

## Management System Certification MSPO Audit Summary Report Stage 2

<b>Organization:</b>	1) Unico Oil Mill Sdn Bhd (Unico Palm Oil Mill)  2) Unico Oil Mill Sdn Bhd (Unico 6 Estate & Ladang Asas Estate)		
<b>Address:</b>	1)Location Address Unico Oil Mill, 1.8 KM, Jalan Jeroco Off Mile 13, Lahad Datu, Sandakan Highway, P.O. Box 61532, 91123 Lahad Datu, Sabah, Malaysia  2)Postal Address: MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia		
<b>Standard(s):</b>	MS2530-3:2013 and MS2530-4:2014	<b>Accreditation Body(s):</b> STANDARDS MALAYSIA	
<b>Representative:</b>	Mr Thevendran Balan Nair, Snr Manager, Unico Group Mr Cheok Sing Chia, Mill Controller Estate Managers: Mr Maurice I. Sundagit, Ldg TAS/Halusah , Mr A.Agus Mallaroan, Unico 6 Mill Manager: Mr Edmund Norbert Pn Zahidah Dahalan, Snr SPO Executive		
<b>Site(s) audited:</b>	1. Unico Palm Oil Mill 2. Unico 6 Estate 3. Ladang Asas Estate (TAS / Halusah)	<b>Date(s) of audit(s):</b>	25 <sup>th</sup> – 28 <sup>th</sup> March 2019
<b>Visit Type:</b>	Main Assessment		
<b>Lead auditor:</b>	James S H Ong	<b>Additional team member(s):</b>	Mohd Saifuddin Rozlan
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

Name of Unit	Location Address	GPS coordinates	MPOB Licence	Certificate Number
<b>Unico Palm Oil Mill</b>	1.8 KM, Jalan Jeroco Off Mile 13, Lahad Datu, Sandakan Highway, P.O. Box 61532, 91123 Lahad Datu, Sabah, Malaysia	E 118°13'19.43" N 5°09'00.16"	500122904000	Not applicable as this is main assessment
<b>Unico 6 Estate</b>	Postal address: MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	<u>Site Location (Unico 6 Estate)</u>		Not applicable as this is main assessment

	Topcrop Plantation Sdn. Bhd.	E 118°18'7.32" N 5°11'44.77"	503681202000	
	Supercrop Plantation Sdn. Bhd.		503685502000	
	Syarikat Zuba Sdn Bhd		503854802000	
	Fasgro Plantation Sdn Bhd		503680402000	
	Segaco Plantation Sdn Bhd		503676602000	
	Tutico Plantation Sdn.Bhd.		503684702000	
<b>Ladang Asas Estate</b>	Postal address: MDLD 5123, KM3, Jalan Segama, 91100 Lahad Datu, Sabah, Malaysia	<u>Site Location (Ladang Asas Estate)</u> E 118°16'12.00" N 5°14'24.00"		
	Ladang Asas Sdn. Bhd.		502496202000	
	Halusah Ladang Sdn. Bhd.		502525002000	

Scope		
Mill	<b>Processing of Fresh Fruit Bunches (FFB) and Production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4 : General Principles for Palm Oil Mills</b>	Mill Capacity : 60 tph
Plantation / Estate	<b>Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders</b>	

## 1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

## 2. Scope of certification

### a) Mill

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**Processing of Fresh Fruit Bunches (FFB) and Production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4 : General Principles for Palm Oil Mills**

**b) Estate**

**Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders**

Validation of processes for production and service provision

Has this scope been amended as a result of this audit?

☐ Yes ☒ No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client

☒ Yes ☐ No

### 3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization ☒ has ☐ has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified:	Major	Minor
<b>MS2530-3:2013 Part 3</b>	1	1

<b>MS2530-4:2013 Part 4</b>	0	0
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Therefore, the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

☒ Granted / ☐ Continued / ☐ Withheld / ☐ Suspended until satisfactory corrective action is completed.

### 4. Previous Audit Results

**Not applicable as this is a Main Assessment**

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

☐ Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.

☐ The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

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## 5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. ☒ Yes ☐ No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. ☒ Yes ☐ No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. ☒ Yes ☐ No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. ☒ Yes ☐ No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. ☒ Yes ☐ No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. ☒ Yes ☐ No

Certification claims are accurate and in accordance with SGS guidance ☒ N/A ☐ Yes ☐ No

## 6. Significant Audit Trails Followed

The specific processes, activities, and functions reviewed are detailed in the **Audit Planning Matrix** ( see **Appendix 3** ) and the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

Organization:	<b>1) Unico Oil Mill Sdn Bhd (Unico Palm Oil Mill )</b> <b>2) Unico Oil Mill Sdn Bhd (Unico 6 Estate &amp; Ladang Asas Estate )</b>		
Address:	<b>1) Location Address</b> <b>1.8 KM, Jalan Jeroco Off Mile 13, Lahad Datu, Sandakan Highway, P.O. Box 61532, 91123 Lahad Datu, Sabah, Malaysia</b>  <b>2) Postal Address:</b> <b>MDLD 5123, KM3, Jalan Segama 91100 Lahad Datu, Sabah, Malaysia</b>  Contact person: Zahidah binti Dahalan, Senior SPO Executive SPO Department, Lahad Datu Region Email: <a href="mailto:zahidah.dahalan@gmail.com">zahidah.dahalan@gmail.com</a> Tel : (+60) 016-3246809/ 016-8865035 & 089-861889 (Office)		
Visit Number:	<b>01</b>	Actual Visit Date:	<b>25<sup>th</sup> -28<sup>th</sup> March 2019</b>
Visit Due by Date:	-	For auditor information only <b>MY05380</b>	

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<b>Lead Auditor:</b>	James S H Ong (JO) auditor 1 Mobile: +6012 3736605 Email : <a href="mailto:james.ong@sgs.com">james.ong@sgs.com</a>
<b>Team Member(s):</b>	Mohd Saifuddin Rozlan , auditor 2 Mobile : +017 9990950 Email : <a href="mailto:Saifuddin.Rozlan@sgs.com">Saifuddin.Rozlan@sgs.com</a>
<b>Additional Attendees and Roles</b>	-
<b>Standard(s):</b>	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders And MS2530-4:2013 Part 4: General principles for palm oil mills
<b>Audit Language:</b>	English & Bahasa Malaysia/Melayu
<b>Audit Scope:</b>	<b>For Oil Mill</b>  Processing of Fresh Fruit Bunches (FFB) and Production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4 : General Principles for Palm Oil Mills  <b>For Estate</b>  Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders

Date	Time	Auditor	Organisational and Functional Units/ Processes and Activities		Key Contact
25/3/19	MH 2660 ETA 1020	JO & MSR	Flight Kuala Lumpur – Tawau (Flight detail TBC later) Travel to Unico Oil Mill , Jln Jeroco		
			Opening Meeting – Unico Oil Mill Sdn Bhd Unico Oil Mill Sdn Bhd presentation  Document review Mill		POM & Estate Key Personnel
	5:30 pm		End Day 1 . Transport back to Lahad Datu		
			o/night Lahad Datu		
			Dinner		
26/3/19	0700		Breakfast and Travel to <b>Estate 1</b>		
		Auditor 2	Auditor 1		
		MS 2530-3-2013 (Part 3) Oil Palm Plantation & Organised Smallholder <b>Estate 1</b>			
	0800 – 1230	<ul style="list-style-type: none"><li>• Principle 2: Transparency</li><li>• Principle 5: Environment, natural resources, biodiversity and ecosystem services</li><li>• Principle 6: Best practices</li><li>• Principle 7: New Planting</li></ul>	<ul style="list-style-type: none"><li>• Principle 1: Management commitment and responsibility</li><li>• Principle 3: Compliance to legal requirements</li><li>• Principle 4: Social responsibility, health, safety and employment condition</li></ul>	Estate Key Personnel	
	1230 – 1330	Lunch			
	1330 – 1730	Document review, interview, stakeholder consultation			
	1730	Preliminary Findings for <b>Estate 1</b>			

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	1800		End of Day 2		
	TBA		Dinner		
27/3/19	0700		Breakfast and Travel to <b>Estate 2</b>		
			Auditor 2	Auditor 1	
			MS 2530-3-2013 (Part 3) Oil Palm Plantation & Organised Smallholder <b>Estate 2</b>		
	0800 – 1230		<ul style="list-style-type: none"><li>• Principle 2: Transparency</li><li>• Principle 5: Environment, natural resources, biodiversity and ecosystem services</li><li>• Principle 6: Best practices</li><li>• Principle 7: New Planting</li></ul>	<ul style="list-style-type: none"><li>• Principle 1: Management commitment and responsibility</li><li>• Principle 3: Compliance to legal requirements</li><li>• Principle 4: Social responsibility, health, safety and employment condition</li></ul>	Estate Key Personnel
	1230 – 1330		Lunch		
	1330 – 1730		Document review, interview, stakeholder consultation		
	1730		Preliminary Findings for <b>Estate 2</b>		
	1800		End of Day 3		
	TBA		Dinner		
	29/11/18	0700		Breakfast and Travel to Unico Oil Mill	
			Auditor 2	Auditor 1	
			MS 2530-4-2013 (Part 4) Palm Oil Mills <b>Unico Oil Mill</b>		
0800 – 1230		JO & MSR JO & AO	<ul style="list-style-type: none"><li>• Principle 2: Transparency</li><li>• Principle 5: Environment, natural resources, biodiversity and ecosystem services</li><li>• Principle 6: Best practices</li><li>• Principle 7: New Planting</li></ul>	<ul style="list-style-type: none"><li>• Principle 1: Management commitment and responsibility</li><li>• Principle 3: Compliance to legal requirements</li><li>• Principle 4: Social responsibility, health, safety and employment condition</li></ul>	Mill Key Personnel
1230 – 1330			Lunch		
1330 – 1530			Finalising Findings and Recommendation		Mill and estate Personnel
1730			Closing Meeting		
			Presentation of findings and recommendation		
			Questions and Discussion		
1800				End of MSPO audit	
	TBA			Dinner (TBA)	
29/03/19	0630	JO & MSR	Transport to Lahad Datu Airport		
	MH 3011 0725		LD – KK		

	MH 2613		KK - KLIA	
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## Location and Maps

### **Background**

Unico Oil Mill - Unico Oil Mill Sdn Bhd is a subsidiary of Unico Plantations Sdn. Bhd. which in turn is a subsidiary of IOI Plantation Services Sdn Bhd. IOI Plantation Services Sdn Bhd is a wholly-owned subsidiary of IOI Corporation Berhad ("IOI Corp"). Therefore, Unico is effectively an indirect wholly-owned subsidiary of IOI Corp which was fully acquired in 2014.

The GPS locations of the mill and the Unico Oil Mill Group supplying bases/ estates are shown in **Table 1**.

Unico Oil Mill is located along Jalan Jeroco, 30 km from the town of Lahad Datu, The mill receives Fresh Fruit Bunch from IOI Unico Group estates namely, Unico 6 and Ladang Asas Sdn Bhd.

The mill also receives and processes FFB from 31 external FFB suppliers.

Unico 6 Estate comprise of the following estates Topcrop Plantation Sdn. Bhd, Supercrop Plantation Sdn, Bhd, Syarikat Zuba Sdn Bhd, Fasgro Plantation Sdn Bhd, Segaco Plantation Sdn Bhd, and Tutico Plantation Sdn.Bhd.

Ladang Asas Estate comprises of Ladang TAS and Halusah. See **Figure 1**

See **Figure 2,3** and **Figure 4** for the estate sampled during the audit.

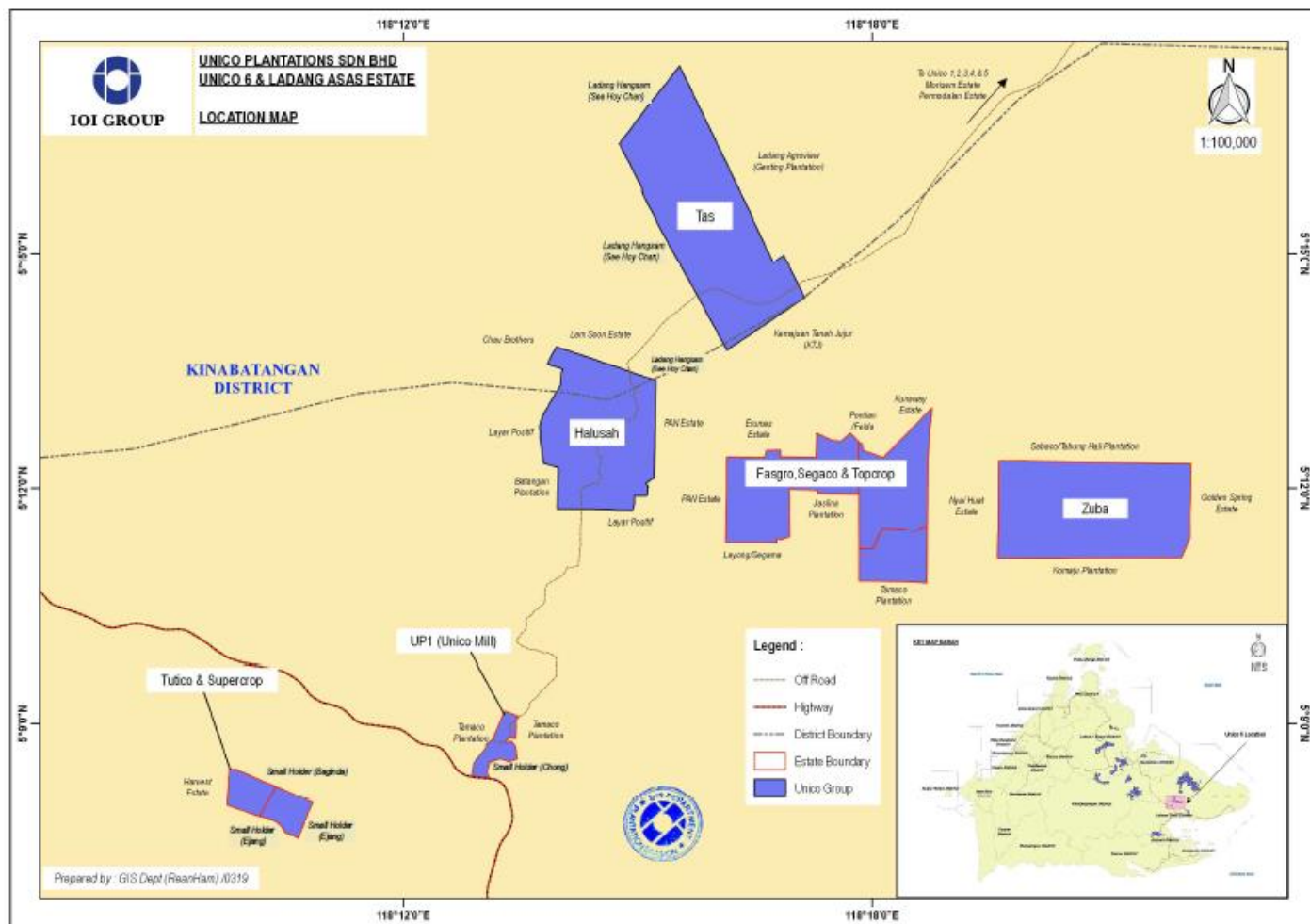
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**Table 1: Mill and Supply Base GPS Location**

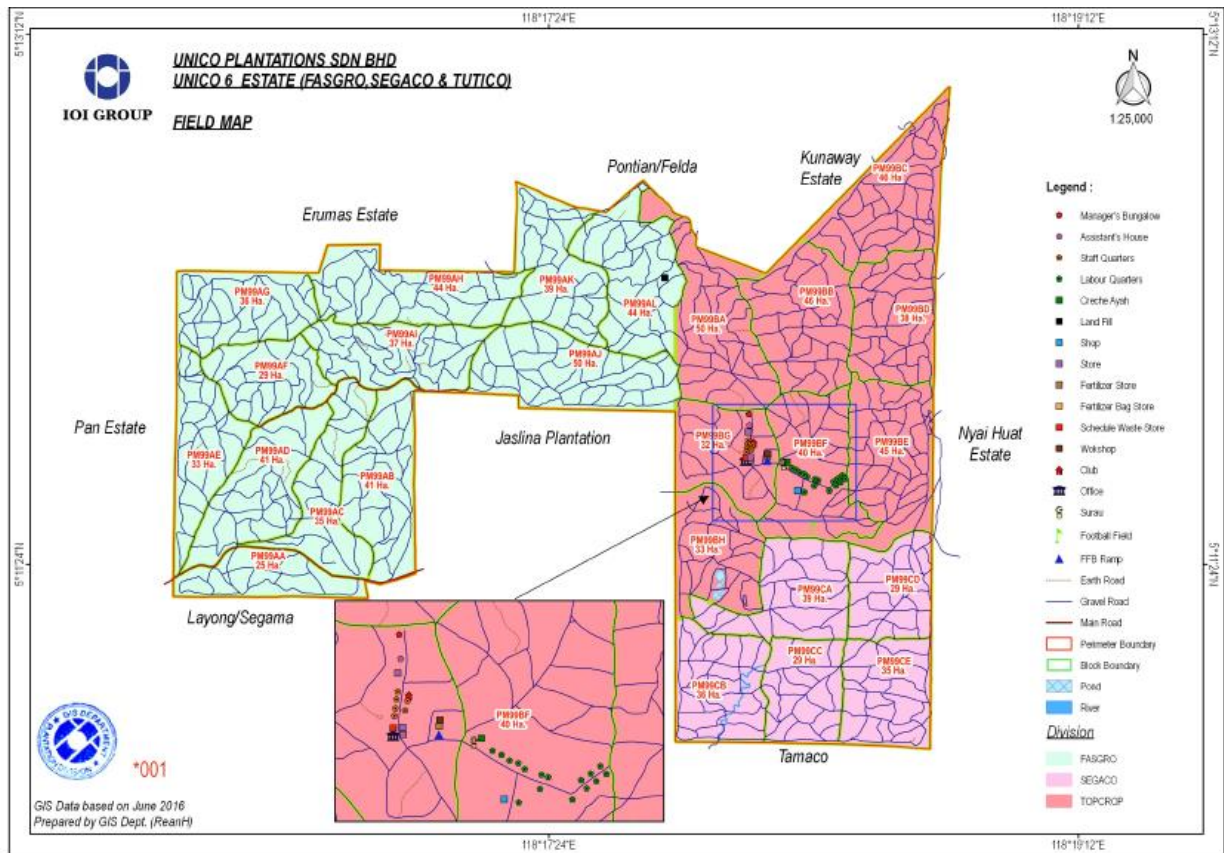
<b>Supply Base / Estates:</b>	<b>Location Address:</b>	<b>GPS Coordinate(s):</b>	<b>Area Certified(HA):</b>
<b>Unico 6 Estate</b>	Unico 6 Plantations, Kg Jaslina, Jalan Jeroco, 91113, Lahad Datu, Sabah	E 118°18'7.32" N 5°11'44.77"	2,263.76
Topcrop Plantation Sdn. Bhd.			
Supercrop Plantation Sdn. Bhd.			
Syarikat Zuba Sdn. Bhd.			
Fasgro Plantation Sdn. Bhd.			
Segaco Plantation Sdn. Bhd.			
Tutico Plantation Sdn. Bhd.			
<b>Ladang Asas Estate</b>	Ladang Asas Estate, Km20, Jalan Jeroco, Off Road Km17, 91109, Lahad Datu, Sabah	E 118°16'12.00" N 5°14'24.00"	2,021.85
Ladang Asas Sdn. Bhd.			
Halusah Ladang Sdn. Bhd.			

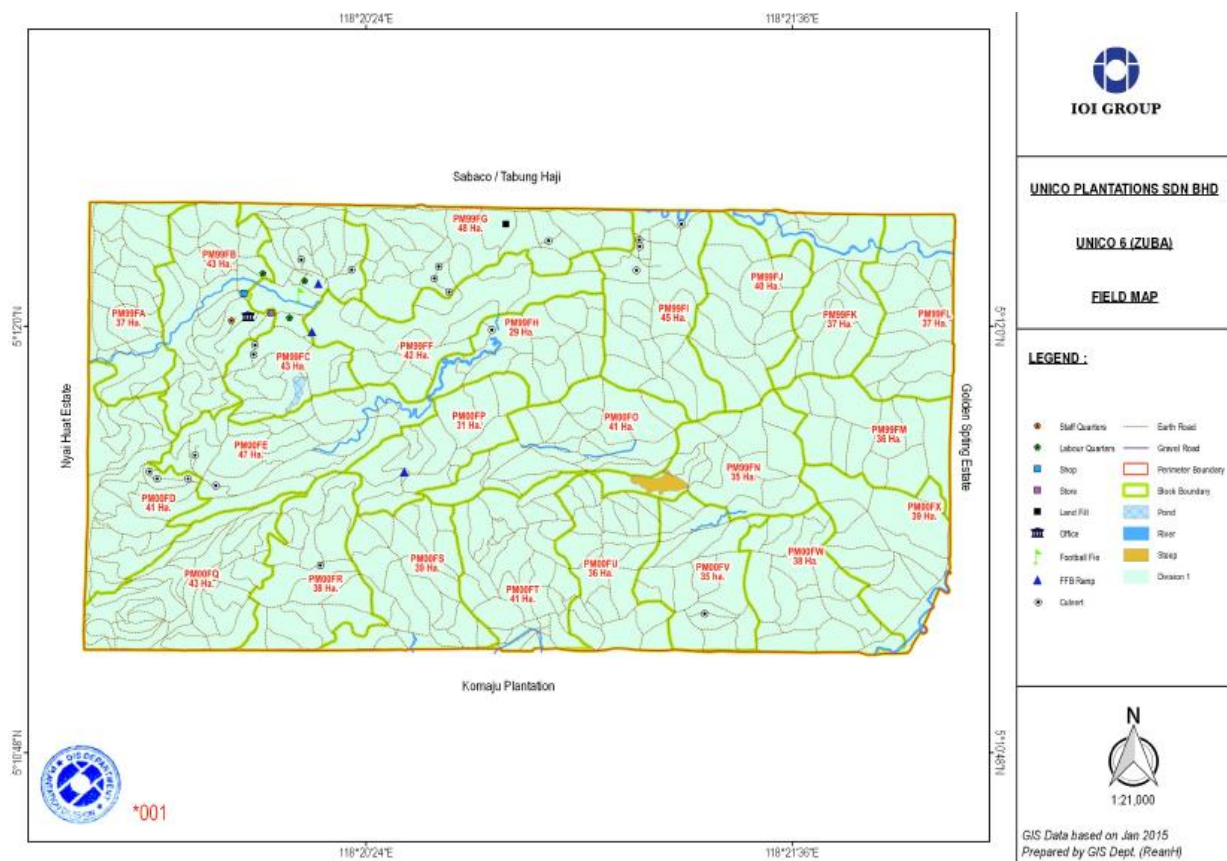


**Figure 1 Overall location of Unico Oil Mill and supplying estates Unico 6 Estates and Ladang Asas Sdn Bhd ( TAS Halusah )**



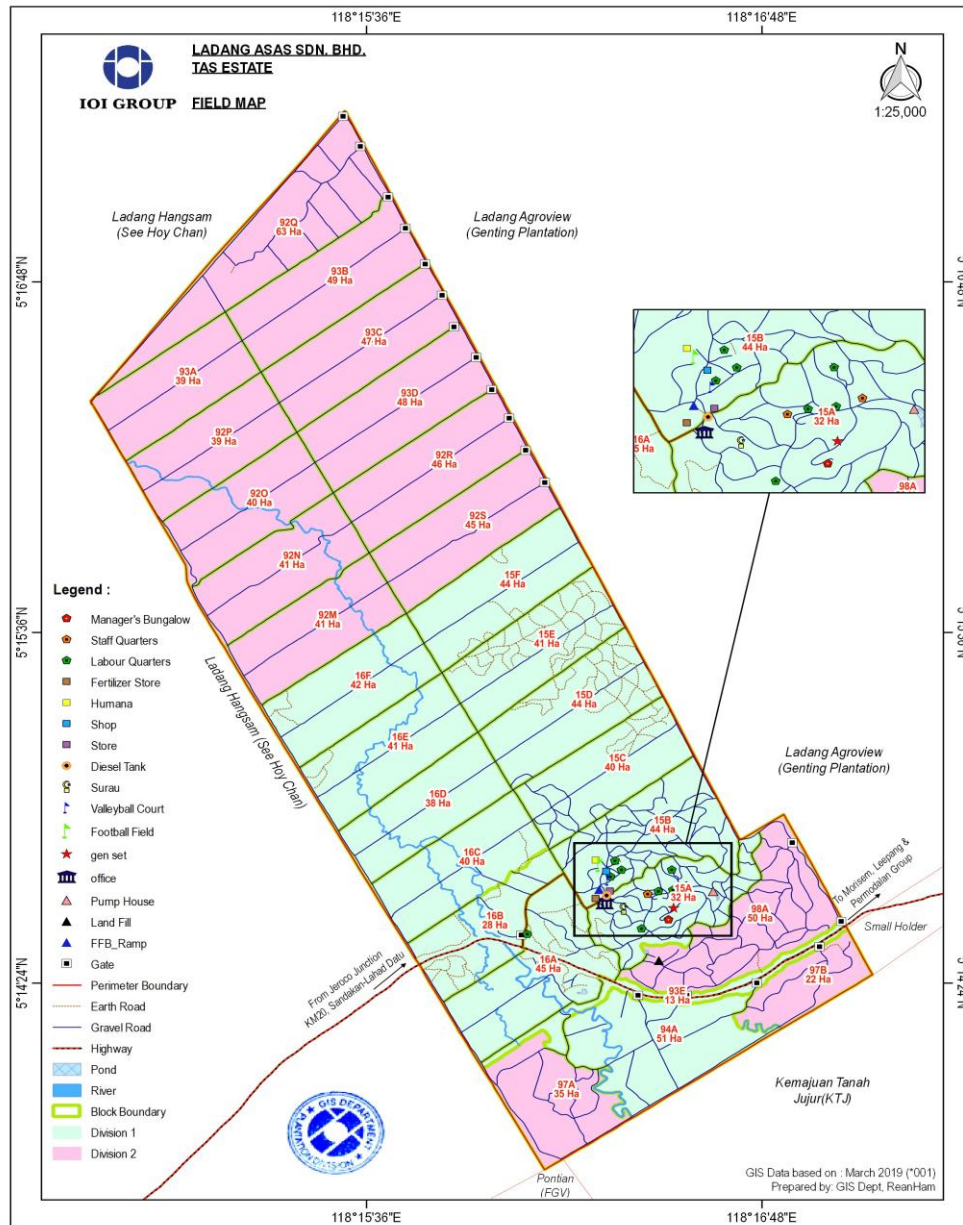
**Figure 2 : Map of Unico 6 Estate ( Fasgro, Segaco & Tutico )**





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Figure 4 : TAS Estate Map





### Description of Supply Base and Mill Processing Capacity

The FFB are sourced from their own IOI managed estates namely Unico 6 Estates (and its division) , Ladang Asas (TAS/ Halusah ) and total of 31 external FFB suppliers. The actual and the projected crop yield from each estate is listed in **Table 2** below. **Table 3** presents the mill processing data

**Table 2: FFB Production**

Estate	*FFB Production (MT) Period: <i>MARCH 2017- FEBRUARY 2018</i>	
	Previous Actual <i>March 2018- February 2019</i>	Budget /Estimate / Projection <i>March 2019- February 2020</i>
Unico 6 Estate	54,448.62	<b>59,964</b>
Ladang Asas Estate (Tas & Halusah)	20,065.73	21,140
Total	<b>74,514.35</b>	81,104
Other supplier (Smallholder & Outgrowers)	17,076	16,561
<b>TOTAL FFB SENT TO PALM OIL MILL</b>	<b>91,590.35</b>	<b>97,665</b>

\*Figure period prepared for RSPO Audit

**Table 3: Actual and Projected Mill Processing Data**

Name of Mill	Previous Actual <i>March 2018- February 2019</i>	Previous Actual <i>March 2018- February 2019</i>		Budget /Estimate / Projection <i>March 2019- February 2020</i>	Budget /Estimate / Projection <i>March 2019- February 2020</i>	
	FFB Processed ( MT )	CPO (MT)	PK (MT)	FFB Processed ( MT )	CPO (MT)	PK (MT)
Unico Palm Oil Mill	91,590.35	18,264.894	4,730.68	97,665	19,871	5,127
		OER%	KER%		OER%	KER%
		<b>19.94</b>	<b>5.17</b>		<b>20.35</b>	<b>5.25</b>

\*\*Figure period prepared for RSPO Audit

### Area of Plantation

The areas of supplying estates for this operating unit that are to be MSPO certified are listed in **Table 4**. Details of production area (mature/immature) are also listed.



**Table 4: Area Statement of the Supplying Estates**

Area Statement (Ha)						
Supplying Estate	Titled Area (Ha) (Certified Area)	Planted (Ha)		*Conservation (Ha)	HCV/ High biodiversity value (ha)	**Others (Ha)
		Immature Area (Ha) (Age Group )	Mature Area (Ha) (Age Group)			
Unico 6 Estate	2,263.76	0	2,087	16.71	0	160.05
Ladang Asas Estate (TAS & Halusah)	2,021.85	1,022	887	11.03	0	101.82
<b>TOTAL</b>	4,285.61	1,022	2,974	27.74	0	261.87

\* Please describe if information available

\* e.g Conservation area : riparian reserve, waterways , forest buffer zone etc

\*\* Others : non-crop area : road, linesite ,office , workshop, TNB power lines etc

### Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit ,

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/unico-oil-mill-sdn-bhd>

Stakeholder consultation took place in the form of meetings and interviews. As this was a main assessment, meetings with workers were held in their respective premises within and near the estates and Unico Oil Mill. In all the interviews and meetings/telephone conversation , the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant MSPO principles, criteria and indicators.

See **Appendix 2** for stakeholder's details and comments.

### Comment on MS2530-3 Compliance Status:

<b>Comment on Principle 1</b>	<u>Policy on Implementation of MSPO –</u> IOI Group has established policy entitled “Sustainable Palm Oil Policy” dated on March 2018 signed by Dato’ Lee Yeow Chor (Group Chief Executive Officer) and Dr. Surina
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Ismail (Group Head of Sustainability) made available and posted e.g on notice board in the office, muster ground as well as at the line-site .

Internal Audit –

As reported in 4.1.2.1, The internal audit procedures is sighted in the Doc. No: MSPO/ SOP/IA/2 \_Internal audit Procedure ( 01/11/18 )

As reported in 4.1.2.2, The auditee will prepare the 'Action Plan Form ' where the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action..

Internal auditors from SPO Department

- 1) Ms Valerie Binati
- 2) Ms Sumarni Sudirman
- 3) Felix Francis

	Date	Non-conformity
UOM	27/2/19	2
TAS/ Halusah	15/3/19	0
Unico 6	16/3/19	2

The closure of the 2 NC raised for Unico 6 were sighted .

Management Review –

As reported in 4.1.3.1 , the Management review were conducted concurrently with the mill

	Date
UOM	20/3/19
Tas Halusah	
Unico 6	

Continual Improvement –

As reported in 4.1.4.1, the action plan for continual improvement based on consideration of the main social and environmental impact and opportunities of the company is documented in the 'Continuous Improvement Plan and Future Continuous Improvement Plan: Unico 6 2018/19

**Comment on  
Principle 2**

Transparency of documents relevant to MSPO requirements –

The estate was established several communications all related stakeholder about MSPO (e.g.: Official letter, stakeholder meeting, complaint book, etc).

Transparent method of communication and consultation –

Several procedures were established to ensure consultation and communication to relevant stakeholder with recorded and act properly. List of stake holder and record consultation and communication was well maintained

Traceability –

	<p>“Mobile Crop Monitoring System (MCMS) – Standard Operating Procedure” was use for daily process for FFB record before send to the mill.</p>												
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> –</p> <p>As reported in 4.3.1.1, The estates like Unico 6 has the list of applicable local, state, national and ratified international laws and regulations to ensure they are in compliance</p> <p>As reported in 4.3.1.4 , Ms Asmawati , SPO Executive has been assigned the person responsible to monitor compliance and to track update the changes in regulatory requirements</p> <p><u>Legal land use rights</u> –</p> <p>As reported in 4.3.2.2, Unico 6 presented the copies of the documents showing legal ownership or lease, history of land tenure and the actual use of the land is stated in the documents..</p> <p>However a non-conformity was raised as TAS / Halusah also presented the copies of the documents showing legal ownership or lease, history of land tenure and the actual use of the land is stated in the documents.</p> <p>However it was noted that the land use in one of the title is still under cocoa instead of oil palm</p> <table><tr><td></td><td></td><td>Ha</td></tr><tr><td>Ladang Asas Sdn Bhd</td><td>CL 095315227</td><td>1209 ha</td></tr><tr><td>Ladang Halusah</td><td>CL 115345974</td><td>795.409 ( cocoa )</td></tr><tr><td>Ladang Halusah</td><td>CL 115348475</td><td>17.449</td></tr></table> <p><b>MAJOR 01</b></p> <p><u>Customary rights</u> –</p> <p>As reported in 4.3.3.1 , during the annual external stakeholder meetings till today there were no issues raised on lands are encumbered by customary rights.</p>			Ha	Ladang Asas Sdn Bhd	CL 095315227	1209 ha	Ladang Halusah	CL 115345974	795.409 ( cocoa )	Ladang Halusah	CL 115348475	17.449
		Ha											
Ladang Asas Sdn Bhd	CL 095315227	1209 ha											
Ladang Halusah	CL 115345974	795.409 ( cocoa )											
Ladang Halusah	CL 115348475	17.449											
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment</u> –</p> <p>As reported in 4.4.1.1, UOM , TAS / Halusah and Unico 6 have both the Group Social impact Assessment &amp; Management Plans ( Guidance Document ) Plantation Division July 2007 – 2012 that as the Manual for the individual SIA assessment .</p> <p>( The 2018 – 2023 Group SIA and management Action plans ( Guidance Document ) revised in 2018 is awaiting approval by the Plantation Director , Mr Sudhakaran Notash Baskaran .</p> <p>For the individual estate , they will annually conduct their own Social Impact Assessment known as , Review Document for Social Impact &amp; management plans &amp; continuous improvement .</p> <p><u>Complaints and grievances</u> –</p> <p>As reported in 4.4.2.1 , in the Group SIA Guidance Documents , the system for dealing with complaints and grievances is established and documented in a form of a flowchart :</p> <p>1) Grievance Reporting flow Chart / Carta Aliran Laporan Aduan</p> <p>2) Prosedur Aduan Gangguan Seksual</p>												



The Grievance Procedure is documented in the Group Social Impact Assessment and Management Action Plans Section 7.0 Grievance Procedure  
And the Sexual Harassment Procedure is documented In Section 8.0 Sexual Harassment Procedure  
In Section 9.0 Stakeholder Request Procedure

Commitment to contribute to local sustainable developments –

As reported in 4.4.3.1 , annually the estate will conduct the external and internal meeting to identify request from the community , both internal and external

This will be recorded in the Stakeholder meeting.

Employees health and safety –

As reported in 4.4.4.1, the Occupational Safety and Health policy, *Polisi Keselamatan & Kesihatan Pekerjaan* ' signed by NB Sudhakaran , dated 3 March 2018 was available.

As reported in 4.4.4.2, the occupational safety and health plan covered the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations assessed and documented in the HIRARC.
- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
- d) The management provided the appropriate PPE at the place of work
- e) The management has establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management appointed responsible person(s) for workers' safety and health.
- g) The management conducted regular two-way communication with their employees where issues.
- h) Accident and emergency procedures exist
- i) Employees trained in First Aid present at all field operations. A First Aid Kit equipped with approved contents available at each worksite.
- j) Records of all accidents and be reviewed periodically at quarterly intervals

Based on the annual medical surveillance for Unico 6 the spray operator interviewed , Surita Mala ( head gang ) , Jusmawati and Herna , they were deemed fit by the OHD , Dab Oh Sdn Bhd

Employment conditions –

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In 4.4.5.1 , the management has established a policy on good social practice regarding human rights in respect of industrial harmony. The policy is signed by the top management and communicated to the employees.

The Respecting Human Rights Policy , 2015 has been incorporated into the Sustainable Palm Oil Policy ( SPOP) , signed by Dato Lee Yeow Chor , revised March 2018

As reported in 4.4.5.3, the mill / estates are monitoring ensure that employees' pay and conditions meet legal or industry minimum standard as per the Minimum Wage Order 2018 of RM42.31 / day for a 6 day work is complied

As reported in 4.4.5.4, management ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.

As reported in 4.4.5.6, the ,Employee Identification Cum input Document , of Emilianus Drius was sighted as the contracts that have been signed by both employee and employer.

As reported in 4.4.5.9, in TAS/Halusah , based on the check-roll of the worker Absyalom Samuel Maro , he had the following days which was reflected in the payslip for the month Feb 2019

However a non-conformity was raised under 4.4.5.11 as the following was sighted .

The house , toilet, cooking area, back yard of Driver En Acho ( A8 ) and bunch Checker , En Salleh was checked and was found to be in good and well maintained condition .

Grass was trimmed to appropriate height in Ladang Asas however in Unico 6 Fasgro line site as well as at staff linesite, the grass cutting is overdue

The upper window panes of several worker houses in Fasgro were missing or has been removed.

Several door knobs were missing as this may undermine the security of the workers homes

The drainage at line-site at Zuba prone to flooding

Although there are plans to shift the contractor housing , the present house and the surrounding provided to the TAS / Halusah contractor is not well maintained :

- 1) Domestic waste and spare part were improperly disposed
- 2) e.g: damaged drains at the back , door knob , missing fire extinguisher etc

## MINOR 02

An observation was raised under 4.4.5.13 .

The workers elected to represent the ECC committee was sighted.

Ladang Asas / TAS Halusah Estate has an ECC org chart ( 16 March 2019 ) headed by Mr Amri Passenai ( Indon )

According to TAS/Halusah , workers were nominated as candidates by the workers and an election carried out during the morning muster to elect the committee to represent the workers.

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	<p>However based on the election evidence not all the workers votes tally with the number of workers.</p> <p><b>OBSERVATION 01</b></p> <p><u>Training and competency</u> – As reported in 4.4.6.1 , an awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <p>Evidence: Training programme and OSH Safety &amp; Health Training programme for year 2019</p> <p>As reported in 4.4.6.2, in the Health and safety Management plan under the sub-section 5.4 Training record, the training needs of the employee is presented under 5.5 Recommended Training needs .</p>
Comment on Principle 5	<p><u>Environmental management programme</u> – “Environment Impact Assessment – Management Action Plans &amp; Continues Improvement Plan – Tas/Halusah &amp; Unico 6 Estate” was available which identified all environmental impact and aspects. Training was provided according to assessment above.</p> <p><u>Efficiency of energy use and use of renewal energy</u> – Consumption of non-renewable energy was assessed by the company to ensure to minimize the consumption and replace with renewable energy sources.</p> <p><u>Waste management and disposal</u> – “Environment Impact Assessment – Management Action Plans &amp; Continues Improvement Plan – Tas/Halusah &amp; Unico 6 Estate” also covered waste management disposal which identified and classified the categorize of waste e.g.: schedule waste, recycled waste, clinical waste, domestic waste, etc. Record of disposal of waste and use of mill waste (EFB) was well maintained. Empty chemical container was disposed to official collector.</p> <p><u>Reduction of pollution and emission</u> – “Environment Impact Assessment – Management Action Plans &amp; Continues Improvement Plan – Tas/Halusah &amp; Unico 6 Estate identified of type of pollution and emissions. Zero burning statement in policy was showed their commitment to ensure no burning with estate operation.</p> <p><u>Natural water resources</u> – Water management plan for Unico Grouping was well established. Water consumption and water analysis (Domestic/water sampling) was available and updated. Riparian for natural waterways was well maintained. Water source from man-made water pond for water harvesting.</p> <p>However an observation is raised due to the following : During site inspection at watercourse, sighted the soil erosion at the buffer zones which may be block watercourse caused flood into plantation area at TAS/Halusah Estate.</p>

	<p>Based on EIA assessment, any changes to the natural waterways within estate will be referred to DID.</p> <p><b>OBSERVATION 02</b></p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area</u> – “High Conservation Value (HCV) &amp; Conservation Area Assessment and Management Action Plans” was available which identified internal and external HCV or CV. Record for monitoring was available in Patrolling Book.</p> <p><u>Zero burning practices</u> - No burning for re-planting process. Observed the SOP for replanting stated the previous crops should be felled, chipped and mulched.</p>
Comment on Principle 6	<p><u>Site management</u> – “Oil Palm Agricultural Policies” dated July 2005 &amp; “Group Standard Operating Procedures (StOPs) for Estate Operations” dated on September 2007 was SOP that included all operation according to the best practices.</p> <p>All document above was supported with safety and health document entitled “Occupational Safety and Health (OSH) Manual and OSH Management System Documents”</p> <p><u>Economic and financial viability plan</u> – “5 Year Business Plan – Tas/Halusah &amp; Unico 6 Estate” was available which consist of minimum of 2 years of projection and previous 2 years of performance review.</p> <p><u>Transparent and fair pricing dealing</u> – The pricing mechanism control by IOI Group HQ as the same ownership and based on MPOB pricing guidelines.</p> <p><u>Subcontractor</u> – Observed the agreement above was signed by both parties which showed their agreed with the contract which indicate MSPO clause and the payment was according to the contract</p>
Comment on Principle 7	<p><u>High biodiversity value</u> – This Principle is not applicable as there are no development of new plantings</p> <p><u>Peat land</u> – This Principle is not applicable as there are no development of new plantings</p> <p><u>Social and environmental impact assessment</u> – This Principle is not applicable as there are no development of new plantings</p> <p><u>Soil survey</u> – This Principle is not applicable as there are no development of new plantings</p> <p><u>Planting on steep terrain and/or on marginal and fragile soils</u> – This Principle is not applicable as there are no development of new plantings</p> <p><u>Customary land</u> - This Principle is not applicable as there are no development of new plantings</p>

## **Comment on MS2530-4 Compliance Status:**

### **Comment on Principle 1**

#### **Policy on Implementation of MSPO –**

As reported in 4.4.4.1, IOI Group has established policy entitled “Sustainable Palm Oil Policy” dated on March 2018 signed by Dato’ Lee Yeow Chor (Group Chief Executive Officer) and Dr. Surina Ismail (Group Head of Sustainability) made available and posted on notice board in the mill as well as in the linesite .

Stated under section 4 .under the third bullet point ....committing towards sustainable production of palm oil and its continuous improvement as outlined in the MSPO guidelines....

#### **Internal Audit –**

As reported in 4.1.2.1, the result of the Internal audit are as follows:

Internal auditors from SPO Department

- 1) Ms Valerie Binati
- 2) Ms Sumarni Sudirman
- 3) Felix Francis

	Date	Non-conformity
UOM	27/2/19	2
TAS/ Halusah	15/3/19	0
Unico 6	16/3/19	2

#### **Management Review –**

As reported in 4.1.3.1 , the Management review were conducted concurrently with the mill

	Date
UOM	20/3/19
Tas Halusah	
Unico 6	

#### **Continual Improvement -**

As reported in 4.1.4.1, the action plan for continual improvement based on consideration of the main social and environmental impact and opportunities of the

	<p>company is documented in the 'Continuous Improvement Plan and Future Continuous Improvement Plan: Unico Mill 2018/19</p> <p>They have categorise based on the impact namely :</p> <ol style="list-style-type: none"> <li>1) Social</li> <li>2) Management ( some of which were environmental impacts e.g construct of RC Monsoon Drain at mill compound )</li> </ol>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements</u> –</p> <p>UOM was established several communications all related stakeholder about MSPO (e.g.: Official letter, stakeholder meeting, complaint book, etc).</p> <p><u>Transparent method of communication and consultation</u> –</p> <p>Several procedures were established to ensure consultation and communication to relevant stakeholder with recorded and act properly. List of stake holder and record consultation and communication was well maintained</p> <p><u>Traceability</u> –</p> <p>UOM was established “MSPO Supply Chain – Oil Mills: Mass Balance” – MSPCS/SOP/MB/1 Rev0 dated 01 December 2018 for pre-and post traceability. Daily inspection was conducted for traceability check. Several personnel were appointed to ensure every CCPs was according to traceability SOP or procedure.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> –</p> <p>As reported in 4.3.1.1, the mill has the list of applicable local, state, national and ratified international laws and regulations to ensure they are in compliance</p> <p>As reported in 4.3.1.4 , Ms Asmawati , SPO Executive has been assigned the person responsible to monitor compliance and to track update the changes in regulatory requirements</p> <p><u>Legal land use rights</u> –</p> <p>As reported in 4.3.2.1, the oil mill is located within Unico 6 was purchased from previous owners in 2014.</p> <p>The location of the site of the Palm Oil Mill at coordinate N 5.150023 E118.222223</p> <p>UOM has four land title ( 25.774 ha )</p> <ol style="list-style-type: none"> <li>1) CL 115429091</li> <li>2) CL115412907</li> <li>3) CL115429108</li> <li>4) CL 115429117</li> </ol> <p>In the CL 115429091 , it is stated the land is ‘for the purpose of palm oil mill ‘</p> <p><u>Customary rights</u> –</p> <p>As reported in 4.3.3.1 , during the annual external stakeholder meetings till today there were no issues raised on lands are encumbered by customary rights.</p>

	Unico Oil Mill and it's supply base estate will refer to the Group Social impact Assessment & Management Plans ( Guidance Document ) to demonstrate that these rights are understood and are not being threatened or reduced.
Comment on Principle 4	<p><u>Social Impact Assessment</u> – As reported in 4.4.1.1 , UOM , TAS / Halusah and Unico 6 have both the Group Social impact Assessment &amp; Management Plans ( Guidance Document ) Plantation Division July 2007 – 2012 that as the Manual for the individual SIA assessment . ( The 2018 – 2023 Group SIA and management Action plans ( Guidance Document ) revised in 2018 is awaiting approval by the Plantation Director , Mr Sudhakaran Notash Baskaran .</p> <p>The Social Impact Assessment (SIA) report ‘ Social Impact Assessment , Management Action Plans and Continous Improvement Programme –UOM was available.</p> <p><u>Complaints and grievances</u> – As reported in 4.4.2.1, in the Group SIA Guidance Documents , the system for dealing with complaints and grievances is established and documented in a form of a flowchart : 1) Grievance Reporting flow Chart / <i>Carta Aliran Laporan Aduan</i> 2) <i>Prosedur Aduan Gangguan Seksual</i></p> <p>The Grievance Procedure is documented in the Group Social Impact Assessment and Management Action Plans Section 7.0 Grievance Procedure And the Sexual Harassment Procedure is documented In Section 8.0 Sexual Harassment Procedure In Section 9.0 Stakeholder Request Procedure</p> <p><u>Commitment to contribute to local sustainable developments</u> – As reported in 4.4.3.1 , annually the mill will conduct the external and internal meeting to identify request from the community , both internal and external</p> <p>This will be recorded in the Stakeholder meeting.</p> <p>The Stakeholder meeting is conducted with the participation of the other IOI Certification Units . For UOM , there were no direct complaints/ request that require UOM's management attention .</p> <p><u>Employees health and safety</u> – As reported in 4.4.4.1, the Occupational Safety and Health policy, Polisi Keselamatan &amp; Kesehatan Pekerjaan ‘ signed by NB Sudhakaran , dated 3 March 2018 was available.</p> <p>As reported in 4.4.4.2, the occupational safety and health plan covered the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations assessed and documented in the HIRARC.</p>

- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
- d) The management provided the appropriate PPE at the place of work
- e) The management has establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management appointed responsible person(s) for workers' safety and health.
- g) The management conducted regular two-way communication with their employees where issues.
- h) Accident and emergency procedures exist
- i) Employees trained in First Aid e present at all field operations. A First Aid Kit equipped with approved contents available at each worksite.
- j) Records of all accidents and be reviewed periodically at quarterly intervals

Employment conditions –

In 4.4.5.1 , the management has established a policy on good social practice regarding human rights in respect of industrial harmony. The policy is signed by the top management and communicated to the employees.

The Respecting Human Rights Policy , 2015 has been incorporated into the Sustainable Palm Oil Policy ( SPOP) , signed by Dato Lee Yeow Chor , revised March 2018

As reported in 4.4.5.3, the mill & estates are monitoring ensure that employees' pay and conditions meet legal or industry minimum standard as per the Minimum Wage Order 2018 of 42.31 / day for a 6 day work is complied.

For UOM, based on their Feb 2019 analysis , based on the above , 7out of 84 workers .

For the 7 workers , based on the analysis , the reasons were provided :

- 1) Approved leave ( 5 )
- 2) Approved long leave : (2)

However based on the per day basis , they achieved the minimum wage per day of RM42.31

As reported in 4.4.5.4, In UOM, monitoirng of payment of the CPO/PK transport contractor, Juita Maju to the 16 drivers were sighted and they are paid based on MT FFB transported.

Payslip not available however interview done by Unico with the drivers

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	<p>The Feb 2019 payslip were &gt; RM1,100</p> <p>As reported in 4.4.5.6 , the ,Employee Identification Cum input Document , of Ruhani Tola was sighted as the contracts that have been signed by both employee and employer.</p> <p>Name: Ruhani Tola Passport : AT 691022 Date Join : 010818 Position : General Cleaning</p> <p>A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>Her thumbprint as evidence that he has a copy of the contract .</p> <p>As reported in 4.4.5.9, in UOM , based on the check-roll of the worker Ruhani Tola , she had the following days which was reflected in the payslip for the month Feb 2019</p> <p>The payment slip of the following worker was sampled.</p> <p>1) Ruhani Tola , General Cleaning , passport AT 891022</p> <p>The overtime in the payslip , 30 hrs , matches the overtime hours calculation in the Overtime Requisition Form for the month e.g Feb 2019</p> <p>1) Mill/ Field work wages : 23 days x RM 42.31 2) Kerja lebih masa : 30 hrs x RM7.94 3) Gaji cuti Am : 1 MD x RM 42.31</p> <p>As reported in 4.4.5.11, housing opposite the Mill was visited and was found to be in good condition with the basic amenities and facilities.</p> <p>The house of E6 , Yohannes Yosep , Engine room and the house of Muhd Edrain , chargeman was visited .</p> <p>The kitchen , toilet , bath area , surrounding drains , netting , door , windows , grass were found to be acceptable and maintained .</p> <p>However an observation raised under 4.4.5.13 as the workers elected to represent the ECC committee was sighted.</p> <p>UOM has an ECC org chart ( 07 Feb 2019 ) headed by Mr Hermanto Mansur ( Indon ) and its committee</p> <p>Interview with worker Yohannes Yosep revealed that he was not aware of the Wakil Pekerja , Hermanto.</p> <p>Upon checking on the voting papers reveal that he was not listed as a voter and not all the workers were given the voting rights to nominate their workers' own representative(s) to facilitate collective bargain during the 2016 election of the representatives .</p> <p><b>OBSERVATION 01</b></p>
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	<p><u>Training and competency</u> – As reported in 4.4.6.1, an awareness and training programme which includes the following requirements for employees exposed to chemical :</p> <p>Evidence: Training programme and OSH Safety &amp; Health Training programme for year 2019</p> <p>In UOM , the programme has planned 64 trainings</p> <p>The list of competence person for the various work activities available updated 8/1/19</p> <p>As reported in 4.4.6.2, in the Health and safety Management plan under the sub-section 5.4 Training record the training needs of the employee is presented under 5.5 Recommended Training needs.</p> <p>The following ,position , were identified:</p> <ol style="list-style-type: none"> <li>1) Manager</li> <li>2) Exec</li> <li>3) Staff</li> <li>4) Worker</li> <li>5) Contractor</li> </ol> <p>The following ,key' is distinguished / used :</p> <ol style="list-style-type: none"> <li>1) A: Awareness</li> <li>2) K : Knowledge</li> <li>3) S: Skill</li> </ol>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme</u> – Environment management plan was established entitled “Review Document for Environment Impact Assessment Management Action Plans &amp; Continuous Improvement Plan - Unico Oil Mill” dated on 20 March 2019 was available which identified all environmental impact and aspects. Training was provided according to assessment above.</p> <p><u>Efficiency of energy use and use of renewal energy</u> – Consumption of non-renewable energy was assessed by the company to ensure to minimize the consumption and replace with renewable energy sources</p> <p><u>Waste management and disposal</u> – “Review Document for Environment Impact Assessment Management Action Plans &amp; Continuous Improvement Plan - Unico Oil Mill” dated on 20 March 2019 also covered waste management disposal which identified and classified the categorize of waste e.g.: schedule waste, recycled waste, clinical waste, domestic waste, etc. Record of disposal of waste and use of mill waste (shell, fiber, EFB, POME) was well maintained.</p> <p><u>Reduction of pollution and emission</u> – “Review Document for Environment Impact Assessment Management Action Plans &amp; Continuous Improvement Plan - Unico Oil Mill” dated on 20 March 2019 identified of type of pollution and emissions.</p> <p><u>Natural water resources</u> –</p>

	Water management plan for Unico Grouping was well established. Water consumption and water analysis (Domestic/water sampling) was available and updated. Land irrigation was use by UOM to discharge the effluent. Quarterly report to DOE was available.
Comment on Principle 6	<p><u>Mill management</u> – OUM was established “Group Standard Operating Procedures (StOPs) for Palm Oil Mill” Ref Doc: IOI/StOP/A Rev02 dated on 01/07/2017) which implemented in their operation</p> <p><u>Economic and financial viability plan</u> – “5 Year Business Plan – UOM” was available which consist of minimum of 2 years of projection and previous 2 years of performance review.</p> <p><u>Transparent and fair pricing dealing</u> – UOM with customer/suppliers is in same entities. MPOB monthly pricing for FFB/CPO/PK was use as guidelines for IOI Group and depend on OER of POM</p> <p><u>Subcontractor</u> – Observed the agreement above was signed by both parties which showed their agreed with the contract which indicate MSPO clause and the payment was according to the contract</p>

## 7. Nonconformities

### MS2530-3:2013 Part 3

<b>NonConformity</b>	N° 1 of 2	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor																					
Department / Function:	Legal , land use	Standard Ref.: Indicator	4.3.2.2																					
Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Closed																					
Details of Nonconformity	The management provided documents showing legal ownership or lease, history of land tenure however the actual use of the land has not been changed																							
Evidence	<p>Unico 6 presented the copies of the documents showing legal ownership or lease, history of land tenure and the actual use of the land is stated in the documents..</p> <p>Presently there are 18 land titles of the estates located in 4 sites .</p> <p>The land titles include the land title for the Unico oil Mill which is located in some of the titles of Unico 6</p> <p>The following were some of the land title that has been converted from e.g cocoa to oil palm with the following stamp ...<i>change from cocoa/ coffee to oil palm under the 'special terms '</i></p> <table border="1"> <thead> <tr> <th></th><th></th><th>ac</th></tr> </thead> <tbody> <tr> <td>Fasgro Plantation Sdn Bhd</td><td>CL 111533899</td><td>29.94 ac</td></tr> <tr> <td>Supercrop</td><td>CL 115342160</td><td>206.8 ac</td></tr> <tr> <td>Fasgro Plantation Sdn Bhd</td><td>CL 115338880</td><td>29.74 ac</td></tr> <tr> <td></td><td></td><td></td></tr> </tbody> </table> <p>TAS / Halusah also presented the copies of the documents showing legal ownership or lease, history of land tenure and the actual use of the land is stated in the documents.</p> <p>However it was noted that the land use in one of the title is still under cocoa instead of oil palm</p> <table border="1"> <thead> <tr> <th></th><th></th><th>Ha</th></tr> </thead> <tbody> <tr> <td>Ladang Asas Sdn Bhd</td><td>CL 095315227</td><td>1209 ha</td></tr> </tbody> </table>					ac	Fasgro Plantation Sdn Bhd	CL 111533899	29.94 ac	Supercrop	CL 115342160	206.8 ac	Fasgro Plantation Sdn Bhd	CL 115338880	29.74 ac						Ha	Ladang Asas Sdn Bhd	CL 095315227	1209 ha
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	Ladang Halusah	CL 115345974	795.409 ha ( cocoa )
	Ladang Halusah	CL 115348475	17.449 ha
Close-out evidence:	<p>Unico Oil Mill Sdn Bhd submitted the Root cause and the Corrective Action &amp; Preventive Measure .</p> <p>The following are the summary of the correspondence evidence:</p> <p>1) 23/3/19 – Estate communication with IOI Admin, HR ( Sabah ) , HQ on the matter</p> <p>2) 1/4/19 – Arrangement of appointment with <i>Pejabat Tanah</i> ( PPHT ) for inspection CL 115345974</p> <p>3) 9/5/19 communication with CH Williams, Talhar &amp; Wong (Sabah) on legal matters concerning land change</p> <p>4) 15/5/19 email thread between IOI , <i>Jabatan Tanah &amp; Ukur</i>, PPHT</p> <p>The correspondence email indicates that a joint visit by JTU and Agricultural Department to be carry out as part of the procedure.</p> <p>Currently, JTU is in progress of arranging their schedule together with agriculture department for the visit.</p> <p>With the submission of Corrective actions to address identified major nonconformities was carried out immediately and records with supporting evidence sent to the SGS auditor for closure within the 60 days , the <b>Major 01 is closed</b></p>		

<b>NonConformity</b>	N° 2 of 2	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Social / Housing inspection	Standard Ref.: Indicator	4.4.5.11
Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Open
Details of Nonconformity	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.		
Evidence	<p>In TAS / Halusah Estate the on-site living quarters are provided, these quarters are habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p>Interview with the following personnel showed that the workers do not have</p>		

issues with their houses.

Spray operators ( TAS Halusah )	Mdr Sukardi & operators
Manuring Gang ( TAS / Halusah )	Mdr Ratna & manurers
Bunch Checker	Asis Salleh + Salleh Anos ( having TB)
Harvesters ( Fasgro )	Mdr Sail + 4 harvesters
Spray operators ( Fasgro )	Kepala Gang, Surita Mala + 2 operators

Visit to the line-site showed that the linesite is maintain in good condition , no missing window panes .

The estate is in progress of concreting some of the drains .

TAS/Halusah has a creche with a ratio of 1 creche ayah : 10 children .

Unico 6 creche was visited managed by Creche ayah Norbianah with 4 kids & school holiday Humana children and was found to be in good and presentable condition:

- 1) Ventilation and ceiling fan
- 2) Mosquito netting
- 3) Clean toilet and shower area
- 4) Clean kitchen with place to store food
- 5) Treated water
- 6) First aid kit

The house , toilet, cooking area, back yard of Driver En Acho ( A8 ) and bunch Checker , En Salleh was checked and was found to be in good and well maintained condition .

Grass was trimmed to appropriate height in Ladang Asas however in Unico 6 Fasgro line site as well as at staff linesite, the grass cutting is overdue

The upper window panes of several worker houses in Fasgro were missing or has been removed.

Several door knobs were missing as this may undermine the security of the workers homes

The drainage at line-site at Zuba prone to flooding

Although there are plans to shift the contractor housing , the present house and the surrounding provided to the TAS / Halusah contractor is not well maintained :

- 3) Domestic waste and spare part were improperly disposed
- 4) e.g: damaged drains at the back , door knob , missing fire extinguisher etc

Close-out evidence:	Corrective Actions to address identified minor non-conformity have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
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## MS2530-4:2013 Part 4

**No Non-conformity raised**

## OBSERVATIONS : MS2530-3:2013 Part 3

<u>Observations</u>	N° 1 of 2	<input type="checkbox"/> Major	<input type="checkbox"/> Minor
Department / Function:	Employee representation	Standard Ref.: Indicator	4.4.5.13
Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	
Details	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.		
Details of Observation:	<p>The workers elected to represent the ECC committee was sighted.</p> <p>Ladang Asas / TAS Halusah Estate has an ECC org chart ( 16 March 2019 ) headed by Mr Amri Passenai ( Indon )</p> <p>According to TAS/Halusah , workers were nominated as candidates by the workers and an election carried out during the morning muster to elect the committee to represent the workers. However based on the election evidence not all the workers votes tally with the number of workers.</p> <p>In Unico Desa , similar election too place independent form the management . Date of election : 12/3/19 For Unico 6, it showed that the number of voters quite tally with the number of workers. The worker representation is based on operation rather than nationalities ( 9 Filipinos workers ( 2 localised ) )</p> <p>In TAS / Halusah the ECC meeting were conducted every bimonthly ( 2018 )</p> <p>The latest meeting 25/2/19</p> <ol style="list-style-type: none"> <li>1) Previous meeting issues</li> <li>2) Report of ,Borang Pengumpulan Maklumat , that is circulated to the workers for issues that need to be discussed</li> <li>3) Other matters – Issue gaji</li> <li>4) Environmental issues</li> </ol>		

<u>Observations</u>	N° 2 of 2	<input type="checkbox"/> Major	<input type="checkbox"/> Minor
Department / Function:	Environment – Bufferzone	Standard Ref.: Indicator	4.5.5.1



Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	
Details	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.		
Details of Observation:	During site inspection at watercourse, sighted the soil erosion at the buffer zones which may be block watercourse caused flood into plantation area at TAS/Halusah Estate. Based on EIA assessment, any changes to the natural waterways within estate will be river to DID.		

### OBSERVATIONS : MS2530-4:2013 Part 4

<b>Observations</b>	N° 1 of 1	<input type="checkbox"/> Major	<input type="checkbox"/> Minor
Department / Function:	Employee representation	Standard Ref.: Indicator	4.4.5.13
Document Ref.:	MS2530-4:2013	Issue / Rev. Status:	
Details	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions		
Details of Observation:	<p>The workers elected to represent the ECC committee was sighted.</p> <p>UOM has an ECC org chart ( 07 Feb 2019 ) headed by Mr Hermanto Mansur ( Indon ) and its committee</p> <p>Interview with worker Yohannes Yosep revealed that he was not aware of the Wakil Pekerja , Hermanto.</p> <p>Upon checking on the voting papers reveal that he was not listed as a voter and not all the workers were given the voting rights to nominate their workers' own representative(s) to facilitate collective bargain during the 2016 election of the representatives .</p>		

Nonconformities detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- ☐ Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 90 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- ☒ Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- ☒ Corrective Actions to address identified minor non- conformities shall be documented on an action plan and sent by the client to the auditor within 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- ☐ Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- ☐ Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

## 8. General Observations & Opportunities for Improvement

### Positive Observations:

- The support from IOI Plantation personnel, especially the estate and mill personnel & SPO Team contribute to the smoothness and successful of the audit process.
- Organised documentation & high commitment towards MSPO certification

### Important Observations and Opportunities for Improvements:

- Some neighbouring stakeholders e.g Golden Spring , Komaju missed out in stakeholder listing ( Unico 6 )
- Kenlly plastic pack with metsulfuron granules found in the 3R bins for plastic materials ( Unico 6 )
- Missing 'continuous training ' as the training for some workers e.g TAS / Halusah worker , Hermmina Welem joined 2010 , the file only showed her training only started in 2019
- The term used to identify the worker representative – ketua kampung. Wakil?
- Unico 6 Surita Mala KWSP number on payslip 123456789?
- Date of generation of SW missed out ( TAS/ Halusah and Mill )
- Records of periodic monitoring of the rehabilitated bufferzone ( TAS/ Halusah ) rather than '1 off visit

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## Appendix 1: Multi –Site Address List

Site name / Address	Audit Dates	Activities at this site
TAS / Halusah 2 Estate	26/3/19	Spraying gang, contractor housing and Waste Management , Scheduled Waste Store, Chemical and Fertiliser Store , Workshop Line site, riparian area, harvesting
Unico 6 Estate	27/3/19	First Aid kit, Spray operators interview, Boundary stone , Housing and surrounding, Creche, Storage site,, Scheduled Waste , Minimum wage monitoring
Unico Oil Mill	25/3/19 ( Opening ) 28/3/19	Mill area , High noise area Boiler , engine room , Wastewater Treatment SW Store, Workshop, First aid, Line-site, Lorry road tax

## Appendix 2: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Kunaway Estate Wilfredo	External neighbor estate	No issue with Unico 6 on social or environmental issues	-

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Jaslina Plantation Mr Ling , General Manager	External neighbor estate	No issues on boundary, access, worker, security , road condition	-
Spraying operation gang Mandor , Sukardi and female operators @ TAS Nilma, Zaharia, Juliana, Hermina	Internal	No issues on pay, housing ,  Housing OK  Pay > RM1100  Pay before 7 <sup>th</sup> of the next month	-
TAS / Halusah , mandore Ratna ( manure and manurers	Internal	PPE OK, Pay by the 7 <sup>th</sup> Housing OK Creche and Humana for children	-
Spraying operation gang Mandor and female operators @ Unico 6 Surita Mala ( head gang ) , Jasmawati and Hena ,	Internal	PPE is provided and replaced when faulty / damaged	-
Oil Mill workers at Ramp	Internal	Appropriate PPE provided and replaced when damaged	-
HA Unico 6, En Amirul	Internal	Sufficient and quality medicine provided	-
house of E6 , Yohannes Yosep , Engine room and the house of Muhd Edrain , chargeman was visited.  In the estate, the house , toilet, cooking area, back yard of Driver En Acho ( A8 ) and	Internal	Repair done on request . Satisfied with house condition	-



bunch Checker , En Salleh were checked			
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### Appendix 3: Audit Planning Matrix

Area / Department / Process / Function	ASPECTS, RISKS, OBJECTIVES,	Principles	Visits:	MA	ASA01	ASA02	ASA03		
			Dates:	25-28/3/19					
			Auditor(s):	James S H Ong, Mohd Saifuddin Rozlan,					
Unico Oil Mill POM	MS2530-4:2013: Part 4								
		Principle 1: Management commitment and responsibility		x					
		Principle 2: Transparency		x					
		Principle 3: Compliance to legal requirements		x					
	Obs01_4.4.4.13	Principle 4: Social responsibility, health, safety and employment condition		Obs01					
		Principle 5: Environment, natural resources, biodiversity and ecosystem services		x					
	Obs02_4.6.4.1	Principle 6: Best practices					-		

Unico 6 estate, TAS/ Halusah estate	MS2530-3:2013: Part 3		MA 25-28/3/19	ASA01	ASA02	ASA03		
		Principle 1: Management commitment and responsibility	x					
		Principle 2: Transparency	x					
	Major 4.4.3.2	Principle 3: Compliance to legal requirements	M01					
	Minor 4.4.5.11 Obs 4.4.5.13	Principle 4: Social responsibility, health, safety and employment condition	'm02 Obs01					
	Obs_4.5.5.1	Principle 5: Environment, natural resources, biodiversity and ecosystem services	Obs02					
		Principle 6: Best practices	x					
		Principle 7: Development of New Plantings	n.a	n.a		-		

#### Appendix 4: Acknowledgement of Internal Responsibility and Formal Sign-off Assessment Findings

SGS ( Malaysia ) Sdn Bhd and client acknowledge and confirms acceptance of the Report contents and including the assessment findings. SGS (Malaysia) Sdn Bhd and client accept the responsibility for addressing the opportunities of improvement detailed in this report.

Signed on behalf of Unico Oil Mill Sdn Bhd	Signed on behalf of SGS (Malaysia) Sdn Bhd
 Name: <i>Thevendran A/L Balan</i> Position : <i>Senior Manager</i> Date : <i>11/09/2019</i>	 Name: James S H Ong Position: Lead Auditor Date : 28/08/19

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