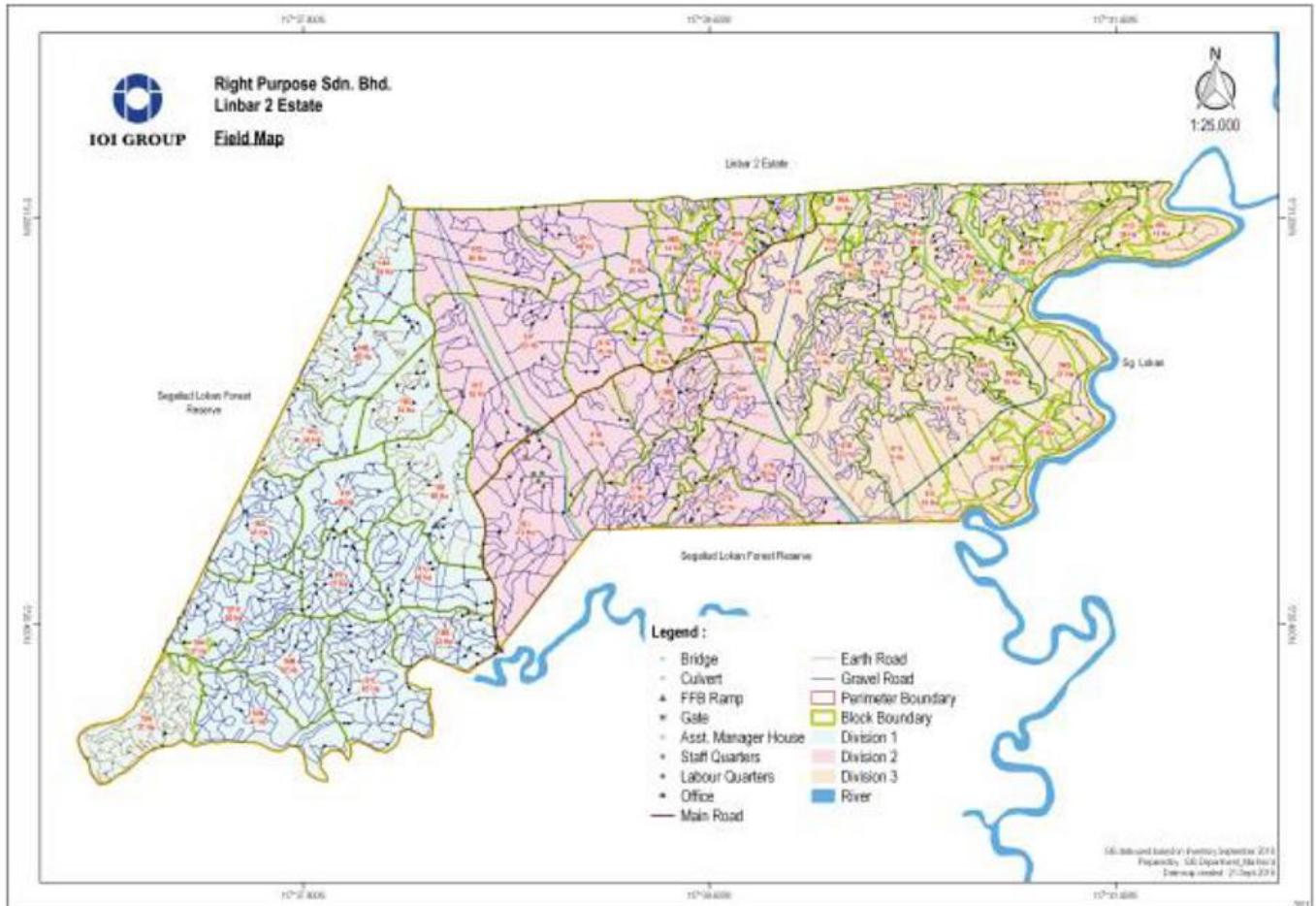
Appendix B: List of Stakeholders Contacted

<p>Government Officer: Nil</p>	<p>Community/neighbouring village: Nil</p>
<p>Suppliers/Contractors/Vendors:</p>	<p>Worker’s Representative/Gender Committee: Estate managers Mill engineer Supervisors, Staff & Clerks Mill local & foreign workers (process, workshop, etc.) Estate local & foreign workers (harvesters, sprayers, etc.) Local workers representatives Foreign workers representatives Gender committee representative Estate Hospital Assistant</p>

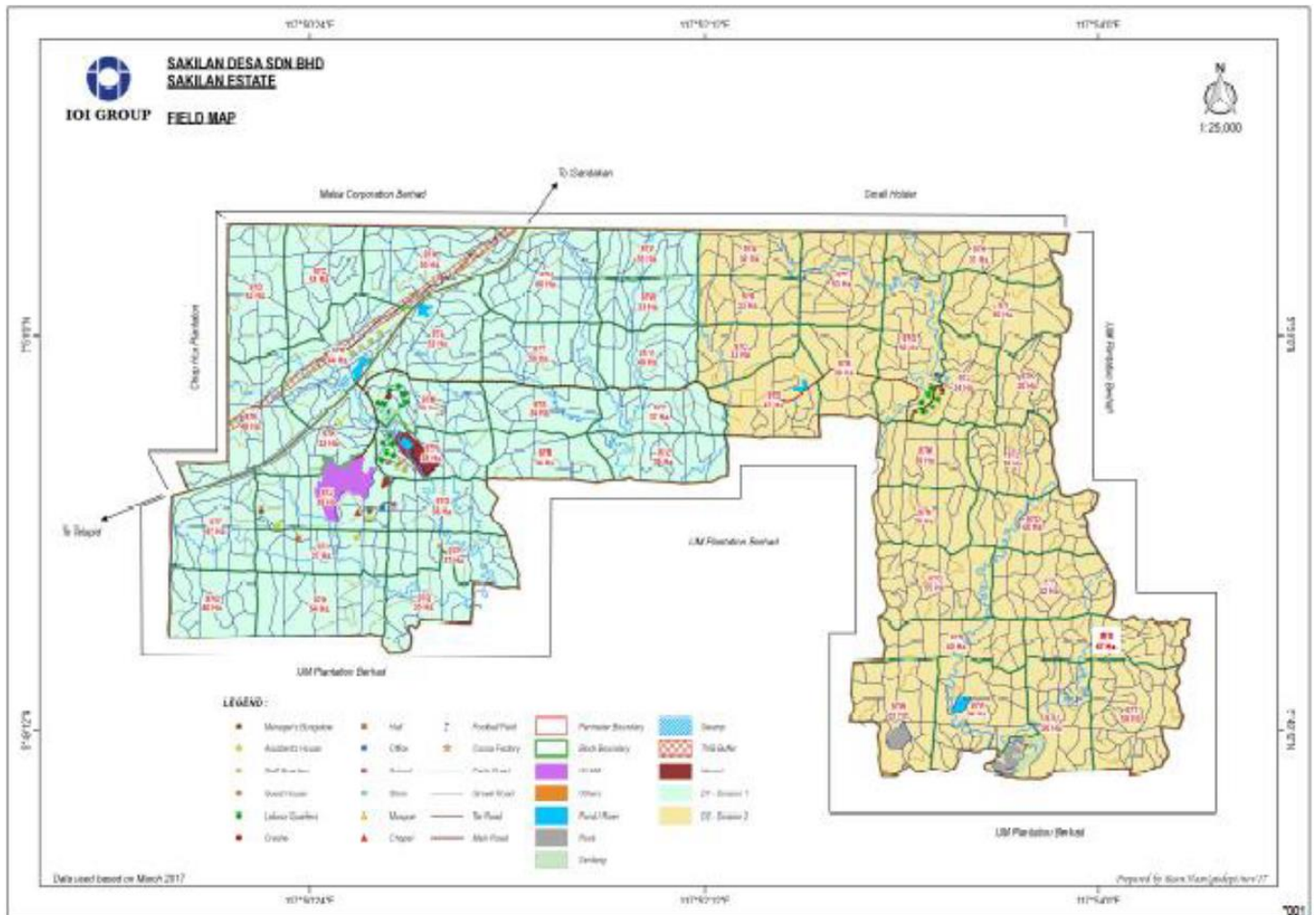
Appendix D: Location and Field Map



Appendix E: Linbar 2 Estate Field Map



Appendix F: Sakilan Estate Field Map



Appendix G: List of Abbreviations

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