



**SIRIM QAS INTERNATIONAL SDN. BHD.**  
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,  
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : EH04760002

**RSPO PUBLIC SUMMARY REPORT**

**CLIENT : IOI CORPORATION BHD – BUKIT LEELAU CERTIFICATION UNIT**

**PARENT COMPANY : IOI CORPORATION BERHAD**

**RSPO MEMBERSHIP No.: 2-0002-04-000-00**

**LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):**

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Bukit Leelau	Bukit Leelau Palm Oil Mill	03°18'00.0" N	103°08'24.0" E	KM 75 Kuantan-Segamat Highway, Muadzam Shah, Pahang, Malaysia
	Bukit Leelau Estate	03°18'00.0" N	103°07'48.0" E	KM 75 Kuantan-Segamat Highway, Muadzam Shah, Pahang, Malaysia
	Detas Estate	03°33'00.0" N	103°03'00.0" E	KM 49 Kuantan-Segamat Highway, 26330 Gambang, Pahang, Malaysia
	Merchong Estate	03°01'12.0" N	103°12'00.0" E	KM 23 Jalan Bukit Ibam-Rompin, 26700 Muadzam Shah, Pahang, Malaysia
	Mekassar Estate	02°59'24.0" N	103°10'12.0" E	KM 24 Jalan Bukit Ibam-Rompin, 26700 Muadzam Shah, Pahang, Malaysia
	Leepang A Estate	03°00'36.1" N	103°01'48.0" E	KM 68 Kuantan-Segamat Highway, 26330 Gambang, Pahang, Malaysia

**MAP : See Attachment 1**

**AUDIT DATE : 26 - 30 SEPTEMBER 2016**

**DURATION : 15 auditor days**

**TYPE OF AUDIT :** ☒ **Annual Surveillance Audit No. 01**

☐ **Recertification Audit**

**STANDARD : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014**

**SCOPE OF CERTIFICATION: Production of Crude Palm Oil and Palm Kernel Using Identity Preserved Model**

**VALIDITY OF RSPO CERTIFICATE : 19 NOVEMBER 2015 - 18 NOVEMBER 2020**

**The following attachments form part of this report:**

Non-conformity Report(s) ☒

List of additional site(s) ☐

**Report by Audit Team Leader**

Name : Hazani Othman

Signature : *Hazani Othman*

Date : 08/02/2016

**Acknowledgement by Client's Representative**

Name : *DICKENS Mamez*

Signature : *[Signature]*

Date : *14/02/17*

**IOI PLANTATION SERVICES SDN BHD**  
**PLANTATION DIVISION**  
Level 8, Two IOI Square  
IOI Resort  
62502 Putrajaya.  
Tel: 03-8947 8888  
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## RSPO PUBLIC SUMMARY REPORT

### SUMMARY OF AUDITS

Stage 2 audit / Recertification audit				
On-site audit date :	24-28/08/2015		No. of auditor days :	15
Audit team :	Mohd Hafiz Bin Mat Hussain, Valence Shem, Selvasingam T Kandiah, Roslee Bin Jamaludin			
No. of major NCR :	1	Indicator: 4.4.2		Closing date : 20/09/2015
No. of minor NCR :	1	Indicator : 5.6.3		
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	/			/
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
		/		
Supply base sampled :	Bukit Leelau Estate and Detas Estate			

Annual Surveillance Audit 1				
On-site audit date :	26-30/09/2016		No. of auditor days :	15
Audit team :	Hazani Othman (Lead Auditor), Mohd. Razman Salim, Selvasingam T. Kandiah, Mohd Ab Raouf Asis (Trainee)			
No. of major NCR :	5	Indicator: 2.1.1, 4.1.1, 4.8.1, D3.1, D5.1		Closing date : 29/11/2016
No. of minor NCR :	2	Indicator : 2.1.3, 4.3.3		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	√			√
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
	√	√		
Supply base sampled :	Merchong Estate, Mekassar Estate			
Changes since the last audit :	<p>A new Senior Manager (Mr. Tan Kim Ha) was appointed on 22.06.2016 to replace the Plantation Controller Mr. Leang Hon Wai who has been transferred from the CU. Both visited estates also had new Estate Managers – Mekassar Estate – Mr Yogesvaran Paramasivam from 26.03.2015 and at Merchong - Mr. Arul Armugham from 11.08.2016.</p> <p>New supply based Leepang A has been included in the certification. However, the site was not sampled as it was audited by the previous CB in re-certification audit in March 2016. All the major NCs were satisfactorily closed.</p>			

Annual Surveillance Audit 2				
On-site audit date :			No. of auditor days :	
Audit team :				
No. of major NCR :		Indicator:		Closing date :
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

## RSPO PUBLIC SUMMARY REPORT

### Annual Surveillance Audit 3

On-site audit date :		No. of auditor days :	
Audit team :			
No. of major NCR :		Indicator:	Closing date :
No. of minor NCR :		Indicator	
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers
	Contract workers	NGOs	Govt. agency
	Indigenous people	Contractor	Others (Please specify)
Supply base sampled :			
Changes since the last audit :			

### Annual Surveillance Audit 4

On-site audit date :		No. of auditor days :	
Audit team :			
No. of major NCR :		Indicator:	Closing date :
No. of minor NCR :		Indicator :	
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers
	Contract workers	NGOs	Govt. agency
	Indigenous people	Contractors	Others (Please specify)
Supply base sampled :			
Changes since the last audit :			

## RSPO PUBLIC SUMMARY REPORT

### SUMMARY OF INFORMATION

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period	August 2015 – July 2016	August 2016 – July 2017			
Certified Area (Ha)	7,489.58	^9,809.57			
Production Area(Ha)	6,067.00	^8,831.00			
HCV Area (Ha)	*0.15	**15.16			
Certified FFB Processed (MT)	141,982.50	176,730.00			
Production of Certified CPO (MT)	32,746.37	40,648.00			
Production of Certified PK (MT)	7,113.08	9,278.00			
REMARKS	*Not inclusive of Detas and Merchong	**Total for all supply bases ^Includes Leepang A			

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## **1.0 AUDIT PROCESS**

### **1.1 Certification Body**

SIRIM QAS International Sdn. Bhd. is the leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally and nationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and accredited by ASI on 27 September 2014.

### **1.2 Qualification of audit team**

<b>Member of the Audit Team</b>	<b>Role/area of RSPO requirements</b>	<b>Qualifications</b>
Hazani Othman	Audit Team Leader Environmental, HCV and Supply Chain scopes	Holds a Bachelor of Forestry Science and Diploma in Forestry, from the Universiti Putra Malaysia. He is a Lead auditor for ISO 14001, FSC & MTCC FMC and CoC and RSPO P&C
Mohd. Razman Salim	Auditor Social, occupational health and safety	Possessed B.Sc.Forestry (Hons) from Universiti Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology.
Selvasingam T. Kandiah	Auditor Good plantation management practices, occupational, health and safety (fields and linesites) scopes	Holds a B. Sc. (Hons) Agriculture. Had work as a planter with Kumpulan Guthrie Berhad for more than 10 years) including one year in Liberia and 2 years in Estate Department in Guthrie head quarters

### **1.3 Audit methodology**

The audit covered the Bukit Leelau palm oil mill and 2 supply bases. The sampling of the number of the supply base was using the formula of  $0.8\sqrt{y}$ . The 2 supply bases covered during the audit are Merchong Estate and Mekassar Estate. The audit included an on-site audit to the estates, mill and employees housing to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

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### 1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the the SIRIM QAS International's websites. There was no comment received for this Certification Unit.

### 1.5 Audit plan : Refer to Attachment 2

### 1.6 Date of next audit : The next surveillance audit will be conducted within 12 months but not sooner than 9 months from this audit.

## 2.0 SCOPE OF CERTIFICATION AUDIT

### 2.1 Description of the certification unit

The Bukit Leelau Certification Unit is one of the business unit under the IOI Corporation Berhad. The CU consists of Bukit Leelau Oil Mill, Bukit Leelau Estate, Detas Estate, Merchong Estate, Mekassar Estate and recently included the Leepang A Estate.

Bukit Leelau Oil Mill, Bukit Leelau Estate, Detas Estate and Mekassar Estate are the subsidiaries of Perusahaan Mekassar Sdn.Bhd. while Merchong Estate and Leepang A are the subsidiary of Syarikat Pukin Ladang Kelapa Sawit Sdn.Bhd. Both Syarikat Pukin Ladang Kelapa Sawit Sdn. Bhd. and Perusahaan Mekassar Sdn. Bhd. are the subsidiaries of IOI Corporation Berhad. The registration of RSPO Supply Chain in the RSPO e-trace for traceability of sustainable crude palm oil is under the name of Perusahaan Mekassar Sdn. Bhd.

As the Bukit Leelau CU was fully developed, Principle 7 of the RSPO Principles & Criteria is therefore not applicable.

The Bukit Leelau Oil Mill has a processing capacity of 40 metric tonnes of fresh fruit bunches (FFB) per hour. The mill only received and processed crops from its owned estate.

### 2.2 Description of the Supply Base (including the planting profile)

The FFB is sourced from company owned estate in the Bukit Leelau CU and others estate which are under IOI Corporation Berhad. Details of the FFB contribution from each source to the Bukit Leelau POM are shown in the following tables:

Table 1: Actual FFB production by the supply base for the last reporting period  
(August 2015 - to July 2016)

Estates	FFB Production	
	Tonnes	Percentage (%)
Bukit Leelau Estate	27,576.29	19.42
Detas Estate	25,325.95	17.84
Merchong Estate	40,040.73	28.20
Mekassar Estate	23,286.34	16.40
Leepang A Estate	22,838.03	16.09
* Laukin Estate (IOI Estate)	* 2,529.00	1.78
* Shahzan IOI 2 Estate (IOI Estate)	* 386.08	0.27
Total	141,982.42	100.00

\* Include diversion from Pukin CU (under the IOI Group with RSPO Certificate Number: RSPO 927888)

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Table 2: Projected FFB production by the supply base for the next reporting period  
(August 2016 to July 2017)

CU own estate	FFB Contribution	
	Tonnes	Percentage (%)
Bukit Leelau Estate	18,850	10.67
Detas Estate	19,760	11.18
Merchong Estate	54,180	30.66
Mekassar Estate	32,720	18.51
Leepang A Estate	51,220	28.98
<b>Grand Total</b>	<b>176,730</b>	<b>100.00</b>

Table 3: Actual FFB received and CPO & PK dispatch by the Mill for the last reporting period  
(August 2015 to July 2016)

	Total (MT)
FFB Received	141,982.42
FFB Processed	141,982.42
CPO Production	32,746.37
PK Production	7,113.08
CPO delivered as IP	16,174.30
CPO delivered as non-RSPO	5,326.59
PK delivered as IP	5,355.85
PK delivered as non-RSPO	1,757.23

Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period  
(August 2016 to July 2017)

	Total (MT)
FFB Received	176,730
FFB Processed	176,730
CPO delivered as IP	40,648
CPO delivered as non-RSPO certified	0
PK delivered as IP	9,278
PK delivered as non-RSPO certified	0

Table 5: Planted and certified area of the CU

Estate	Planted (ha)	Certified (ha)
Bukit Leelau Estate	1,957.00	2,096.00
Detas Estate	2,111.00	2,225.78
Merchong Estate	1,806.00	1,934.40
Mekassar Estate	1,128.00	1,209.39
Leepang A Estate	1,829.00	2,344.00
<b>Total</b>	<b>8,831.00</b>	<b>9,809.57</b>

Table 6: Planting profile for Bukit Leelau CU

Estate	Year of establishment	Mature (Ha)	Immature (Ha)	Planted area	% of planted area mature	% of planted area immature
Bukit Leelau Estate	1989	1,010.00	947.00	1,957.00	51.61	48.39
Detas Estate	1982	1,253.00	858.00	2,111.00	59.36	40.64
Merchong Estate	1986	1,806.00	0	1,806.00	100.00	0.00
Mekassar Estate	1986	1,128.00	0	1,128.00	100.00	0.00
Leepang A Estate	2001	1,829.00	0	1,829.00	100.00	0.00
<b>Total</b>		<b>7,026.00</b>	<b>1805.00</b>	<b>8,831.00</b>	<b>79.56</b>	<b>20.44</b>



### 2.3 Organizational Information/Contact Person(s)

The Bukit Leelau mill hold the certificate for ISCC. However all the estate did not hold any third-party certification on management systems.

The details of the contact person is as shown below:

IOI Group

Name	:	Mr. Dickens Mambu
Position	:	Manager - Sustainability
Address	:	IOI Corporation Berhad, Level 8, TWO IOI Square, IOI Resort, 62502 Putrajaya
Phone no.	:	+603 8947 8701
Fax no.	:	+603 8943 2266
Email	:	dickens.mambu@ioigroup.com

Contact person (at Bukit Leelau CU)

Name	:	Mr. Chong Yew Keng
Position	:	Mill Manager
Address	:	KM 75 Kuantan - Segamat Highway, Muadzam Shah, Pahang, Malaysia
Phone no.	:	+609 5460766
Fax no.	:	+609 5460115
Email	:	blm@ioigroup.com

### 3.0 AUDIT FINDINGS

#### 3.1 Changes to certified products in accordance to the production of the previous year

The CU had updated its time bound plan of RSPO certification status of all its CUs. Details on RSPO Certification progress against time-bound plan are shown in the Attachment 3.

#### 3.2 Time bound plans including changes and reasons for the changes see below

	Yes	No	If yes, state reasons/justifications
- acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

#### 3.3 Overall comment in terms of acceptance or non-acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed )

There is no changes to the time-bound plan.

#### 3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification.

☐

Yes

☐

No

If no, please state reasons

N/A as there is no associated smallholders supplying FFB to the CU.

#### 3.5 Any new acquisition which has replaced primary forests or HCV areas

☐

Yes

☒

No

#### 3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

The Plantation Controller Mr. Leang Hon Wai was transferred out and a new Senior Manager Mr. Tan Kim Ha was appointed on 22.06.2016.

Both visited estates had new Managers: Mekassar Estate – Mr Yogesvaran Paramasivam appointed on 26.03.2015 and at Merchong - Mr. Arul Armugham on 11.08.2016.

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### 3.7 Status of previous non-conformities \*

Closed

☒

Not closed

☐

\* If not closed, minor non conformity will be upgraded to major non conformity

### 3.8. Complaint received from stakeholder (if any)

There was no significant complaint received from stakeholders during interview with Tok Batin Kg. Sawah Batu, contractor, suppliers and foreign workers.

## 4.0 DETAILS OF NON-CONFORMITY REPORT

### 4.1 For P&C (Details checklist refer to Attachment 4) :

Total no. of minor NCR(s)  
(details refer to Attachment 5 )

List : 2

HO-02, STK-3.2016

Total no. of major NCR(s)  
(details refer to Attachment 5 )

List : 3

HO-01, STK-1.2016, STK-2.2016

### 4.2 For SC (Details checklist refer to Attachment 6) :

Total no. of major NCR(s)  
(details refer to Attachment 7 )

List : 2

HO-03, HO-04

## 5.0 AUDIT CONCLUSION

The audit team concludes that the organisation has established and maintained its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

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### 6.0 RECOMMENDATION



No NCR recorded. Recommended to continue certification.



Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.

*Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs.*



Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.



Recommended to continue certification.



Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.

*Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.*

10. **IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P & C CERTIFICATION.**

Audit Team Leader :	<b>Hazani Othman</b>	<i>Hazani Othman</i>	29/11/2016
	(Name)	(Signature)	(Date)

Map of Bukit Leelau CU



## RSPO PUBLIC SUMMARY REPORT

Attachment 2

### RSPO SURVEILLANCE AUDIT PROGRAMME

**Day 1: 26 September 2016 (Monday)**

Time	Auditor		
0900am-0930am	Opening Meeting (at Bukit Leelau POM): Team introduction and briefing on audit objectives, scope, methodology, criteria, programmes, etc. by audit team leader.		
0930am-1000am	Briefing by organization on progress of RSPO implementation, including: <ul style="list-style-type: none"> <li>• action taken to address previous audit findings.</li> <li>• update on time bound plan progress.</li> <li>• significant changes that could affect conformities to requirements, new acquisition / disposition, structure, infrastructure, facilities, capacity, new planting / replanting hectareage, sales, etc.</li> <li>• issues, such as legal non-compliance / action, disputes, complaint, claims etc.</li> </ul>		
1000am-1300pm	<b>Hazani &amp; Raouf</b>	<b>Selva</b>	<b>Razman</b>
	Audit at <b>Merchong Estate</b> of relevant Indicators of P1, P2, P4, P5, P7, and P8 of environmental and HCV management, including follow up of previous issue, if any: <ul style="list-style-type: none"> <li>• Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>• Audit of environmental management at relevant areas / location including applicable amenities, facilities, infrastructure, (e.g. stores of chemical, fertilizer, oils and scheduled wastes, workshop, control of wastewater, genset, wastes recycling stations, clinic, linesites. landfill, etc.).</li> <li>• Audit of management of any conservation at relevant areas / location including any HCV, riparian buffer zone, steep areas, wildlife habitat, etc.</li> </ul>	Audit at <b>Mekassar Estate</b> of relevant Indicators P1, P2, P3, P4, P7 and P8 of good agricultural practices (GAP) and occupational safety and health (OSH) management related to fields activities, water and domestic waste management, control of burning in estate, including follow up of previous issue, if any: <ul style="list-style-type: none"> <li>• Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, commitment to long-term economic and financial viability, water management, training, continuous improvement plan etc.</li> <li>• Audit of GAP and OSH practices in fields (e.g. replanting / land preparation, nursery, planting, weeding, spraying, harvesting, IPM and application of EFB and POME, water management etc.).</li> <li>• Consultation with any relevant management personnel, local and foreign employees, committees, contractors, etc.</li> </ul>	Audit at <b>Bukit Leelau POM</b> of relevant Indicators P1, P2, P4, P6, P7 and P8 of occupational safety, health and social management, including follow up of previous issue, if any: <ul style="list-style-type: none"> <li>• Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>• Audit of OSH management at relevant mill operation, amenities, facilities, (e.g. stores of chemicals, fertilizers, and oils, workshop, water &amp; effluent treatment plants, laboratory, boiler, genset etc.</li> <li>• Audit of social aspects including management of any amenities and facilities provided or available, such as linesites, water treatment plant, shops worship / prayer places, clinic, recreational facilities etc.</li> <li>• Consultation with any relevant management personnel, stakeholders, such as local and foreign employees, committees, unions, contractors, suppliers, tenants, local communities, government agencies etc.</li> </ul>
1300pm-1400pm	Lunch break		
1400pm-1700pm	<b>Hazani &amp; Raouf</b>	<b>Selva</b>	<b>Razman</b>
	Continue audit at <b>Merchong Estate</b>	Continue audit at <b>Mekassar Estate</b>	Continue audit at <b>Bukit Leelau POM</b>

## RSPO PUBLIC SUMMARY REPORT

### Day 2: 27 September 2016 (Tuesday)

Time	Hazani	Selva & Raouf	Razman
0830am-1300pm	Continue audit at <b>Merchong Estate</b>	Continue audit at <b>Mekassar Estate</b>	Continue audit at <b>Bukit Leelau POM</b>
1300pm-1400pm			
1400pm-1700pm	Audit at <b>Mekassar Estate</b> of relevant Indicators of P1, P2, P4, P5, P7, and P8 of environmental and HCV management, including follow up of previous issue, if any: <ul style="list-style-type: none"> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>Audit of environmental management at relevant areas / location including applicable amenities, facilities, infrastructure, (e.g. stores of chemical, fertilizer, oils and scheduled wastes, workshop, control of wastewater, genset, wastes recycling stations, clinic, domestic waste management at linesites.etc.).</li> <li>Audit of management of any conservation at relevant areas / location including any HCV, riparian buffer zone, steep areas, wildlife habitat, etc.</li> </ul>	Continue audit at <b>Mekassar Estate</b>	Audit at <b>Merchong Estate</b> of relevant Indicators P1, P2, P4, P6, P7 and P8 of occupational safety, health and social aspects, including follow up of previous issue, if any: <ul style="list-style-type: none"> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>Audit of OSH management of operation related to estate facilities (e.g. stores of chemicals, fertilizers, and oils, workshop, water treatment plant, mixing, washing and shower facilities, genset etc.).</li> <li>Audit of social aspects including management of any amenities and facilities provided or available, such as linesites, water treatment plant, shops, worship / prayer places, clinic, recreational facilities etc.</li> <li>Consultation with any relevant stakeholders, such as local and foreign employees, committees, unions, contractors, suppliers, tenants, local communities, government agencies etc.</li> </ul>

### Day 3: 28 September 2016 (Wednesday)

Time	Hazani	Selva	Razman & Raouf
0830am-1300pm	Continue audit at <b>Mekassar Estate</b>	Audit at <b>Merchong Estate</b> of relevant Indicators P1, P2, P3, P4, P7 and P8 of good agricultural practices (GAP) and occupational safety and health (OSH) management related to fields activities, water and domestic waste management, control of burning in estate, including follow up of previous issue, if any: <ul style="list-style-type: none"> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, commitment to long-term economic and financial viability, water management, training, continuous improvement plan etc.</li> <li>Audit of GAP and OSH practices in fields (e.g. replanting / land preparation, nursery, planting, weeding, spraying, harvesting, IPM and application of EFB and POME, water management etc.).</li> <li>Consultation with any relevant management personnel, local and foreign employees, committees, contractors, etc.</li> </ul>	Continue audit at <b>Merchong Estate</b>
1300pm-1400pm	Lunch break		
1400pm-1700pm	Continue audit at <b>Mekassar Estate</b>	Continue audit at <b>Merchong Estate</b>	Continue audit at <b>Merchong Estate</b>

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### Day 4: 29 September 2016 (Thursday)

Time	Hazani & Raouf	Selva	Razman
0800am-1300pm	<p>Audit at <b>Bukit Leelau POM</b> of relevant Indicators of P1, P2, P4, P5, P7, and P8 of environmental, and HCV management, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>Audit of environmental management at relevant areas / location including applicable amenities, facilities, infrastructure, (e.g. stores of chemical, fertilizer, oils and scheduled wastes, workshop, control of wastewater, genset, wastes recycling stations, clinic, domestic waste management at linesites.etc.).</li> <li>Audit of management of any conservation at relevant areas / location including any HCV, riparian buffer zone, steep areas, wildlife habitat, etc.</li> </ul> <p>Audit at <b>Bukit Leelau POM</b> related to Supply Chain requirements and implementation of related model including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> <li>Documented procedures</li> <li>Purchasing and goods in</li> <li>Record-keeping</li> <li>Processing</li> </ul>	Continue audit at <b>Merchong Estate</b>	<p>Audit at <b>Mekassar Estate</b> of relevant Indicators P1, P2, P4, P6, P7 and P8 of occupational safety, health and social aspects, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>Audit of OSH management of operation related to estate facilities (e.g. stores of chemicals, fertilizers, and oils, workshop, water treatment plant, mixing, washing and shower facilities, genset etc.).</li> <li>Audit of social aspects including management of any amenities and facilities provided or available, such as linesites, water treatment plant, shops, worship / prayer places, clinic, recreational facilities etc.</li> <li>Consultation with any relevant stakeholders, such as local and foreign employees, committees, unions, contractors, suppliers, tenants, local communities, government agencies etc.</li> </ul>
1300pm-1400pm	Lunch break		
1400pm-1700pm	Continue audit at <b>Bukit Leelau POM</b>	Continue audit at <b>Merchong Estate</b>	Continue audit at <b>Mekassar Estate</b>

### Day 5: 30 September 2016 (Friday)

Time	Hazani	Selva	Razman & Raouf
0830am-1230pm	Continue audit at <b>Bukit Leelau POM</b>	Continue audit at any unfinished operating unit.	Continue audit at <b>Mekassar Estate</b>
1230pm-1430pm	Lunch break & Friday pray		
1430pm-1530pm	Audit team discussion and concluding of findings, writing and issuance of NCR (if any), and preparation for verbal reporting of audit findings.		
1530pm-1700pm	Closing Meeting (at Bukit Leelau POM)		

## RSPO PUBLIC SUMMARY REPORT

### Attachment 3

#### RSPO Certification Time-bound Plan

No.	Certification Unit	Location	Certification Status	Certification Body	Certificate Number
1.	Pamol Sabah	Sandakan, Sabah, Malaysia	Certified since March 2010	SGS Malaysia	<ul style="list-style-type: none"> <li>No outstanding issues. Planned for ASA2 in 2016.</li> </ul>
2.	Sakilan POM	Sandakan, Sabah, Malaysia	Certified since March 2010	BSI Malaysia	<ul style="list-style-type: none"> <li>No outstanding issues. Planned for ASA1 in 2016.</li> </ul>
3.	Pamol Kluang	Kluang, Johor, Malaysia	Certified since March 2010	BSI Malaysia	<ul style="list-style-type: none"> <li>RSPO 547027</li> </ul>
4.	Gomali	Segamat, Johor, Malaysia	Certified since August 2010	Intertek Certification	<ul style="list-style-type: none"> <li>RSPO 930588</li> </ul>
5.	Baturong	Tawau, Sabah, Malaysia	Certified since October 2010	Intertek Certification	<ul style="list-style-type: none"> <li>ASA1 completed in 2016.</li> </ul>
6.	Bukit Leelau	Muadzam Shah, Pahang, Malaysia	Certified since November 2010	SIRIM QAS International Sdn. Bhd.	<ul style="list-style-type: none"> <li>RSPO 010</li> </ul>
7.	Mayvin	Sandakan, Sabah, Malaysia	Certified since December 2010	Intertek Certification	<ul style="list-style-type: none"> <li>ASA1 completed in 2016.</li> </ul>
8.	Pukin	Rompin, Pahang, Malaysia	Certified since June 2012	Intertek Certification	<ul style="list-style-type: none"> <li>RSPO 927888</li> </ul>
9.	Leepang	Lahad Datu, Sabah, Malaysia	Certified since December 2013	Intertek Certification	<ul style="list-style-type: none"> <li>ASA3 completed in 2016.</li> </ul>
10.	Syarimo	Lahad Datu, Sabah, Malaysia	Certified since March 2013	Intertek Certification	<ul style="list-style-type: none"> <li>ASA3 completed in 2016.</li> </ul>
11.	Ladang Sabah	Sandakan, Sabah, Malaysia	Certified since April 2013	Intertek Certification	<ul style="list-style-type: none"> <li>ASA3 completed in 2016.</li> </ul>
12.	Morisem	Lahad Datu, Sabah, Malaysia	Certified since December 2013	Intertek Certification	<ul style="list-style-type: none"> <li>ASA3 completed in 2016.</li> </ul>
13.	IOI-Pelita	Miri, Sarawak, Malaysia	Certification in-progress	N.A.	<ul style="list-style-type: none"> <li>Pending resolution of land dispute and RSPO decision.</li> <li>Settlement Discussion with local community is presently still ongoing. A Dialogue and Mediation session with LTK Community was held on the 5th August 2016. Ms Oi Soo Chin from RSPO attended as an observer. Some preliminary agreements between the parties have been reached. Meeting notes are being finalized.</li> </ul>
14.	Unico POM-1	Lahad Datu, Sabah, Malaysia	Planned – 2018	N.A.	<ul style="list-style-type: none"> <li>Acquired in 2014. Established OP plantation (before 2005). Supply base do consists of external / independent smallholders.</li> </ul>



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15.	Unico Desa POM-2	Lahad Datu, Sabah, Malaysia	Planned – September 2017	NA	<ul style="list-style-type: none"> <li>• Preparations towards Certification in progress.</li> <li>• Acquired in 2014. Established OP plantation (before 2005). Supply base do consists of external / independent smallholders.</li> <li>• Preparations towards Certification in progress.</li> </ul>
16.	PT Sukses Karya Sawit	Ketapang, Kalimantan, Indonesia.	Planned – 2017	NA	<ul style="list-style-type: none"> <li>• Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' application in progress.</li> <li>• Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 had lifted the Suspension effective 8th August 2016.</li> <li>• Certification preparations in progress. Pending issuance of HGU.</li> </ul>
17.	PT Berkat Nabati Sejahtera	Ketapang, Kalimantan, Indonesia.	Planned – 2017	NA	<ul style="list-style-type: none"> <li>• Acquired in 2009 (new concession land). POM was commission in Feb 2015 and Governmental 'Hak Guna Usaha' application in progress.</li> <li>• Update on the RSPO Suspension and complaint by Aidenvironment – After reviewing our progress reports and submission, RSPO on the 5th August 2016 had lifted the Suspension effective 8th August 2016.</li> <li>• Certification preparations in progress. Pending issuance of HGU.</li> </ul>

## RSPO PUBLIC SUMMARY REPORT

Attachment 4

### RSPO P&C AUDIT CHECKLIST AND FINDINGS

#### Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	Mekassar Estate and Merchong Estate continued to use the 'Stakeholder Request Procedure' in it IOI Group Social Impact Assessment (SIA) Index 10.0 which is available on its website <a href="http://www.ioigroup.com">www.ioigroup.com</a> . The estates maintained lists of its stakeholders which included the neighbouring stakeholders, Government/Statutory Bodies, Banks, Suppliers and Contractors. The lists were updated in January 2016. In addition to that on the website, information was also disseminated during meetings. The latest meeting held by Mekassar Estate and Merchong Estate was on Sept 2016 with internal and external stakeholders of both the estates. In the estates, all IOI's policies were displayed in dual language on the notice board outside the main offices. List of stakeholders is also available for Bukit Leelau POM. Divided by a few categories such as government agencies, suppliers/service providers/contractors, surrounding neighbours (other companies, local communities, school), NGO (AMESU, MPOA, NUPW). The list was last updated in June 2016. Stakeholder Request Procedure [Bukit Leelau POM Level (incorporated in SIA Management Plan and Continuous Improvement)] is available dated in May 2016. However, no request of information so far by any of the stakeholders.
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	In both estates, all requests, complaints or suggestions from internal and external stakeholders related to social, cultural and economic issues and the responses were recorded in the Grievance/Complaints Book (Green Book). All records had dates of complaint and dates attended to and by whom. The latest complaint recorded was in June 2016 for both Mekassar and Merchong Estate. Both complaints were related to repairs to workers' quarters. Records/minutes showed that the latest meeting held by both Mekassar Estate and Merchong Estate was in July 2016 with internal and external stakeholders at Merchong Estate. Among the external records of communications sighted were communication with DOSH for both estates and with BOMBA on Merchong Estate dated in March 2016. There has been no information request from stakeholders since the last audit except the quarterly report as specified by DOE to the mill. The quarterly report has been submitted to DOE by the mill on regular basis.
C 1.2 Management documents are publicly available, except	1.2.1 Land titles/user rights (Criterion 2.2);	YES	Publicly available. Cross refer to Criterion 2.2.
	Occupational health and safety plans (Criterion 4.7);	YES	Publicly available. Cross refer to Indicator 4.7.1.

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where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	YES	Publicly available. Cross refer to Criterion 5.1 and 6.1.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	Publicly available. Cross refer to Criterion 5.2.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Publicly available. Cross refer to Criterion 5.6.
		Details of complaints and grievances (Criterion 6.3);	YES	Grievance book is publicly available. Cross refer to Criterion 6.3.
		Negotiation procedures (Criterion 6.4);	YES	Grievance Procedure for Land Owner Issues (incorporated in SIA Management Plan and Continuous Improvement) is publicly available. Cross refer to Criterion 6.4.
		Continual improvement plans (Criterion 8.1);	YES	Continual Improvement plans. Cross refer to Criterion 8.1.
		Public summary of certification assessment report;	YES	The public summary of Bukit Leelau CU had been published in the SIRIM QAS International website: <a href="http://www.sirim-qas.com.my/core-files/uploads/2016/08/RSPO-Bukit-Leelau-RA-2015-Public-Summary.pdf">http://www.sirim-qas.com.my/core-files/uploads/2016/08/RSPO-Bukit-Leelau-RA-2015-Public-Summary.pdf</a>
		Human Rights Policy (Criterion 6.13).	YES	Human Rights policy was established in 6 policies: i) Equal Opportunity Employment & Freedom of Association ii) Policy on Foreign Workers iii) Policy Statement for No Child Labour iv) Protection of Reproductive Right Policy v) Policy on the Prevention and Eradication of Sexual Harassment in the Workplace vi) Respecting Human Rights Policy
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	Policy entitled "Code of Business Conduct & Ethics", signed by the company top management dated October 2012 is available. Coverage of the policy included : • A respect for fair conduct of business (under the title "Fairness") • Bribery – under the title "Dealing with Conflicts of Interest" Proper disclosure of information – under the title of Company Assets and Information, Data Privacy – sighted undertaking letter for Personal Data Protection signed by employees, which make reference to Malaysian Personal Data Protection Act 2010.

### **Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	NO	Bukit Leelau POM, Merchong Estate and Mekassar Estate did not hire underage persons to work on the estates, thus did not contravene the Children and Young Persons (Employment) Act 1966 (Act 350), the Malaysian Labour Laws (Am. Act A1238) and their own policy. Workers were all legally recruited and terms and condition of employment found to be in accordance to the Employment Act. Both Estates had employed foreign workers from India, Nepal and Indonesia. All of had valid

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Passports and Work Permits. Samples of foreign workers documents were reviewed during the audit at the estates.

The estates had complied with most of the applicable local, national and ratified international laws and regulations except for the legal requirement on OSH medical surveillance - Regulation 27 of the 'Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000'. At the time of visit, in Merchong Estate there was no evidence to show that medical surveillance had been carried out by an occupational health doctor for 4 workers who carried out trunk injection using the Class 1b pesticide, Methamidophos. Thus, Major NCR STK 01 2016 was issued.

Relevant licences and permits such as Foreign Workers Permits and Passports, MPOB license, Energy Commission, Domestic Trade Ministry for diesel and Road tax for vehicles were valid.

Some of the records sighted at Mekassar Estate included:

1. MPOB Licence
2. Air compressor permit
3. Diesel permit
4. Tube Well Licence

In Merchong Estate, the following were reviewed:

1. MPOB Licence
2. Air compressor permit
3. Diesel permit
4. Permit to pay advance to workers

### Bukit Leelau POM

Among the evidence of compliance observed were:

### Factory and Machinery Act 1967

#### i) Person In Charge Regulation 2014

Competent Person	Bukit Leelau POM
Steam engineer	Available (2 <sup>nd</sup> Grade Steam Engineer, Mill Manager)
ICE Visiting Engineer	Available, (2 person = 1 <sup>st</sup> Grade engine driver)
Engine Driver (BHC)	Available (2 person = 1 <sup>st</sup> grade engine driver and 3 person = 2 <sup>nd</sup> grade engine driver)
ICE Driver	Available (2 person = 2 <sup>nd</sup> grade ICE driver)

Bukit Leelau POM has appointed external competent person for ICE visiting engineer. Sighted frequent visit has been carried out for 2016. The latest visit sighted was in Sept 2016.

#### ii) Notification, Certificate of Fitness and Inspection, Regulations 1970

Machine requiring CF – Steam boiler and unfired pressure vessel are scheduled for inspection on annual basis. Annual mill inspection was carried out in Apr 2016 by DOSH.

#### iii) Noise Exposure Regulations 1989

Initial Noise Exposure Monitoring was conducted in Oct 2010 by competent consultant. Additional Noise Exposure Monitoring was conducted in Jan 2013 by the same consultant during initial monitoring due to additional installation of 3 units of generator sets.

Latest audiometric test was carried out in Oct 2015 by consultant which involved 109 workers. All the workers that identified with STS and hearing impairment were re-test this year Oct. The

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				<p>OHD has recommended retest for named personnel in Nov 2016.</p> <p><u>OSH(USECHH) Regulation 2000</u></p> <p>CHRA has been carried out at Bukit Leelau POM in Mar 2014 by competent personnel. The report is valid until Mar 2019.</p> <p>Inspection, examination and testing of Local Exhaust Ventilation (LEV) System Component for the Laboratory Fume Hood had been carried out in Feb 2016. Monthly inspection for fume hood was carried out by the staff of Bukit Leelau POM appropriately.</p> <p>Chemical exposure monitoring for employees exposed to n-Hexane has been conducted by Hygiene Technician 1 in Feb 2016.</p> <p><u>Mekassar &amp; Merchong Estate</u></p> <p>CHRA has been carried out at Mekassar &amp; Merchong Estate in Mar &amp; Apr 2014, respectively. The report is valid until Mar 2019. Health Surveillance Program as per CHRA report has been conducted by Hospital Assistant for employees such as storekeeper, tractor driver, water treatment and manuring.</p> <p><u>Electricity Supply Act 1990</u></p> <p>i) <u>Electrical Regulations 1994</u></p> <p>Requirement of competent person – Competent A4 charginman was available.</p> <p><u>Code of Practice for Safe Working in a Confined Space</u></p> <p>Gas tester has been calibrated and still valid until Sept 2017. Certificate for authorised gas tester was valid until Feb 2017. Confined space activities at mud drum in Apr 2016 with 3 employees have declared their health status as verified 'Declaration of Health Status By Authorised Entrant – Appendix I' and also declared fit to work by OHD as verified through 'Health Fitness Certificate As An Authorized Entrance.</p> <p>Environment Quality Act 1974</p> <p>Section 49A – competent person for ETP and scheduled wastes were available at for the CU. However, for air pollution control competent person, the company still yet to decide on the type of control equipment to be installed and suitable course to be attended since the new EQ (Clean Air) Regulation 2014 will be enforce on 2019.</p> <p><u>Scheduled Waste Regulations 2005</u></p> <p>Scheduled waste generated and managed by the individual unit at Bukit Leelau CU. Inventory of wastes were properly recorded and maintained and verified through 5<sup>th</sup> Schedule in the E-CN system.</p> <p>ii) <i>EQ (Prescribed Premise) Crude Palm Oil Regulations 1977</i></p> <p>License "Jadual Pematuhan" noted renewed and valid.</p> <p>a) Black smoke – continued monitored and complied.</p> <p>b) Particulate – continued monitored and complied.</p> <p>c) Effluent - continued monitored and complied.</p>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained Minor Compliance	YES	<p>A comprehensive Legal Requirements Register had been established and made available during the assessment at all the visited sites. The latest update was in May 2016 at Mekassar Estate and in Sept 2016 at Merchong Estate by the Safety, Health and Sustainability Manager. Among the applicable legal requirements added since the last audit were: Factories and Machinery Act 1970 (Person in Charge) (Amendment) Regulations 2014 &amp; Minimum Wage Order 2016.</p>

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	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	NO	The CU maintained its mechanism for ensuring that all applicable legal requirements were implemented. The mechanism was by the implementation of internal audit by its Sustainability Team through evaluation of compliance exercise against the legal register. The latest evaluation conducted on Sept 2016. Noted the result of evaluation only provide generic findings of whole CU. It does not provide specific result of conformity for each of the operating units against their respective written applicable legal requirements Thus, a Minor NCR HO-02 was raised.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	The system for tracking changes is defined in "Mechanism of Tracking Law Changes" flowchart. Accordingly, the Sustainability Unit is responsible to track any change in the law. For the Bukit Leelau CU the responsible officer is the Safety, Health and Sustainability Manager. Various mediums such as internet, media, updates from association, etc used to track changes.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	YES	All the visited operating units have the copies of their land titles kept at their administration office.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	It was observed that there were distinct blue colored wooden boundary markers between Merchong Estate and the State Forest Reserve, and also between Mekassar Estate and Idaman Estate (neighbouring private estate). The boundary stones, its positions of these markers were labeled and marked on the boundary stone maps and the position of each marker recorded. Maps of the boundary stones were also available for verification. Therefore, previous Minor NCR VS01/2015 was satisfactorily closed.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	YES	During interview with stakeholders such as the Orang Asli from Kg. Sawah Batu, confirmed that there was no land claim for both estate.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by	YES	During the audit, there was no significant land conflict in the Bukit Leelau CU. Cross refer to Criterion 6.4.3.

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		the parties involved. Major Compliance		
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor Compliance	YES	There was no evidence of land claim at Merchong Estate and Mekassar Estate. Cross refer to Criterion 6.4.3.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	There was no significant land conflict in the CU. Therefore, this indicator was not applicable.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	YES	Not applicable as there is no estate land encumbered by customary rights.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company	YES	Since there was no case involving land disputes in the CU, this indicator is not applicable.

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		has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	This indicator is not applicable as there was no land dispute in the CU.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	This indicator is not applicable as there was no land dispute in the CU.

### **Principle 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY**

Clause	Indicators	Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	All sites visited maintained to have minimum 5 years business plans. At the estates, the budget provisions covered activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance, etc. Attention was given to crop projection, cost of production, cost per ton and per hectare indicators to monitor the performance of each operating unit. The cost of production was reviewed and compared against expenditure each year with projections in place for future years. The mill continued to establish yearly budget and projections where the cost of production was reviewed annually and compared against expenditure for each year.



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	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	YES	There were no replanting at both Mekassar Estate and Merchong Estate.
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### **Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	NO	The CU used the following documented manuals and documents as their standard operating procedures: Standard Operating Procedures, Safe Operating Procedure, Group Environmental Impact Assessment and Management Action Plans, IOI Group Policy Documents & Oil Palm Agricultural Policy. Group Environmental Impact Assessment and Management Action Plan consist of: Group Environmental Policy, Environmental Impact Assessment and Action Plan in Oil Palm Plantation, Oil Mill Waste or by-Product Discharge, Oil Mill Smoke Emission, Prohibition of Open Burning, Waste Disposal, GHG & Efficient Usage of Electricity. Among the estate operations covered by the procedures were Buffalo harvesting and healthcare, oil palm nursery, land clearing and preparation, planting technique, cover crop, fertilizer application, weeding, pest and disease, harvesting and crop evacuation, road maintenance, workshop, foliar sampling etc. However, during the audit at both Mekassar Estate and Merchong Estate, it was found that there was no procedure established for the planting of Beneficial Plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> to assist in bagworm control. Thus, the Major NCR STK 02 2016 was issued. The simplified versions of StOP and SaOP in Bahasa Malaysia were made available in office, muster ground, general store, chemical stores notice & sign boards. Safety procedure sign boards were also noticed placed in various places like in line site and in the fields.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	The CU maintained its mechanism for ensuring consistent implementation of procedures. Among the mechanism include: Periodic reporting from operating units, On site visits, inspections and discussions with relevant personnel, Assessments and audits like Internal Audits, PC visits and by RSPO Audits & Consultations with RSPO Sustainability team & management.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Relevant records on implementation and monitoring of StOP, OPAP etc at the CU were evident. Among the records sighted were: Program sheets, Field cost books, PC reports, Agronomic reports, Audits by Sustainability Officers, Harvesting Interval records, Rat baiting records, Fertiliser application records, Monthly Progressive Reports, Effluent and Water Analysis Report, scheduled wastes records, black smoke records, Stack Sampling Report, PPE Checklist etc.

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				<p>Most records are being maintained for more than a year and some much longer.</p> <p>Harvesting interval monitored through "Harvesting Interval" record/chart showed that the current harvesting rounds were 10 to 17 days in Mekassar Estate while in Merchong Estate it was more extended (18 to 20 days) due to high crop. Action was being taken in Merchong Estate by utilizing general workers to assist in harvesting.</p> <p>However, the pruning of palms and stacking of pruned fronds in areas visited during the visit on both estates was well done and commendable. Also, hardly any uncollected harvested bunch any loose fruits were sighted in areas visited.</p>
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	YES	Not applicable since no third party sourced FFB under this CU. Bukit Leelau POM received 100% own crops.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	As per their SOP both estates practiced the maintenance of long-term soil fertility by annual application of fertilizer based on periodic foliar and soil analysis, biomass retention (pruned fronds left to decompose in the fields), EFB application and solid POME application in some fields. During replanting palms were felled, chipped, windrowed and left to decompose in the field. Fertiliser application, which was of paramount importance for maintenance of soil fertility, was carried based on the recommendation made by the Agronomist of IOI Research Centre located in Batang Melaka, Negeri Sembilan. Annual fertiliser recommendations were made based on annual foliar sampling and soil sampling. Some of the main fertiliser recommend for 2016 were NK Mix, Kieserite, Rock Phosphate and Borate.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Records of programs and applications of fertiliser were made available to auditors. Records sighted showed that amount applied in 2015 & 2016 were in line with the program endorsed.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	From the Agronomist reports it was established that at both estates annual foliar and soil sampling to monitor changes in nutrient status had been carried out. The annual foliar sampling to determine the nutrients levels of N, P, K, Mg, Ca & B was carried out as per the established SOP Item 15 in the StOP manual. The results of the foliar and soil analysis formed the basis for the fertiliser recommendations to maintain and improve soil fertility.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches, Palm Oil Mill Effluent, and palm residues. Minor Compliance	YES	Both estates had a nutrient recycling strategy in place which included stacking pruned fronds in the respective fields to decompose, grass cutting harvesters paths and letting the cut mass to decompose in the field, EFB mulching and application of Solid POME. In addition, during replanting, palms were felled, chipped, windrowed and left to decompose. Due to the distance from the palm oil mill, no EFB had been applied at both Estates in 2015.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	Based on the soils maps, there were no fragile/marginal soils in both Mekassar Estate and Merchong Estate. The soils in Merchong Estate were of Batang Merbau, Bungor, Cherang Hangus, Gong Chenak, Jelutong, Rengam, Seradang, and Tai Tak series with a very small portion of all organic clay. The soils in Mekassar Estate were of Batang Merbau, Bungor, Cherang Hangus, Gajah Mati, Gong Chenak, Jelutong, Munchong, Pelepah, Rengam, Seradang, Tai Tak and Terap series.
	4.3.2	A management strategy shall be	YES	Both estates continued to comply with the management strategy in place for planting on slopes

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		in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance		and to minimise and control erosion and degradation of soils. The strategy was in Section 4 – Soil conservation and terracing in OPAP manual and Index 7, Soil Erosion Prevention Plans, in GEIA manual. In both estates the undulating and hilly areas were terraced. It was also observed that practices to minimise and control erosion and degradation of soils were also advocated through proper stacking of fronds, EFB application, avoidance of blanket spraying, road maintenance and maintenance of soft vegetation in interlines. No bare ground was sighted during the visit.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	NO	Both Mekassar Estate and Merchong Estate had sufficient allocation in their budgets for road maintenance. The estates hired motor graders, compactors and back-hoes, purchased stones and had laterite available for road maintenance. However, in Merchong Estate at the time of audit, roads in Field 07E were not maintained. The roads were badly eroded and in a poor condition making it difficult for vehicles to maneuver. Thus, the Minor NCR STK 03 2016 was issued.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	Not applicable as there were no other fragile and problem soils in both Mekassar Estate and Merchong Estate.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	Not applicable as there were no other fragile and problem soils in both Mekassar Estate and Merchong Estate.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	Not applicable as there were no other fragile and problem soils in both Mekassar Estate and Merchong Estate.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	The CU maintained its water management plans. The plans were periodically review. The last review was in July 2016. The water management plans contain soil water abstraction, treatment, storage, monitoring, conservation, pollution prevention, wastewater treatment and discharge as well as domestic usage. Domestic usage was monitored using flow meters. In Merchong Estate it was from tube well. Though there was no shortage of water for domestic use in both estates, awareness was created among the workers and staff to save water through verbal reminders. The plan also required water quality analysis for domestic water and river water to be monitored. Analysis results showed no adverse quality. Water spillage during pre-mixing of chemicals, from washing of PPE and from triple rinsing was collected from a sump and recycled for spraying. Both estates maintained rainfall data from the year 2003 to assist in water management.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones	YES	Both Mekassar Estate and Merchong Estate had continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate. During the site audit at the estates, it was noted that buffer zones were allocated along the natural waterways. Signage and red paint on oil palm trunk were used as

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		(refer to national best practice and national guidelines) shall be demonstrated Major Compliance		demarcations of the buffer zones. The width of the buffer zone varies depending on the width of the river in accordance to the DID specifications. The boundary marker for buffer was sufficient and maintained. It was clear that IOI had a policy to maintain the buffer by restricting agrochemicals application. There was no sign of agrochemicals applied. Therefore, previous NCR closed.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor Compliance	YES	Effluent generated from mill processing continued to be treated using the open ponds method. The CU periodically monitors the final effluent quality prior to discharge. Results of analysis observed to be in compliance with DOE's license condition. The Quarterly Report observed continued submitted to DOE.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunche shall be monitored. Minor Compliance	YES	The mill continued monitors the water usage per tonne of FFB. Monthly report of water usage per tonne of FFB was evident.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	Both Mekassar Estate and Merchong Estate continued to have in place a documented integrated pest management (IPM) system. The IPM program among others included pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and wild boar. The IPM technique for rats included rearing barn owls ( <i>tyto alba</i> ), bagworm control included the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera sublata</i> and for rhinoceros beetles was by using pheromone trap. The implementation was monitored by rat damage, bag worm attack, barn owl population census and records on planting beneficial plants. The major pest attack in Merchong was by bagworms. The attack, on tall palms, was treated by trunk injection using <i>methamidophos</i> . Treatment was triggered based on field census done 2 weeks before. Though both estate had barn owls rat damage still existed. Rat attack was treated/controlled by rat baiting using <i>broadifacoum</i> . 2 campaigns of Calendar Baiting were carried out annually and stopped when bait acceptance drops to <20%. In Mekassar Estate, the latest census showing an occupancy ratio of 50.70%, while in Merchong Estate, 82.11%.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Records showed that training of those involved in IPM implementation was carried in both estates.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	Justification of all pesticides used had been demonstrated. The use of selective products that are specific to the targeted weed had been demonstrated in the company manuals.
	4.6.2	Records of pesticides use	YES	Both estates had records to show the types of pesticides used with active ingredients and their

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		(including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance		LD50 and where these pesticides had been used, the total quantity, and Ai/Ha. Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, cost books and in progress reports
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	Both Mekassar Estate and Merchong Estate continued to plant nectariferous beneficial plants as part of the IPM plan. Nurseries were available for continuous planting to reduce use of insecticides on bagworms and for control of rats included rearing barn owls. EFB was applied in single layers in order to prevent the breeding of Rhinoceros beetles. In flat and undulating areas where Oil Palm had been planted on un-terraced areas, harvesting paths were grass cut to control noxious weeds. Furthermore, spraying of weeds was carried out as programmed and control of other leaf using pesticides only when pest outbreak was above threshold levels. There was no evidence on prophylactic use of pesticides in both Mekassar Estate and Merchong Estate.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000) such as Kenly 2006, Ken Amine 600, Crane 200, etc. Except for metamidophos in Merchong Estate, there was no evidence of pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used. Most pesticides used were class III & class IV. The permit to purchase methamidophos dated in Feb 2016 was made available to the auditors. The use of paraquat in all IOI estates had been banned since Dec 2011.
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall	YES	Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS/CSDS of the pesticide. The staff and workers such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit.

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		be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance		Training on pesticide handling (trunk Injection) was done in Feb 2016 by the Safety Manager and attended by workers, mandore, staffs and assistants. In addition to training carried by Estate Managers, Assistants and staff, trainings were also carried by the company My Crop. All the operators that involve in the pesticides application were attended during these training. The training included the safety aspects and usage of PPE when handling with pesticides. Records of training was available for verification. Workers involved with pesticides were found to use the appropriate PPEs issued to them. Sprayers observed spraying in the field in Mekassar Estate were fully equipped with all required PPE and were aware of safety and standards when interviewed.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	The chemical stores were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. All of the stores had been well ventilated, had exhaust fans and secured. Only authorized personnel are allowed to handle the chemicals. All the chemicals were stored and segregated accordingly. At time of visit there were chemical of Class II, III & IV observed, and no pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, were in the stores. Empty pesticides containers were triple rinsed, holes punched in them and stored separately while waiting for proper disposal.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by section 6 in OPAP manual, Item 9 of StOP manual, SOP in GEIA, CHRA and by MSDS supplied by the manufacturer. The CHRA in both Mekassar Estate and Merchong Estate were reviewed in April 2014 by competent assessor.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial spraying is not practiced at both Mekassar Estate and Merchong Estate. There was no evidence to show that any had been carried out
	4.6.9	Evidence of continual training to enhance knowledge and skills of emp. & associated smallholders on pesticide handling shall be demonstrated or made available. Minor Compliance	YES	The staff and workers such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they understood the hazards involved and how the chemicals should be used in a safe manner. Records of training were available.

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	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	YES	<p>Wastes were managed in accordance to waste management and disposal plan, which is documented in the Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plans, which covered each unit. Wastes are managed as below</p> <ul style="list-style-type: none"> <li>a) Domestic waste - segregated for recycling. Recyclable wastes collected for sale. Organic waste disposed in landfill</li> <li>b) Scheduled wastes - disposed as per scheduled waste requirements.</li> <li>c) Solid biomass and industrial wastes - Reused in relevant mill or estate operation. E.g.: <ul style="list-style-type: none"> <li>- shell and fibre reused as fuel in mill operation.</li> <li>- EFB, decanter cake and pruned fronds reused for nutrient recycling in estate.</li> </ul> </li> </ul> <p>Each houses were provided with dustbins with empty fertilizer bags. Domestic waste is put into these empty fertilizer bag. The wastes were removed weekly and the line-sweepers removed all recycle items like plastic, glass, paper and metal to a recycle item store. The balance of domestic waste was tied and buried in landfills and recycle items disposed to vendors. Landfills were operated as per SOP and had dates of opening and closing and were fenced with tapes and barb wires. Empty chemicals containers observed collected, triple-rinsed, pierced and stored in scheduled waste store prior to dispose as scheduled waste. Records of inventory and disposal were evident. Management and relevant employees were aware on issues pertaining to waste management.</p>
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	<p>Both Mekassar Estate and Merchong Estate continued to have in place specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions. Medical Surveillance was carried out as recommended in the CHRA conducted in April 2014 by Environmental Consultancy &amp; Monitoring Services Sdn Bhd. Both estates shared a HA who conducted monthly checkup for all pesticide operators.</p> <p>Reports of some of the medical surveillance for workers at both estates carried on in May 2016 at nearby clinic were reviewed and found to be satisfactory.</p> <p><u>Bukit Leelau POM</u> - Medical Surveillance was carried out in Sept 2015.</p>
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	<p>IOI had a policy, "no work with pesticides shall be undertaken by pregnant or breast-feeding women". Both Mekassar Estate and Merchong Estate adhered to this policy. It was noted that all workers handling pesticides in both estates were males.</p>
<p>C 4.7</p> <p>An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>The occupational health and safety plan shall cover the following:</p>	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	<p>The CU continued adopting the IOI Group's Occupational Safety and Health Policy dated in July 2011. The policy had been communicated to all employees through briefings and being displayed on the estates notice boards. A safety and health plan (2016) for each estate and a safety management plan (2016) for the mill had been established, implemented and monitored every month.</p>
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and	YES	<p>The hazard identification, risk assessment and risk control had been carried out covering on the activities both in the estates and mill. Updated HIRARC register dated was presented during the assessment. Latest review was carried out in May 2016 at Merchong and Mekassar Estates and Aug 2016 at Bukit Leelau POM. The review carried out by the Safety Manager.</p>

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		implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance		CHRA has been carried out at Bukit Leelau POM, Merchong Estate and Mekassar Estate on mar & Apr 2014. The reports are still valid until March 2019.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	YES	<p>Training and briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions were adhered. Training for employees were conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc.</p> <p>The staff and workers such as the storekeepers, harvesters, sprayers, fertilizer and rat bait workers were trained and they understood the hazards involved and on safety.</p> <p>All workers in various operations were found to use appropriate PPEs issued to them. It was confirmed during the audit to the estates that workers harvesting in both estates and sprayers in Mekassar Estate were using the provided PPEs. When interviewed, they were aware of all precautions and safety requirements.</p> <p>Based on the HIRARC carried out at estates, the PPE types for the various activities were identified and management had carried out daily inspection for PPE.</p> <p>Based on the HIRARC carried out at Bukit Leelau POM, the PPE types for the various station are identified using the 'Employees PPE Issuance Record'. Latest distribution was in Sept 2016. The list of "Personal Protective Equipment (PPE) Provided" were identifies the type of PPE for the respective station. PPEs issue and replacement records were made available to auditors.</p> <p>Records of training were maintained at the office for reference and verification, and were verified during the audit.</p>
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	<p><u>Bukit Leelau CU</u></p> <p>Safety and Health Committee organization chart 2016 was available</p> <p>Quarterly Safety &amp; Health Committee meeting held – chaired by Mill Manager, discussion on the following: i) Passing of previous minutes and arising matters. ii) Monthly Accident statistics. iii) Workplace Inspection iv) Safety programme &amp; training .Verified the meeting minutes in 2015 &amp; 2016.</p>
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in	YES	<p><u>Bukit Leelau POM</u></p> <p>Training to First Aiders at Bukit Leelau POM was conducted by Certified Emergency Response Training Academy in Mar 2015. Records of training was verified. The certificate was valid until 2018. Fire drill was conducted at Bukit Leelau POM in May 2016.</p> <p>Noted at Bukit Leelau POM, 1 accident happened with &gt;4 days of MC in Dec 2015. All records pertaining to the accident including the accident investigation report were made available during the audit. JKPP 6 was sent to DOSH in Dec 2015 while JKPP 8 report was send to DOSH in Jan 2016.</p>



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		both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance		<p><u>Merchong Estate</u> First Aid training at Merchong Estate was conducted by Hospital Assistant in June 2016 – staffs and field workers from various station have been trained. Use of fire extinguisher and fire drill training was conducted at Merchong Estate in May 2016 by the Fire &amp; Rescue Department (BOMBA). The training report were verified. At Merchong Estate, no accident happened (&gt;4 days MC) from Jan-Dec 2015. JKPP 8 report was send to DOSH in Jan 2016.</p> <p><u>Mekassar Estate</u> First aid training at Mekassar Estate was conducted by the Fire &amp; Rescue Department (BOMBA) in June 2016. Records of training were verified. Use of fire extinguisher and fire drill training was conducted at Mekassar Estate in July 2016 by the Fire &amp; Rescue Department (BOMBA). The training reports were verified during this assessment. No accident happened (&gt;4 days MC) from Jan-Dec 2015. JKPP 8 report was send to DOSH in Jan 2016.</p>
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	The CU continued to ensure all workers working in the premises (both mill and estate) covered by insurance. All local workers were covered by SOCSO as required under the Employee's Social Security Act 1969. Foreign workers were covered by insurance as per the Workmen Compensation Act 1952. Foreign workers at Bukit Leelau CU has been insured through the MSIG Insurance (Malaysia) Bhd's which is valid until Sept 2016.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	The CU continues to monitor the occupational injuries using Lost Time Accident (LTA) metrics. The records were available during the assessment and were verified by the auditor. Bukit Leelau POM has reported a total of 29 loss man day for 7 accidents, Merchong Estate had 7 loss man days for 7 accidents (MC<4 days) and at Mekassar Estate 4 loss man day for 63 accidents.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	NO	A documented formal training programme 'Safety and Health Master Programme 2016' and records that covered aspects of RSPO Principles and Criteria was made available to the auditors. However, there was no evident that assessment for training need and formal training program implemented for new appointed environmental officers at Merchong and Mekassar Estates, particularly concerning their responsibilities for monitoring of river water quality and ensuring compliance with relevant environmental requirements. Interviewed with them noted that understanding of stream water analysis result for determining compliance yet to improve. Thus, a Major NCR HO-01 is raised.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Records of employees trained were made available to auditors. Some of the training records sighted were: Sexual harassment training, Employee Consultative Committee, Policy Training, Grievance training, Hearing loss prevention and audiometric testing, Safety in the use of chemicals, PPE Training, Chemical Store Management & Sprayers.

### Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators	Comply Yes/No	Findings
C 5.1	5.1.1 An environmental impact	YES	As in previous audits, environmental impact assessment had been conducted and addressed in

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Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		assessment (EIA) shall be documented. Major Compliance		the Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plans for each unit. Each unit continued to periodically review the documents with the latest review carried out in July 2016.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person. Minor Compliance	YES	There were no significant changes pertaining activity / operation of each unit or identified impacts that could change the existing action plans. Nevertheless, the existing action plans had identified persons responsible for implementation at each unit.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	Other than actions, the action plan of each unit maintained contain element of monitoring, timeline and responsible persons. The action plans also being reviewed annually by each unit. The latest review of the document was in July 2016. There were no significant changes pertaining activity / operation of each unit or identified impacts that necessary to change the existing action plans.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained	5.2.1	Information shall be collated in a HCV assessment that inc. both the planted area itself and wider landscape-level considerations. Major Compliance	YES	As reported in previous audits, HCV assessment covering all the supply base had been conducted and reported in HCV Assessment report dated Sept 2009. Each supply base continued to periodically review the report. The latest review of the document was in July 2016. Generally, the assessment had covered relevant wider landscape level consideration.
	5.2.2	Where RTE species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	There were no RTE reported present in the estates. However, in Merchong Estate, the report had identified at wider landscape-level considerations a logged over forest, Sg. Merchong and Sg. Marung nearby to its area. Even there was no conservation areas identified, the actions plan to conserve the areas continue to be in place. Streams buffer maintained marked. Signages were erected at each estate to ban hunting. The entrances to each estate were gated and manned by guards. Regular patrols were conducted and reported in Auxiliary Police Patrol Book. Monthly checklist of periodical boundary monitoring in both estates were also noted. In Mekassar, trenches construction noted in progress to identify boundary and restrain trespassing.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE	YES	Awareness training pertaining HCV and RTE were provided. Training on wildlife were conducted to employees in June & July 2016. Among other, the training contain information about legal and disciplinary actions if found guilty.

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and/or enhanced.		species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance		
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	YES	There were no RTE reported present in the supply bases. However, the supply bases continued implement action plans to conserve the identified areas and restrain trespassing or any illegal activities by continue having signage of no illegal activities, access gate, which manned by guards at posts, patrolling, and periodical boundary monitoring. Awareness training also continue conducted. There were no issues or needs observed that require change of current action plan.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	There was no HCV observed set-aside due to existing rights of local communities. Interviewed with head of Orang Asli from neighbouring village informed that their community did not depend on HCV area or biodiversity values in the Bukit Leelau CU. The community also did not lived in the CU compound.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	Identified waste and source of pollution maintained documented in the Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plans, covering each unit. Among wastes and source of pollution identified: <ul style="list-style-type: none"> <li>a) Estates - General/domestic wastes, scheduled wastes (such as spent lubricant oil, spent oil filter, clinical waste and empty chemical containers), scrap metal, crop residue/biomass (of felled palms and pruned fronds).</li> <li>b) Mill - Shell, fibre, EFB, effluent, scheduled wastes (such as used oil, used hydraulics, oil filter), scrap metal, smoke.</li> </ul>
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Empty chemicals containers were collected, triple-rinsed, pierced and stored in scheduled waste store prior to dispose as scheduled waste. Records of inventory and disposal were evident.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented	YES	Waste management and disposal plan documented in the Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plans, which covered each unit. The document specified that:

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		and implemented Minor Compliance		<p>a) Domestic waste - Segregated for recycling. Recyclable wastes collected for sale. Organic waste disposed in land-filled.</p> <p>b) Scheduled wastes - Disposed as per scheduled waste requirements.</p> <p>c) Solid biomass and industrial wastes - Reused in relevant mill or estate operation. E.g.:  - shell and fibre reused as fuel in mill operation.  - EFB, decanter cake and pruned fronds reused for nutrient recycling in estate.</p>
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	Plan for improving efficiency of the use of fossil fuels and to optimize renewable energy observed continued implemented and monitored. Mill observed continued reuse fibre and shell for fuel. Tractor Service Program and Road Maintenance Program observed implemented in estate to improve efficiency of usage of fossil fuels. Monthly records of monitoring of fossil fuels and renewable energy noted available. Diesel usage in mill noted continue monitored in It/FFB processed.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	IOI had a policy of no burning during replanting under Environmental Management in the Sustainability Policy Statement. Both estates visited had not practiced any opening burning and there was no evidence to show that fire had been used for preparing land for replanting.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	The CU had not practiced any opening burning and there was no evidence to show that fire had been used for preparing land for replanting in both Mekassar and Merchong Estates
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	An assessment of all polluting activities that included the gaseous emissions, particulate/soot emissions and effluent were documented in the Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plans, which covered each unit.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	<p>Plans to reduce or minimize GHG emissions were continued to be implemented and monitored. Among implementation observed were:</p> <ul style="list-style-type: none"> <li>continued the reuse of fibre and shell as fuel by mill.</li> <li>Tractor service program and road maintenance program to improve efficiency of usage of fossil fuels by estates.</li> <li>reduce of fertiliser usage by estate via: (i) use as per dosage recommendation, (ii) fertilizer application calibration and (iii) use of fertilizer dosage (amount) control spreader.</li> </ul> <p>Records of implementation maintained available. Such examples of records were related to vehicles maintenance, diesel usage, Manuring Costing etc.</p>

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knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	Quality of effluent and water of stream noted continued periodically conducted by each unit. Results of analysis observed were complied. Regarding the emission, the CU had implemented monitoring of GHG emission using PalmGHG tool. Report of GHG emission had been submitted to RSPO in Sept 2016. Thus, the previous Minor NCR closed.
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### Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	The initial documented social impact assessment titled 'Social Impact Assessment, Management Action Plans and Continuous Improvement Plans' for Bt Leelau CU was dated in Aug 2015. All the visited units have reviewed the SIA in July 2016 and the SIA reports were available for verification. The records of meetings held were made available and a time bound action plan and activity for mitigating and monitoring the negative impacts were established, incorporating the issues identified by the main SIA.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected	YES	Relevant external and internal stakeholders were invited by the estates for a meeting. Latest meeting was conducted on in July 2016 for Merchong Estate and Mekassar Estate, while for Bukit Leelau POM on June 2016. The objective of the meeting was to address any social impact,

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negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		parties. Major Compliance		which may arise from the activities of the estate. Based on verification of meeting minutes and interview with some of the stakeholders (estate workers and staff, local community leaders, suppliers and contractors), there was no major issue raised by the stakeholders.
	6.1.3	Plans for avoidance or mitigation of -ve impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, inc. responsibilities for implementation. Major Compliance	YES	The positive and negative impacts found from the SIA report, external and internal stakeholders consultation meeting were recorded in SIA report in June 2016. In the record, there is information about social impacts (both positive and negative), action plans time bound, management reviews and person in-charge. Action plan with responsibilities for mitigating and monitoring the impacts identified in the assessment was established. Records of actions taken to monitor and overcome the negative impacts were available.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	YES	Progress of action plan was monitored by the management annually, after the stakeholders meeting. Recent reviewed was in August 2016 for Mekassar and Merchong Estates, while for Bukit Leelau POM was in June 2016.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	There was no smallholder scheme in CU.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	Consultation and communication procedure for Bukit Leelau CU is outlined in 'Stakeholder Request Procedure', 'Grievances Reporting Flow Chart' and 'Grievance Procedure For Land Owner Issues'. According to the procedure, any communication from the public will be responded within 5 working days.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	<u>Bukit Leelau POM</u> The Assistant Mill Manager had been appointed since Jan 2016 as the Social Liaison Officer. He is responsible is to address issues related to social aspects from all the affected interested parties.  <u>Merchong Estate &amp; Mekassar Estate</u> The Assistant Estate Managers of each have been appointed as the Social Liaison Officer for their respective estates. The appointment was done by the each estate managers and for Merchong Estate, the appointment was in May 2016, while for Mekassar Estate on July 2016.
	6.2.3	A list of stakeholders, records of all communication, including	YES	An updated list of stakeholders titled as 'External Stakeholder List 2016' was established. The list included the contractors/suppliers, local government institutions and agencies, village heads and

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		confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance		workers' representatives. Records of communication with stakeholders and actions taken in response to their input were also kept and made available to auditors.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested. Major Compliance	YES	The system dealing with complaints and grievances is guided by Grievance Procedure. The procedure includes the mechanism of receiving, recording and addressing any complaints/grievance from affected parties. Bukit Leelau CU keeps a Grievance/Complaints Book (known as the Green Book by workers, staff and external stakeholders).The aggrieved parties could either fill in the complaint form in the Green Book or submit the complaint verbally to anyone in the main office or to the responsible official on social issues or to the workers' representatives or gender representatives who would then fill in the complaint form on their behalf. With regards of ensuring anonymity of complainants or whistle-blowers, IOI has its 'Whistle-blowing Policy'.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Review of the Green Book at the visited operating units showed that the system was effective to resolve complaints and disputes in an effective, timely and appropriate manner.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	A procedure titled as Grievance Procedure for land owner issues is established identifying legal and customary rights and for identifying people entitled to compensation. The procedure also include handling land ownership issues, boundary stones and squatter issues and all related to the process of identifying legal and customary rights and the compensation that they are entitled to.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation.  This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.	YES	The procedure for calculating and distributing fair compensation had been established in the 'Grievance Procedure For Land Owner Issues'. However, there was no record of implementation as there has been no claim for compensation made against the CU. According to the procedure the calculation and distribution of compensation would be carried out at the company level not at the estate/mill level.

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	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	During this audit, there was no land conflict and compensation claims at the audited sites. Therefore, this indicator was not applicable.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Auditor has verified payslip for foreign workers at the Bukit Leelau CU. The CU has followed the new Minimum Wages Order 2016 as directed by the IOI Group HQ titled 'Revised Wages for IOI Workers In Accordance with Minimum Wages Order 2016'.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	The pay and work conditions were stated and documented in the Letter of Employment given to all workers and staff at the CU. Auditor has verified contract of employment for foreign workers from Nepal, Indonesia, Bangladesh, India, and Myanmar. The contract is written in the language that is fully understood by the workers in order to avoid confusion or even charges of differential treatment. During interviews with the foreign workers at Bukit Leelau CU, they affirmed that they understood the content of the Offer of Employment/Contract such as working hours, deductions and overtime, holiday entitlement and maternity leave. Content of the Offer of Employment was also explained to them by the estate Social Officer. The visited area also has received an approval from Labour Department to deduct salary of employee for advance payment. The estates also still in progress to apply deduction of electricity usage from workers as verified by auditor through official letter and application form provided by Tenaga Nasional Berhad.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, med., ed. and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor Compliance	YES	<u>Bukit Leelau POM</u> Latest analysis report for potable water was in July 2016 by third party. The test results found to be in compliance with the WHO/DWQS Limits – World Health Organisation Guidelines for Drinking Water Quality Forth Edition 2011 except aluminium. The mill has send another water samples for retest in Sept 2016. However, the result has yet to be received by the mill. Weekly inspection for workers housing had been conducted as verified with latest weekly linesite inspection in September 2016. <u>Merchong Estate</u> Latest analysis report for potable water was in May 2016 by third party. The test results found to be in compliance with the WHO/DWQS Limits – World Health Organisation Guidelines for Drinking Water Quality Forth Edition 2011. Electricity supply for the workers are 100% from TNB and borne by the consumers themselves. Weekly inspection for workers housing had been conducted as verified in the latest weekly linesite inspection record for September 2016. <u>Mekassar Estate</u> Latest analysis report for potable water was in May 2016 by third party. The test results found to be in compliance with the WHO/DWQS Limits except for total coliform. The estate has repeated the test to Jabatan Kimia Malaysia in May 2016. The test was positive. The estate has arrange for specific testing on total coliform by the third party in Oct 2016. Electricity supply for the workers are 100% from TNB and no charge is incurred from workers. Weekly inspection for



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				workers housing had been conducted as verified with latest weekly linesite inspection record for September 2016.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	<u>Merchong and Mekassar Estates</u> There is one sundry shop in Merchong Estate and Mekassar Estate to facilitate its workers access to adequate, sufficient and affordable food and other basic needs. Monitoring of the goods price, health of food operator, cleanliness, license/permit and goods was done by the estate management by monthly basis.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	Statement of freedom of association was made publicly available at the office and worker's quarters noticeboard titled 'Equal Opportunity Employment and Freedom of Association Policies' as verified at Bukit Leelau POM, Merchong Estate and Mekassar Estate.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	At Bukit Leelau POM, mill manager has allowed local worker's representatives to join and attend NUPW meeting. Latest meeting was in June 2016. Respective Manager at Merchong Estate and Mekassar Estate have conducted meeting with worker's representatives in Sept 2016 as verified through interview with foreign workers and meeting minute titled 'Perundingan dalaman antara pekerja dengan majikan'.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	It is also stated in the employment letter, that the age limitation for employment is 18 to 40 years old to fully utilize the 5 years' validity of the passport. The IOI Group also has established a policy titled 'Policy Statement for No Child Labour'.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant groups in the local environment shall be documented. Major Compliance	YES	Equal opportunity policy is available titled 'Equal Opportunity Employment and Freedom of Association Policies'. There will be no discrimination based on race, national origin, religion, gender, union membership and age.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	Job openings were made available to any qualified person regardless of their socio-cultural, political or gender background. All workers (local or migrant, male or female) were covered by the same pay and conditions of employment associated with the jobs they are hired for. This was confirmed through review of the Offer of Employment to the employees and through consultations with workers. The workers and staff were not discriminated against in any way and their rights not infringed, in accordance with Human Rights Commission of Malaysia Act 1999 (Act 597).

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	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	For recruitment of workers, only health status will be considered to determine their qualification.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and comm. to all levels of the workforce. Major Compliance	YES	There was a published policy entitled on "Policy on the Prevention and Eradication of Sexual Harassment in the Workplace", dated Dec 2006 was made available to employees in Bahasa Melayu, English and other languages spoken and understood by the employees.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be impl. and comm. to all levels of the workforce. Major Compliance	YES	A policy to protect the reproductive rights of all, especially of women is available in the "Protection of Reproductive Right Policy", dated in July 2015. The communication of the policy was through various media such as display on notice board and briefings.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and comm. to all levels of the workforce. Minor Compliance	YES	A specific grievance procedure for sexual harassment case entitled "Sexual Harassment Procedure" was available. As for the anonymity of the complainant, whistle-blower policy is referred to.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches shall be publicly available. Minor Compliance	YES	Bukit Leelau POM did not receive any third party crop. Therefore, displaying the current and past prices of FFB may not be necessary.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	YES	Not applicable since Bukit Leelau POM does not accept any FFB from third party.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	Suppliers and contractors has affirmed that they were fully understood the contractual.

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	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Suppliers and contractors has affirmed that payments were made in a timely manner.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	<u>Bukit Leelau POM</u> - The mill has made a donation to National Union of Plantation Workers (NUPW) for Labour Day celebration dated 16/9/15 and for Sek. Keb. Bandar 2 Paloh, Hinai. <u>Merchong &amp; Mekassar Estate</u> - The estate has made food donation and allowed the community from nearby village to use the plantation road without any restriction. The Manager has also offered employment. The estate also provided transportation for staff's children to go to school without any fee.
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	Not applicable since no associate scheme smallholders under this CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	There is no evidence that forced or trafficked labour are used at the CU. The visited operating unit has its own database for all its workers.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	No evidence of contract substitution found. Contract agreements were all signed by the workers upon arrival to the workplace premise and given an exact duplicate copy for their retention.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	Bukit Leelau CU does not practice hiring any workers on temporary basis. For foreign workers, there is a special policy for employment of foreign workers titled 'Policy on Foreign Workers'.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations. Major Compliance	YES	Policy is available entitled 'Respecting Human Rights Policy'. Communication method are by displaying in strategic workplaces, training and morning roll calls. Last training on policy was conducted by the Social Liaison Officer in June 2016.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.	YES	Not applicable. The CU is not in Sabah/Sarawak.

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Minor Compliance

### Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

The CU has no plan for any new planting and no new development of area was observed during the visit. Thus Principle 7 is not applicable.

### Principle 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	<ol style="list-style-type: none"> <li>1. The estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates had planted beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>.</li> <li>2. The estates were committed to reduce using chemicals and continues to only spray circles and paths while some noxious weeds were mainly slashed. Spraying was carried only as and when required. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows.</li> <li>3. In areas where palms were planted in non-terraced areas harvesters paths were only grass cut and not sprayed.</li> <li>4. EFB was applied in single layers and was not dumped in large amounts to prevent breeding of Rhinoceros Beetles</li> <li>5. VOPs and woody growths were manually removed</li> </ol>
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	The CU continued to comply with the management strategy in place for planting on slopes and to minimise and control erosion and degradation of soils. It was also observed that practices to minimise environmental impacts were also advocated through proper stacking of fronds, EFB application, avoidance of blanket spraying, road maintenance and maintenance of soft vegetation in interlines. In general, action plans to mitigate negative environmental impact and to conserve identified HCVs areas continued to be implemented.
	c)	Waste reduction (Criterion 5.3);	YES	Waste management and disposal plans to avoid or reduce pollution continued to be

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				<p>implemented. Among the actions were:</p> <ul style="list-style-type: none"> <li>domestic wastes segregated for recycling.</li> <li>organic wastes collected and land-filled.</li> <li>scheduled wastes disposed according to applicable regulation.</li> <li>effluent quality continued monitored, analyzed and discharge according to applicable regulation.</li> <li>shell and fibre reused as fuel in mill operation.</li> <li>EFB, decanter cake and pruned fronds continued reused for nutrient recycling in estate.</li> <li>reuse of wastewater generated from pre-mixing and triple-rinsing.</li> </ul>
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	<p>Pollution and GHG emission plans continued to be implemented. These included:</p> <ul style="list-style-type: none"> <li>monitoring of compliance to applicable requirements of black smoke and dust particulate emission from chimneys by mill.</li> <li>Tractor Service Program and Road Maintenance Program to improve efficiency of usage of fossil fuels by estates.</li> <li>reduce of fertilizer usage by estate via: <ul style="list-style-type: none"> <li>(i) use as per dosage recommendation.</li> <li>(ii) fertilizer application calibration.</li> <li>(iii) use of fertilizer dosage (amount) control spreader.</li> <li>(vi) reuse of EFB and decanter cake.</li> </ul> </li> </ul> <p>Records of implementation maintained available. Such examples of records were related to vehicles maintenance, diesel usage, CEMS, stack analysis etc.</p>
	e)	Social impacts (Criterion 6.1);	YES	<p>The initial documented social impact assessment was prepared in Aug 2015. The visited operating units have reviewed the SIA in July 2016 and the SIA reports were available for verification. The records of meetings held were made available and a time bound action plan and activity for mitigating and monitoring the negative impacts were established, incorporating the issues identified by the main SIA. The CU also has planned to improve facilities in the estate as budgeted in the capital expenditure such as surau, maintenance of workers and staffs housing.</p>
	f)	Encourage optimising the yield of the supply base	YES	<p>Both estates visited were committed to implement best agricultural practices. Among the practices included the following:</p> <ul style="list-style-type: none"> <li>timely and proper fertilizer, EFB &amp; compost application;</li> <li>maintain/conservate water by water management,</li> <li>improve on accessibility to maximise crop evacuation</li> <li>reduce surface run off water to prevent leaching of fertilisers</li> </ul>

Attachment 5

### Details of Non-conformities and Corrective Actions Taken for RSPO P&C MYNI 2014

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
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4.8.1 HO-01	Major	There is no evident that assessment for training need and formal training program implemented for new appointed environmental officers at Merchong and Mekassar Estates, particularly concerning their responsibilities for monitoring of river water quality and ensuring compliance with relevant environmental requirements. Interviewed with them noted that understanding of stream water analysis result for determining compliance yet to improve.	<p><b><u>Corrective action by CU:</u></b> A formal training program for all executives entitled "INTERPRETATION OF STREAM WATER QUALITY FOR MONITORING AND CONSERVATION" was conducted by one of our Chemists from IOI Research Centre, Batang Melaka on 11th, 12th and 13th October 2016 in Gomali Palm Oil Mill Conference Room. Assessments of training were also carried out.</p> <p><b><u>Verification:</u></b> Training needs and formal training concerning monitoring of river water quality had been implemented for relevant CU personnel and documented as per attached evidences. <b><u>Status:</u></b> Closed.</p>
2.1.3 HO-02	Minor	The evaluation for ensuring compliance with applicable legal requirements conducted on 26/9/16 for Merchong Estate, Mekassar Estate and Bukit Leelau mill only provide generic result of whole CU. It does not provide specific result for each of the operating units against their respective written applicable legal requirements.	<p><b><u>Corrective action by CU:</u></b> We have taken immediate measures by adding a column in the legal register to specify whether the laws were applicable to estates or mill or to both. Management of all operating centres were handed the revised legal register and told to evaluate the legal requirements that were only applicable to them.</p> <p><b><u>Verification:</u></b> The CU has revised legal register to indicate evaluation result for specific unit in next exercise. Corrective action plan accepted. <b><u>Status:</u></b> Open.</p>
2.1.1 STK-1.2016	Major	Regulation 27 of the 'Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000' was not complied with. Merchong Estate - There was no evidence to show that medical surveillance had been carried out by an occupational health doctor for the 4 workers who carried out trunk injection using the Class 1b pesticide, Methamidophos	<p><b><u>Corrective action by CU:</u></b> Medical Surveillance was conducted on the 4 workers by OSH Dr.</p> <p><b><u>Verification:</u></b> Summary of Medical reports dated 14/10/16 &amp; 27/10/16. Cash Invoice of clinic and the OSH Doctor's permit were verified. <b><u>Status:</u></b> Closed</p>
4.1.1 STK-2.2016	Major	The SOP for planting of beneficial plants is ambiguous. Mekassar & Merchong Estates: At time of audit, there was no clear documented procedure established for the planting of Beneficial Plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> to assist in bagworm control.	<p><b><u>Corrective action by CU:</u></b> A new policy "Group Standard Operating Procedure for Planting Beneficial Plants in Estate" dated Dec 2016 had been established.</p> <p><b><u>Verification:</u></b> The new policy was verified. <b><u>Status:</u></b> Closed</p>
4.3.3 STK-3.2016	Minor	Merchong Estate - At time of audit, roads in Field 07E were not maintained. The roads were badly eroded and in a poor condition making it difficult for vehicles to maneuver.	<p><b><u>Corrective action by CU:</u></b> Repair work was carried out on roads in Field 07E from 15/10/16 to 23/10/16.</p> <p><b><u>Verification:</u></b> Work program Sheet with date of work carried out and photographs of before and after are accepted. Will be verified in the next audit. Corrective action plan accepted. <b><u>Status:</u></b> Open</p>

Attachment 6

### RSPO Supply Chain at the palm oil mill - Module D – CPO Mill: Identity Preserved

Item No	Requirement	Findings
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## RSPO PUBLIC SUMMARY REPORT

D.3 D.3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	
	a) Complete and up to date procedures covering the implementation of all the elements in these requirements;	The CU maintained to have documented procedures for reference of implementation of RSPO Supply Chain system. The documented procedure noted had been revised to include requirement concerning internal audit. Generally, the current Standard Operation Procedure (RSPO/SOP/COC/2), Issue No. 4, 1/8/16, CSFFB, CSPO & CSPK Traceability System for Estates / Farms, Palm Oil Mills, Warehouse and Trading Companies has covered relevant CU operation / activities and the requirements of RSPO. During implementation period, between this and last audit, there was a few months which the certification of CU had been suspended, and then lifted (on 8/8/16). During the suspension period, all FFB, CPO and CPK were handled and trade as non-RSPO certified. However, observed there is balance of non-RSPO CPO in oil tank, and the current procedure has yet to include provision for ensuring segregation (clearing) of the balance to achieve 100% objective during transition back of IP model. Thus, a Major NCR HO-03 is raised.
	b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	Clause 3.1.4 of the documented procedure specify that Mill Manager or Assistant Mill Manager In-Charge having overall responsibility for and authority over the implementation of the procedure to fulfill the RSPO SCC requirements. Interviewed with current responsible personnel including at operational level, noted that they have appropriate understanding of RSPO SCC requirements and aware the implementation of the system.
D.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	The existing documented procedure for receiving and processing certified and non-certified FFB maintained. Review of records of receiving and processing, as well as interviewed with relevant personnel observed the procedure had been implemented accordingly, including receiving and processing during the suspension period, as well as receiving diversion from Pukin CU of sister (own) company. Nevertheless, the CU only received FFBs from its own certified estates (company).
D.4 D.4.1	Purchasing and goods in The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	The CU observed only receives FFBs from its own certified estates (company). All delivery documents of certified FFBs were verified to ensure the certified status of the FFB. Volumes of certified FFBs received by the mill had been properly recorded and monitored, including the FFBs received during the suspension period, as well as diversion from the sister company / CU.
D.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	There was no overproduction observed.
D.5 D.5.1	Record keeping The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	The mill maintained to record and track in excel sheet all receipt of FFBs and deliveries of CPO and PK. Noted, there were sales of certified CPO and certified PK during period of August 2015 – July 2016 respectively. However, no evident of record of balance on a three-monthly basis for those sales. Thus, a Major NCR HO-04 is raised.
D.6 D.6.1	Processing The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	The mill only receives FFBs from its own certified estates. During the suspension period, observed FFBs received, processed and delivered as non-RSPO certified. Related records of receiving, processing, delivery and summary report confirmed had identified FFBs, CPO and PK as non-RSPO certified. Balance of non-RSPO CPO noted segregated in separated tank, which the summary report confirmed its volume.

## RSPO PUBLIC SUMMARY REPORT

D.6.2	The objective is for 100 % segregated material to be reached.	The mill maintained implement its supply chain system for achieving 100% objective of IP model. The mill observed only receives FFBs from its own certified estates. Nevertheless, the existing procedure yet to address concerning to achieve back 100% objective due to the case of suspension period. A major NCR raised in D 3.1 concerning this matter.
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**Attachment 7**

**Details of Non-conformities and Corrective Actions Taken for RSPO SC**



## RSPO PUBLIC SUMMARY REPORT

Clause no.	Specification <i>Major/Minor</i>	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
D 3.1 HO-03	Major	The existing Standard Operation Procedure (RSPO/SOP/COC/2), Issue No. 4 yet to include and implemented for ensuring segregation (clearing) of balance of non-RSPO CPO from oil tank during transition back to achieve 100% objective of IP model.	<p><b><u>Corrective action by CU:</u></b> Our Standard Operating Procedure RSPO/SOP/COC/2 Issue No. 4 Title: CSFFB, CSPO &amp; CSPK Traceability System for Estates/Farms, Palm Oil Mills, Warehouses and Trading Companies) was revised by including Item No. 4.3, Standard Operating Procedure Issue No. 5 dated 5<sup>th</sup> October 2016.</p> <p><b><u>Verification:</u></b> The CU has revised Standard Operating Procedure RSPO/SOP/COC/2 to ensure the non-RSPO CPO is segregated (cleared) to achieve the objective of 100% IP model. <b><u>Status:</u></b> Closed.</p>
D 5.1 HO-04	Major	There were sales of certified CPO (16,174.30mt) and certified PK (25,887mt) during period of August 2015 – July 2016 respectively. However, no evident of record of balance on a three-monthly basis for those sales provided.	<p><b><u>Corrective action by CU:</u></b> Marketing department has been instructed to send the updated delivery records to Bukit Leelau mill every 3 months. The record of balance for deliveries (e-trace transactions BLPOM RSPO CSPO) of RSPO certified CPO and PK on a three-monthly basis and for the period of August 2015 – July 2016 has been updated and sent to Bukit Leelau Palm Oil Mill by our Marketing department.</p> <p><b><u>Verification:</u></b> The CU had recorded sales of RSPO certified CPO and PK on a three-monthly basis and provided the previous records. <b><u>Status:</u></b> Closed.</p>

**Status of Non-conformities Previously Identified**

**Attachment 8**

## RSPO PUBLIC SUMMARY REPORT

P & C Indicator & NCR No.	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<b>4.4.2</b>  NCR #: VS01/2015	Major	<b>Requirement:</b> <b>Indicator 4.4.2</b> Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. <b>Objective evidence:</b> Trace of agrichemical had been used for palm circle was found at Detas Estate's allocated riparian zone, Field No. 88D.	Conduct retraining for staff, mandore and workers on awareness of riparian buffer zone area.	Verified the record of training on the awareness of riparian buffer zone area that was conducted on 4/9/15 for staff, mandore and workers. 1. Attendance list 2. Training material 3. Photo of training, planting of vegetation at buffer zone area and riparian zone/buffer zone signboard <u>Verification during ASA1 2016</u> There was no evidence that any agrichemical had been used in both estates. Records on training were verified and the continued planting of grasses and <i>Nephrolepis bisserata</i> in the buffer zone in Merchong Estate was observed. <b>Status: Closed</b>
<b>5.6.3</b>  NCR #: MH01/2015	Minor	<b>Requirement:</b> <b>Indicator 4.4.2</b> A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. <b>Objective evidence :</b> There was no evidence that a monitoring system, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools has been established at Bukit Leelau CU.	The monitoring system using the PalmGHG methodology will be completed within 3 months. The submission of PalmGHG to RSPO was plan to be submitted by November 2015.	The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. <u>Verification during ASA1 2016</u> The CU had implemented monitoring of GHG emission using PalmGHG tool. Report of GHG emission had been submitted to RSPO on 21/9/16. <b>Status: Closed</b>