



**MALAYSIA SUSTAINABLE PALM OIL (MSPO)
SUMMARY REPORT**

PROJECT NO.	MY-04902		
CLIENT:	Halusah Ladang Sdn. Bhd. (Sakilan Palm Oil Mill)		
COMPANY REGISTRATION NO.:	35811-U		
NO. OF MILL:	01 (Group Certification)	NO. OF SITES:	03
MILL CAPACITY:	40 MT/Hr	TOTAL AREA:	7,136.37 HA
ADDRESS:	<u>Mill Address:</u> Sakilan Palm Oil Mill, Mile 22, Sandakan/Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia <u>Regional Headquarters (HQ) Address:</u> Plantation Division (Sabah) Sandakan Regional Office Mile 45, Sandakan/Telupid Road W.D.T. No: 164, 9009 Sandakan, Sabah, Malaysia	TEL: Fax:	+6089 – 509 101 / 102 (Regional HQ) +6089 563 164 / 043 (POM) +6089 509 100 / 565 142 (Regional HQ) +6089 568 602 (POM)
		E-MAIL: Website:	hwleang@ioigroup.com ikam.singh@ioigroup.com veronica.abel@ioigroup.com
AUDIT SCOPE:	Cultivation of MSPO Certified Oil Palm products (FFB); Production of Crude Palm Oil (CPO) and Palm Kernel (PK); and implemented based on MS2530 (Part 3 and Part 4).		
SUPPLY CHAIN MODULES:	Mass Balance		
CERTIFICATE NO:			
DATE OF ISSUE:		DATE OF EXPIRY:	
STANDARD:	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders MS2530-4:2013 Part 4: General principles for palm oil mills		
DATE OF LAST REPORT UPDATE:	08 November 2017		

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BASIC EVALUATION INFORMATION

Audit History:

Audit:	Date:	Audit Team	
Stage II Audit	06 – 10 November 2017	Lead Auditor	Mohd Saifuddin Rozlan
		Auditor 1	Muhamad Iqbal Jailan
		Auditor 2	Abdullah Din
		Auditor 3	James S H Ong
Surveillance 1		Lead Auditor	
		Auditor 1	
		Auditor 2	
Surveillance 2		Lead Auditor	
		Auditor 1	
		Auditor 2	
Surveillance 3		Lead Auditor	
		Auditor 1	
		Auditor 2	
Surveillance 4		Lead Auditor	
		Auditor 1	
		Auditor 2	

Review:

Clients Review:		Date:	
MSPO Panel Reviewer:		Date:	
SGS Peer Reviewer:		Date:	
SGS Technical Reviewer:		Date:	
Report approved by:		Date:	
Certification approved by:		Date:	
Database logged by:		Date:	

1. INTRODUCTION

This report presents the results of the certification evaluation at **Halusah Ladang Sdn. Bhd. (Sakilan Palm Oil Mill)** in **Mile 22, Sandakan/Telupid Road, W.D.T 164, 90009, Sandakan, Sabah, Malaysia** on **06 – 10 November 2017** by SGS (M) Sdn Bhd. The purpose was to assess the operations of **Halusah Ladang Sdn. Bhd. (Sakilan Palm Oil**

Mill) against the requirements of the Malaysia Sustainable Palm Oil (MSPO) certifications under MS2530-3:2013 and MS2530-4:2013.

IOI Plantation Berhad has 90 estates and the total oil planted area as at the end of the financial year under review stood at 179,271 hectares. Approximately 64% of the IOI's oil palm plantation holdings are in East Malaysia, 24% in Peninsular Malaysia and the remaining 12% in Indonesia. Halusah Ladang Sdn Bhd is one of subsidiary in IOI Plantation in Sabah Division located at Sandakan, Sabah, Malaysia.

IOI Plantation produce are principally processed by its 15 palm oil mills with an annual milling capacity of approximately 4,750,000 tonnes of fresh fruit bunches (FFB).

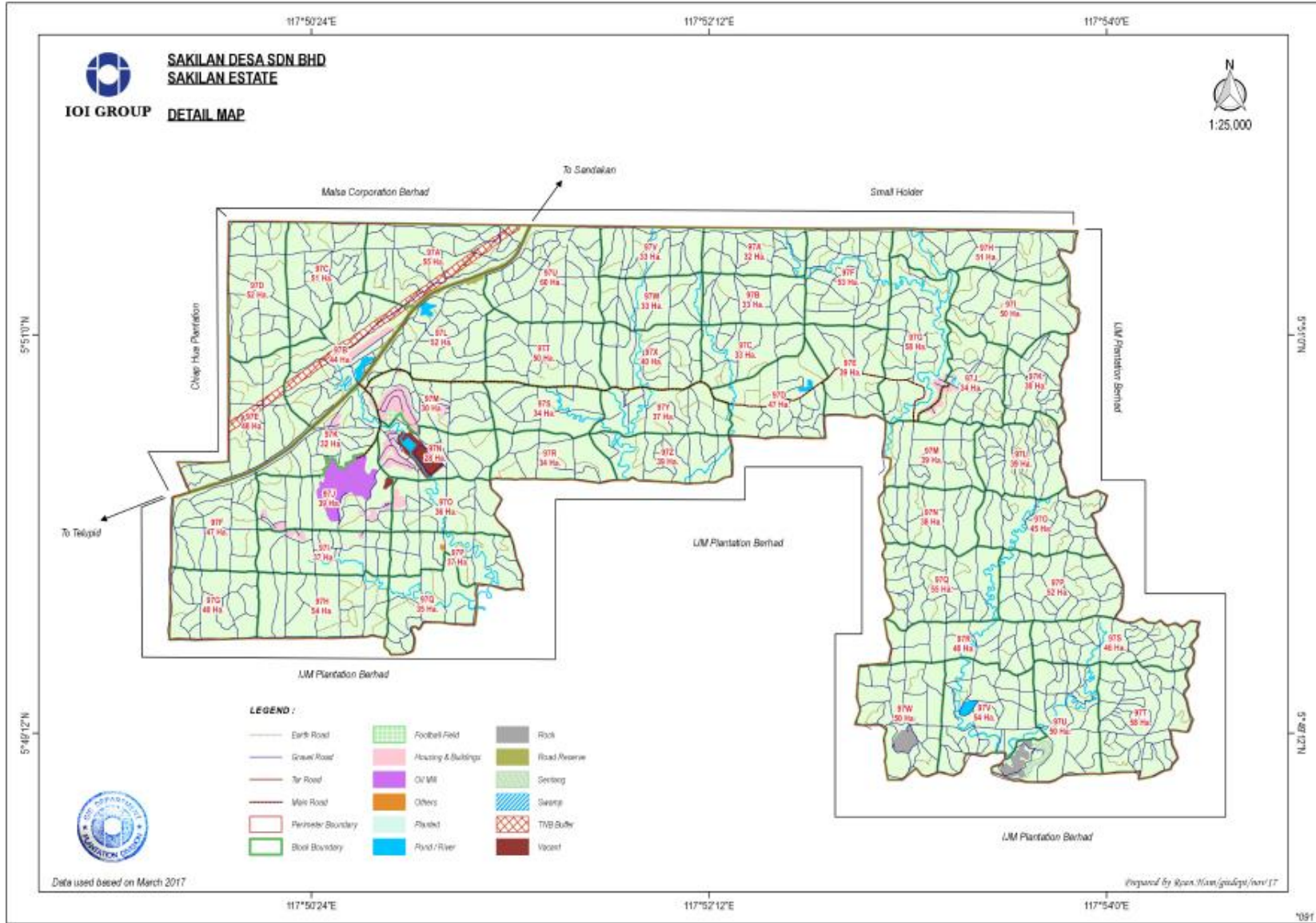
Over the years, IOI Plantation has been able to sustain as one of the most cost-efficient procedures in the industry due to management's emphasis on continuous improvement in efficiency and productivity of its operations. Achievement in productivity are the result of years of concerted effort and commitment to good plantation management practices.

1.1. Location Map of the Production Unit

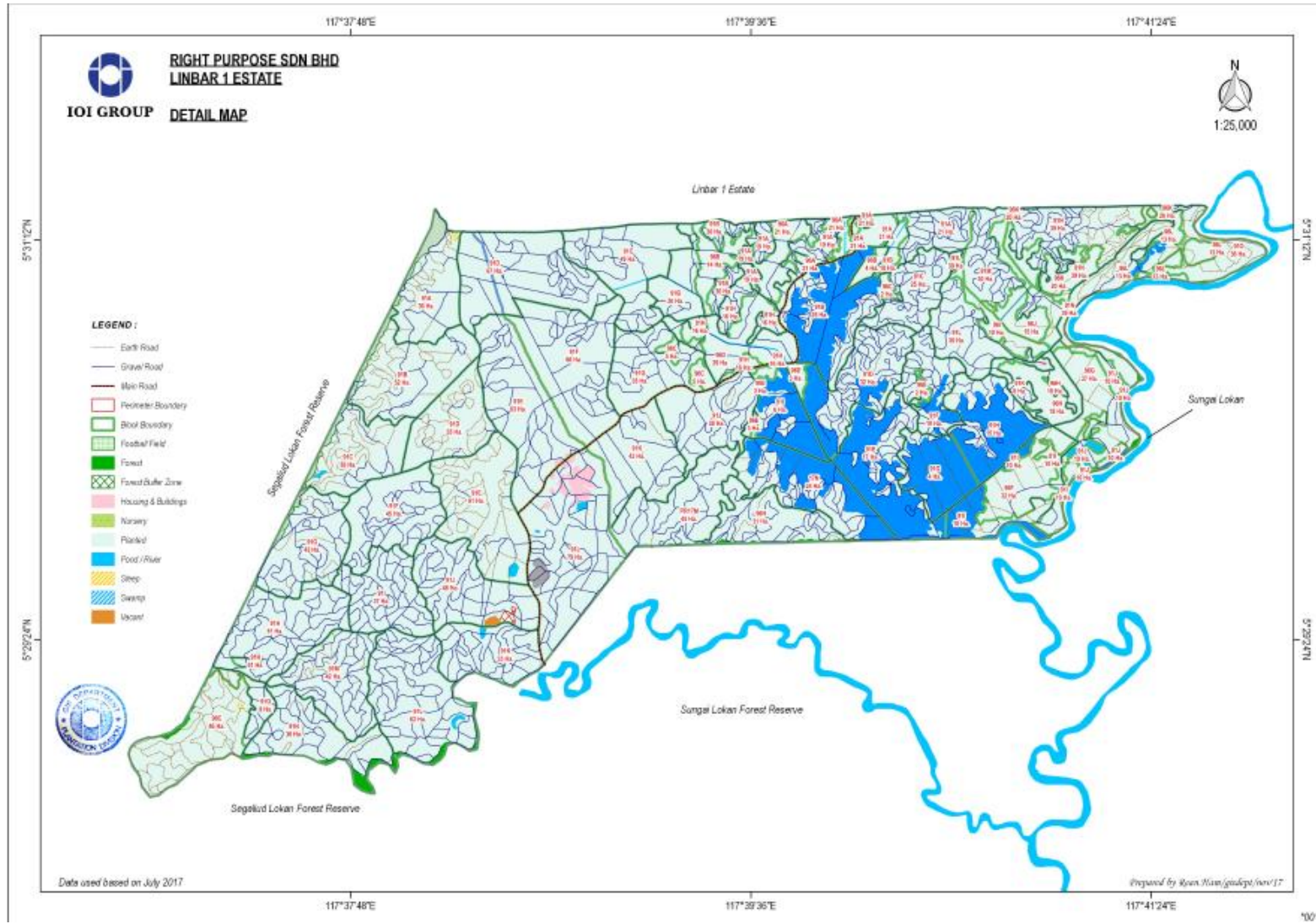
Halusah Ladang Sdn Bhd consist of 1 Palm Oil Mill and 3 Estates namely Sakilan Estate, Linbar 1 Estate & Linbar 2 Estate

Maps of the estates are available in the next page.

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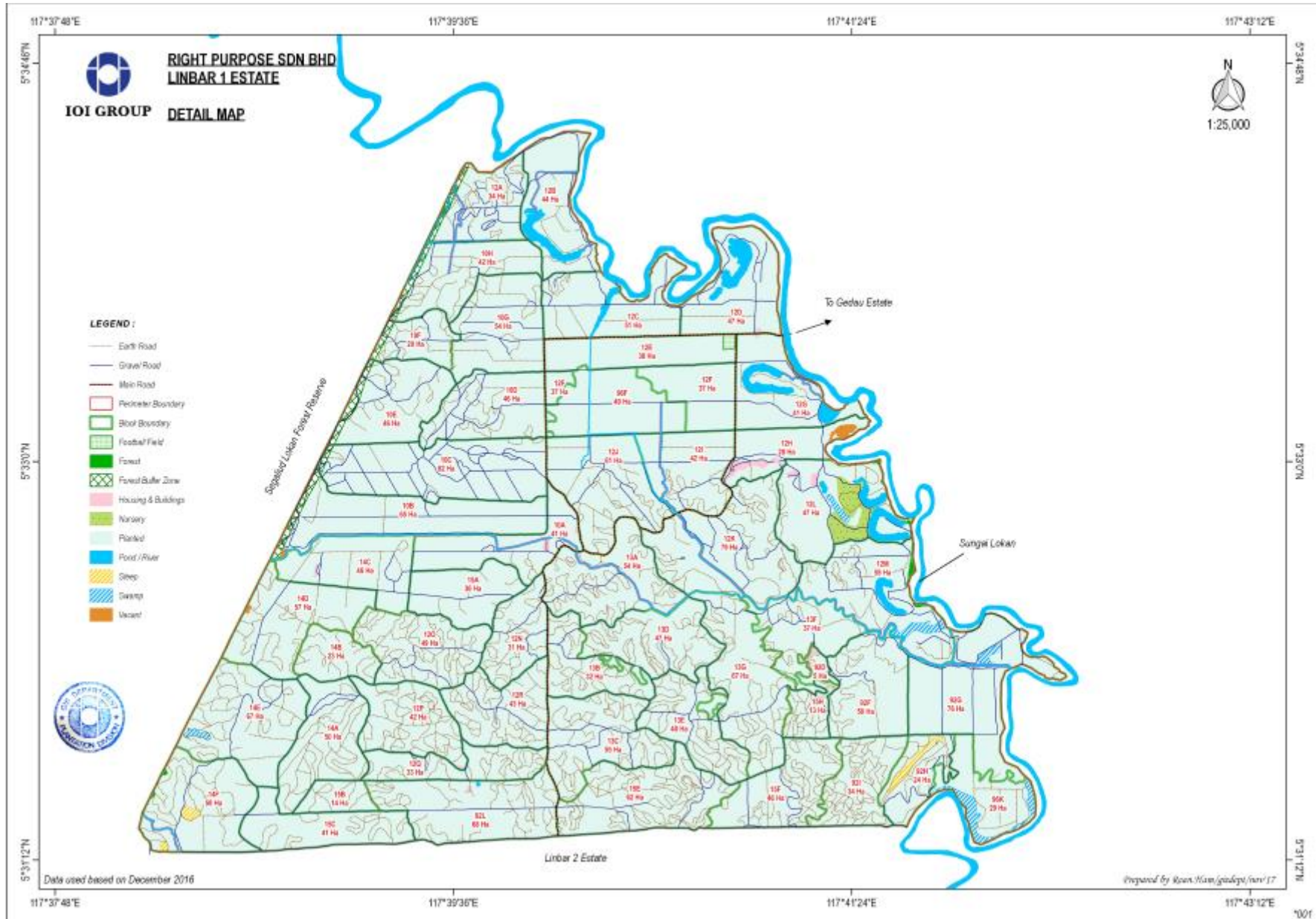


Table 1: Information of Production Unit Being Evaluated

Estate	Location Address	Geo-Coordinate (GPS)	
		Long.:	Lat.:
Linbar 1 Estate	Right Purpose Sdn Bhd Mile 45, Sandakan/ Telupid Road, W.D.T 164, 90009, Sandakan, Sabah	N 05°32'28.14"	E 117°40'11.82"
Linbar 2 Estate	Right Purpose Sdn Bhd Mile 45, Sandakan/ Telupid Road, W.D.T 164, 90009, Sandakan, Sabah	N 05°30'33.16"	E 117°39.21.53"
Sakilan Estate	Sakilan Desa Sdn Bhd Mile 22, Sandakan/ Telupid Road, W.D.T 164, 90009, Sandakan, Sabah	N 05°50'54.06"	E 117°52'4.66"

Table 2: Supply Base Area Statement

Area Statement (Ha)				
Estate	Titled Area (Ha)	Planted (Ha)	Conservation / HCV (Ha)	Others (Ha)
Linbar 1 Estate	2,628.17	2,421	40.29	119.5
Linbar 2 Estate	2,211.83	1,842	101.82	156.99
Sakilan Estate	2,296.37	2,142	112.54	180.39
TOTAL	7,136.37	6,405	254.65	456.88

Table 3: Information of Palm Oil Mill Being Evaluated

Mill Name	Location Address	Geo-Coordinate (GPS)		Mill Capacity (MT/Hr)	*Annual CPO Produced (MT)
		Long.:	Lat.:		
Sakilan Palm Oil Mill	Halusah Ladang Sdn Bhd Mile 22, Sandakan/ Telupid Road, W.D.T 164 90009 Sandakan, Sabah	N 05°50'21.41"	E 117°52'4.66"	40	25,549.22 MT (July 2016 – June 2017)

**estimated volume of CPO produced based on previous Financial Year performance.*

2. AUDIT SCOPE

The scope of this assessment is the following operations of **Halusah Ladang Sdn Bhd – Sakilan Palm Oil Mill** in **Mile 22, Sandakan/ Telupid Road, W.D.T 164, 90009 Sandakan Sabah, Malaysia:**

(Cultivation of MSPO Certified Oil Palm products (FFB); Production of Crude Palm Oil (CPO) and Palm Kernel (PK); and implemented based on MS2530 (Part 3 and Part 4).)

3. CHANGES TO SCOPE OF CERTIFICATION, COMPANY DETAIL OR CONTACT DETAIL

Changes
No changes.

4. CURRENT CERTIFICATION

Currently **Halusah Ladang Sdn. Bhd. (Sakilan Palm Oil Mill)** are being certified to other certification schemes as below:

Current Certification (Please tick the certification you are currently certified)			
<input type="checkbox"/>	ISO 9001	<input type="checkbox"/>	HACCP
<input type="checkbox"/>	EMS 14001	<input checked="" type="checkbox"/>	RSPO
<input type="checkbox"/>	OHSAS 18001	<input checked="" type="checkbox"/>	ISCC
<input type="checkbox"/>	ISO 22001	<input type="checkbox"/>	GMP Plus
<input type="checkbox"/>	HALAL	<input type="checkbox"/>	KOSHER
<input type="checkbox"/>	Co-GAP	<input type="checkbox"/>	None / Others:

5. ASSESSMENT METHOD AND AUDIT PROGRAMME

The assessment was conducted in **08** audit days and involving **01 mill & 2 estates** of **Halusah Ladang Sdn Bhd.** The audit covers documentation review, internal procedures, management system, field inspection as well as identification of any significant issues for both environment or social issues.

A sample of stakeholders was consulted during the assessment to get their feedback on the management doing. The 30 days of stakeholder consultation prior to the audit date as required by Malaysian Palm Oil Certification Council (MPOCC) has been fulfilled.

The assessment was conducted based on random samples and therefore nonconformities may exist which have not been identified. The methodology for objective evidence collection included physical site inspection, observation of tasks and processes, interview with workers, families and stakeholders, documentation review and monitoring data. Detailed audit programme conducted can be referred to GS0307 for this audit.

6. SITE SAMPLING METHODOLOGY (for group certification, outsourcing)

Sampling Methodology and Rationale
<p>Sampling of the estates to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:</p> $S = r\sqrt{n}$ <p>Risk Factor: LOW (1.0)</p> $S = 1.0 (\sqrt{3}) = 1.732$ <p>2.0 estates to be visited</p> <p>Both supplying estates (Linbar 1 Estate and Linbar 2 Estate) and Sakilan Palm Oil Mill has been visited during the Stage 2 audit according to the formula stated in MSPO Risk Management Document.</p>

7. AUDIT SUMMARY AND RECOMMENDATION

A short summary of the evaluation and any issues that was hard to assess.	No hard issue faced by the audit team. All documents are updated and traceable. Understanding on the implementation of Sustainability Requirements is satisfactory. Assessment has been conducted covering field inspection, interview and documentation assessment.
CARs raised	Nil
Number of CARs closed	Nil
Certification Recommendation	There being no Corrective Action Requests, the assessment team recommends certification of Halusah Ladang Sdn Bhd 's chain of custody at Sakilan Palm Oil Mill, Mile 22, Sandakan/Telupid Road, W.D.T 164, 90009 Sandakan, Sabah, Malaysia

8. STAKEHOLDERS CONTACTED

Please see **Appendix A** for the list of stakeholders contacted prior to the commencement of this audit.

9. ASSESSMENT FINDINGS

The specific processes, activities and functions reviewed are detailed in the Audit Planning Matrix and the Audit Plan. Details of collected evidence and audit trail of this audit are presented in the separate MSPO checklist. As outlined, objective evidence was obtained separately for each of the MSPO requirements (Indicators) for the mills and estates. The results for each indicator from each of the operational areas were evaluated to provide an assessment of conformity. A statement is provided for each of the indicators in order to support the findings of the assessment team.

There is none (00 Major CAR; 00 Minor CAR and 01 Observation) been raised on the MSPO checklist Part 4 and 00 Major CAR; 00 Minor CAR and 00 Observation on MSPO Checklist Part 3). Details for each Corrective Action Request (CAR) and observations are given in **Appendix B** and **Appendix C**.

Major CARs has been closed within the period of 60 days after the Main assessment. Minor Non-compliances and Observations will be followed up during the next Annual Surveillance Audit which is scheduled to be conducted within the period of twelve months after the Report approval of Main Assessment.

APPENDIX A: STAKEHOLDERS CONTACTED

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Agensi Pekerjaan MNK Sdn Bhd	Man-power services / Contractor	<p>Q1: Knowledge on MSPO?</p> <p>A1: MSPO is a Malaysian owed standard for oil palm that is made compulsory for all oil palm players in Malaysia. All foreign workers must abide with all related laws and regulation by Malaysian and origin country.</p> <p>Q2: What is the criteria that workers can work in Sabah?</p> <p>A2: They must be healthy, age more than 18 years old and fit to work. MNK has agent in their countries responsible for scouting the workers. MNK also will conduct health screening (Hepatitis B, VDIL, HIV, malaria, blood pressure, etc) during scouting.</p>	Noted by the clients.
Haris Bin Sakaria	Worker (Estate)	<p>Q1: Do you aware of MSPO requirements in this plantation?</p> <p>A1: Yes. Management conducts a few session of trainings on regular basis to talk about MSPO. Mainly about safety, environment and work culture.</p> <p>Q2: Is your PPEs provided by the company? Any charges requested?</p> <p>A2: All PPEs provided by the company and we</p>	Noted by the clients.
Jabatan Alam Sekitar Cawangan Sandakan	Officer	<p>Q1: Knowledge on MSPO?</p> <p>A1: MSPO is a Malaysian owed standard for oil palm that is made compulsory for all oil palm players in Malaysia. All foreign workers must abide with all related laws and regulation by Malaysian and origin country.</p>	Noted by the clients.

APPENDIX B: CORRECTIVE ACTION REQUEST FORM

CAR #	Indicator	CAR Detail					
		Date Recorded>	dd MMM yy	Due Date>	dd MMM yy	Date Closed>	dd MMM yy
		Non-Conformance:					
		Objective Evidence:					
		Close-out evidence:					
		Date Recorded>	dd MMM yy	Due Date>	dd MMM yy	Date Closed>	dd MMM yy
		Non-Conformance:					
		Objective Evidence:					
		Close-out evidence:					

APPENDIX C: OBSERVATION FORM

OBS #	Indicator	Observation Detail			
		01	4.1.1.1	Date Recorded>	10 th November 2017
Observation:					
<p>IOI Group was established policy entitled “Sustainable Palm Oil Policy” dated on June 2017 signed by Dato’ Lee Yeow Chor (Group Chief Executive Officer) and Dr. Surina Ismail (Group Head of Sustainability).</p> <p>However, the policy did not state the commitment to national policy or MSPO.</p> <p>As to date no communicated to all levels of the workforce and stakeholders.</p> <p>Observed the planning stakeholder which covered MSPO in meeting was on 14 November 2017.</p>					
Follow-up evidence:					

APPENDIX D: SUMMARY OF INCOMING FFB

MAIN ASSESSMENT			
Period		Not applicable	
Certified FFB Received by Palm Oil Mill			
Supplier Name (Estates/Smallholders)	FFB (MT/ha/year)	FFB Quantity Delivered	
		*Budgeted	Actual
TOTAL			
Uncertified FFB Received: (Delete this if the company only Received MSPO Certified Materials)			
Supplier Name (Estates/Smallholders)	FFB (MT/ha/year)	FFB Quantity Delivered	
		*Budgeted	Actual
TOTAL			

APPENDIX E: SUMMARY OF PRODUCED & OUTGOING CPO

MAIN ASSESSMENT			
Period		Not applicable	
Total Certified FFB Processed by Palm Oil Mill			
Incoming FFB (MT)	FFB Processed (MT)	OER (%)	CPO Produced (MT)
Total Non-Certified FFB Processed by Palm Oil Mill (Delete this if the company only Received MSPO Certified Materials)			
Incoming FFB (MT)	FFB Processed (MT)	OER (%)	CPO Produced (MT)
TOTAL CPO Produced			

MAIN ASSESSMENT		
Period		Not applicable
Certified CPO Delivered by Palm Oil Mill		
Buyers Name (Trader/Refinery/etc.)	MSPO Certificate No.	CPO Delivered (MT)
TOTAL		

End of Report