

**RSPO PRINCIPLE AND CRITERIA**  
**4<sup>th</sup> Annual Surveillance Assessment (ASA4)**  
**Public Summary Report**

<b>Carotino/JC Chang Group</b>
Head Office: Unit 30-01, Level 30, Menara Landmark No. 12, Jalan Ngee Heng 80000 Johor Bahru Johor, Malaysia
<b>Asia Palm Oil Mill (Asia Production Unit) and supply base</b> KM 45, Off Jalan Lahad Datu 91100 Sandakan Sabah, Malaysia

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## Section 1: Scope of the Certification Assessment

1. Company Details			
<b>RSPO Membership Number</b>	2-0029-06-000-00	<b>Date</b>	Member since: 5 March 2010
<b>Company Name</b>	Carotino/JC Chang Group		
<b>Address</b>	Head office : Unit 30-01, Level 30, Menara Landmark, No. 12, Jalan Ngee Heng 80000 Johor Bahru, Johor, Malaysia Certification unit : Asia Palm Oil Mill, KM 45 Off Jalan Lahad Datu – Sandakan, 91100 Lahad Datu, Sabah		
<b>Subsidiary of (if applicable)</b>			
<b>Contact Name</b>	Mr Seow Chee Chiang		
<b>Website</b>	<a href="http://www.carotino.com">www.carotino.com</a>	<b>E-mail</b>	<a href="mailto:seowcc@jcc.com.my">seowcc@jcc.com.my</a>
<b>Telephone</b>	07 – 2231 633 (Head Office) 089 – 567012 (Mill)	<b>Facsimile</b>	07 224 1546 (Head Office) 089 – 563091 (Mill)

2. Certification Information			
<b>Certificate Number</b>	RSPO 651278	<b>Certificate Issued Date</b>	31/01/2013
		<b>Expiry Date</b>	30/01/2018
<b>Scope of Certification</b>	Palm Oil and Palm Kernel Production from Asia Palm Oil Mill and Supply Base (Asia Oil Palm Estate 2, Melewar Estate 2 and Hwa Li Estate 3)		
Other Certifications			
<b>Certificate Number</b>	<b>Standard(s)</b>	<b>Certificate Issued by</b>	<b>Expiry Date</b>
EU-ISCC-Cert-DE101-16450207	ISCC	DQS	20/12/2017
50450207	MSPO	DQS	29/12/2021

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Asia Palm Oil Mill	KM 45 Off Jalan Lahad Datu – Sandakan, 91100 Lahad Datu, Sabah	118°21'35.99" E	5°17'60" N
Asia Oil Palm Estate 2	Sungai Tenegang, CL 095317383, Tenegang / Koyah, Kinabatangan, Sabah, Malaysia	118°12'0" E	5°17'60" N
Melewar Estate 2	Sungai Tenegang, CL 095317383, Tenegang / Koyah, Kinabatangan, Sabah, Malaysia	118°9'0" E	5°9'36" N

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Hwa Li Estate 3	Sungai Tenegang, CL 095317383, Tenegang / Koyah, Kinabatangan, Sabah, Malaysia	118°18'36" E	5°20'24" N
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#### 4. Description of Supply Base

Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Asia Oil Palm Estate 2	2,225.25	489.97	227.15	81.63	2,715.22	3,024.00	89.79
Melewar Estate 2	1,770.41	0	161.07	91.92	1770.41	2,023.40	87.50
Hwa Li Estate 3	3,851.56	0	305.43	120.61	3851.56	4,277.60	90.04
<b>Total</b>	<b>7,847.22</b>	<b>489.97</b>	<b>693.65</b>	<b>294.16</b>	<b>8,337.19</b>	<b>9,325.00</b>	

Note: Infras = infrastructure

#### 5. Plantings & Cycle

Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (Nov 2015 - Oct 2016)	Actual (Nov 2015 - Oct 2016)	Forecast (Nov 2016 - Oct 2017)
Asia Oil Palm Estate 2	489.97	0	822.85	1,402.40	0	57,443.00	49,041.48	51,400.00
Melewar Estate 2	0	0	731.21	1,039.20	0	44,097.00	33,176.99	38,998.00
Hwa Li Estate 3	0	0	3,851.56	0	0	87,821.00	80,099.48	86,729.00
<b>Total</b>	<b>489.97</b>	<b>0</b>	<b>5,405.62</b>	<b>2,441.60</b>	<b>0</b>	<b>189,361.00</b>	<b>162,318.00</b>	<b>177,127.00</b>

#### 6. Certified Tonnage of FFB (Own Certified Scope)

Estate	Tonnage / year		
	Estimated (ASA3) (Nov 2015 – Oct 2016)	Actual (ASA3) (Nov 2015 – Oct 2016)	Forecast (ASA4) (Nov 2016 – Oct 2017)
Asia Palm Oil Mill	163,252.74	162,317.95	177,127.00
Total	163,252.74	162,317.95	177,127.00
OER	20.61%	19.67%	20.40%

Note: the Estimated and Actual volume stated for ASA 3 is different from previous CB public summary report as the period taken for this assessment is different from previous CB.

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<b>7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable</b>			
<b>Independent FFB Supplier</b>	<b>Tonnage / year</b>		
	<b>Estimated (ASA3) (Nov 2015 – Oct 2016)</b>	<b>Actual (ASA3) (Nov 2015 – Oct 2016)</b>	<b>Forecast (ASA4) (Nov 2016 – Oct 2017)</b>
Independent Smallholder	23,197.51	23,104.75	24,016.00

<b>8. Certified Tonnage</b>									
<b>Mill</b>	<b>Estimated (ASA3) (Nov 2015 – Oct 2016)</b>			<b>Actual (ASA3) (Nov 2015 – Oct 2016)</b>			<b>Forecast (ASA4) (Nov 2016 – Oct 2017)</b>		
	<b>FFB</b>	<b>CPO OER %</b>	<b>PK KER %</b>	<b>FFB</b>	<b>CPO OER %</b>	<b>PK KER %</b>	<b>FFB</b>	<b>CPO OER %</b>	<b>PK KER %</b>
Asia Palm Oil Mill	163,252.74	33,648.21 20.61%	9,036.65 5.53%	162,317.95	31,926.99 19.67%	8,138.87 5.01%	177,127.00	36,133.91 20.40%	9,745.15 5.50%

*Note: the Estimated and Actual volume stated for ASA 3 is different from previous CB public summary report as the period taken for this assessment is different from previous CB.*

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
(ASI Accreditation Number: RSPO-ACC-19)  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
Nicholas Cheong: [Nicholas.Cheong@bsigroup.com](mailto:Nicholas.Cheong@bsigroup.com)  
[www.bsigroup.com](http://www.bsigroup.com)

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia. BSI is accredited for RSPO Supply Chain Certification Systems (SCCS) and Principles & Criteria for Sustainable Palm Oil Production (P&C, Single Site & Group) certification Worldwide.

### Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 8 – 10 November 2016 and the on-site closure of Major Non-conformity was conducted on 12 January 2017. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Melewar Estate 2 & Hwa Li Estate 3). A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO Principles & Criteria 2013 (MYNI-2014) and RSPO Supply Chain Certification Standard 2014 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the estates (or smallholders) of its supply base. The estates sample were determined based on formula  $N = 0.8\sqrt{y}$  where  $y$  is the number of estates while when applicable, the smallholders sample were determined following the RSPO Certification Requirement for Group Certification Standard 2016. The sampling of smallholders were based on the formula  $(0.8\sqrt{y}) \times (z)$ ; where  $y$  is total number of independent group member and where  $z$  is the multiplier defined by the risk assessment. The sampled smallholder (when applicable) is listed in Appendix J.

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

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

All the previous nonconformities are remains closed. The assessment findings for the 3<sup>rd</sup> Annual Surveillance Assessment are detailed in Section 3.3.

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

This report was externally reviewed by RSPO approved Certification Reviewer prior to certification decision by BSI.

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

<b>1. Assessment Program</b>						
<b>Name (Mill / Supply Base)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>	<b>Year 6 (RC)</b>
Asia Palm Oil Mill					√	√
Asia Oil Palm Estate 2						√
Melewar Estate 2					√	
Hwa Li Estate 3					√	√

[Click here to enter a date.](#)

**Tentative Date of Next Visit:** August 8, 2017 – August 10, 2017

**Total No. of Mandays: 9 mandays**

**BSI Assessment Team:**

**Hu Ning Shing- Trainee Lead Auditor**

She holds Bachelor Degree in Science majoring in Applied Chemistry, graduated from University of Malaya on 2011. She has 5 years working experience in rubber and palm oil industry. She also has the experiences as auditor for several standards including ISO 9001, MSPO and RSPO in her previous certification body. She completed the ISO 9001 Lead Auditor Course on 2016, Endorsed RSPO P&C Lead Auditor Course in 2012 and Endorsed RSPO SCCS Lead Auditor Course in 2015. She had been involved in RSPO auditing since November 2015 in more than various companies in Malaysia. During this assessment, she assessed on the aspects of social. She is fluent in Bahasa Malaysia and English languages.

**RSPO Public Summary Report  
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He holds Master of Technology (Environmental Management) from the University Malaya and Bachelor of Science Forestry (Hons) Majored in International Tropical Forestry from University Malaysia Sabah. He has more than 3 years working experience in environmental monitoring & audit, carbon accounting & reduction, wastewater treatment, waste management and sustainable development. He has successfully completed the RSPO Lead Auditor and RSPO Supply Chain Training in April 2012. He has been involved in RSPO P&C audit in Indonesia and Malaysia as well as RSPO SC audit across different region including Asia, Europe and North America for the past 4 years. During this assessment, he assessed on the aspect of environment, Safety and Health, Legal, social and community engagements, stakeholders consultation, and workers welfare. He is able to speak and understand Bahasa Malaysia, English and Mandarin.

**Mohd Hafiz Bin Mat Hussain – Team Member**

He holds Bachelor Degree in Plantation Technology and Management, graduated from University Technology Mara (UiTM) on 2009. He has 4 years working experience in oil palm plantation industry. He also has the experiences as an auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2014 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since May 2013 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, estate best practices, safety and health, environmental and workers and stakeholders consultation.

**Accompanying Persons: -**



## Section 3: Assessment Findings

### 3.1 Details of audit results

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

- Carotino/JC Chang Group Time Bound Plan
- RSPO Group Certification Standard 2016 Checklist
- RSPO P&C for Smallholders TH-WG 2012 Checklist
- RSPO P&C GN-NIWG 2010 Checklist
- RSPO P&C INA-NIWG 2016 Checklist
- RSPO P&C PNG-NIWG 2016 Checklist
- RSPO P&C SI-NIWG 2010 Checklist
- RSPO P&C MY-NIWG 2014 Checklist
- RSPO P&C TH-WG 2011 Checklist
- RSPO Supply Chain Certification Checklist November 2014
- RSPO P&C 2013 Generic Checklist

### 3.2 Progress against Time Bound Plan

Carotino/JC Chang Group Time Bound Plan (TBP) is included as Appendix B. JC Chang Group has achieved RSPO certification for 3 management units in Malaysia and pending for 1 management unit in Sabah. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid.

There was no change of the Time Bound Plan (TBP) for JC Chang group where Takon Certification Unit is going for certification in 2016. Pre-certification audit was done by previous CB, SGS (Malaysia) Sdn Bhd on 7-10 December 2015 as to conduct gap analysis as well as to check compliance against the TBP for JC Chang Group. Details of the TBP compliance can be found below:

Time Bound Plan		
Requirement	Remarks	Compliance
<b>Summary of the Time Bound Plan</b>		
Does the plan include all subsidiaries, estates and mills?	Yes	Yes
Is the time bound plan challenging? <ul style="list-style-type: none"> <li>• Age of plantations.</li> <li>• Location.</li> <li>• POM development</li> <li>• Infrastructure.</li> <li>• Compliance with applicable law.</li> </ul>	The time bound plan is challenging enough.	Yes

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Have there been any changes since the last audit? Are they justified?	As of this year, no changes as per submitted to ACOP.	Yes
If there have been changes, what circumstances have occurred?	The only changes is the year to only handle internal certified crop will be delayed due to pending of approval of HCV disclosure by RSPO.	Yes
Have there been any stakeholder comments?	No	Yes
Have there been any newly acquired subsidiaries?	No	Yes
Have there been any isolated lapses in implementation of the plan?	No	Yes
<b>Un-Certified Units or Holdings</b>		
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Yes. Internal audits are done by Group's internal audit team. Reports consist of root-cause analysis and action plan to mitigate the non-compliances detected by the team for Asia Production Unit.	Yes
No replacement after dates defined in NIs Criterion 7.3: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	As of today, there are no areas under the Group that requires compliance to Principle 7 for Asia Production Unit.	Yes
Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	The only new planting that occur after Jan 1 <sup>st</sup> 2010 are replanting from oil palm to oil palm for Asia Production Unit	Yes
Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	No land conflicts for Asia Production Unit.	Yes
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No disputes as of today for Asia Production Unit.	Yes
Did the company conduct an internal audit? If so, has a positive assurance	Yes. Internal audits are done by Group's internal audit team. Reports consist of root-cause analysis	Yes

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statement been produced?	and action plan to mitigate the non-compliances detected by the team for Asia Production Unit.	
Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	No non-compliances as of today for Asia Production Unit.	Yes

Due to the present land conflict issue at Takon Certification Unit, the management has decided to exclude the area at point of certification. The engagement process is still on going with the claimants as well as with the Land Officer Department on the conflicted land. Pre-assessment was conducted by SGS (Malaysia) Sdn Bhd on 7-10 December 2015. The final decision of issuing the certificate is under the CB that audited the Takon Certification Unit which will undergo initial certification audit in 2017. BSI understands that there are community issue still under negotiation through agreed process. The improvement is in progress all parties as mutually agreed process. Latest meeting among the community and Takon Certification Unit managemnet was held on 15 October 2015. The current status details are provided in the Appendix B. BSI has considered that Carotino/JC Chang Group is still comply with the RSPO requirement for partial certification.

1. There is no any other isolated lapse in Time Bound Plan.
2. No systematic failures to proceed with implementation of the Time Bound Pan since first certified.
3. The changes in the Time bound Plan for Takon Certification unit was justified and appropriate.

BSI has just involved with assessments of JC Chang Group beginning of 2016. BSI is also communicating with other Certification Bodies that auditing JC Chang’s other operating units to identify any noncompliance with rules of partial certification as per requirement in RSPO Certification System. During this assessment BSI has contacted the certification body that audited Carotino Certification Unit to conduct transfer certification due to the accreditation status of previous CB terminated effective 31 December 2015. Other than the uncertified unit in Sabah particularly Takon Certification Unit, at the time of preparation of this Report, BSI is not aware of any new issues involving:

- a. Any unresolved significant land disputes;
- b. Any replacement of primary forest or loss of HCVs;
- c. Any labour disputes that are not being resolved through an agreed process;
- d. Any evidence of noncompliance with any law at any of the landholdings.

BSI considers that Carotino/JC Chang Group complies with the RSPO requirements for Partial Certification rules.

**3.3 Details of findings**

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

During the 4<sup>th</sup> Annual Surveillance Assessment there were three (3) Major & two (2) Minor nonconformities raised. The Asia Palm Oil Mill Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for it effectiveness and closed accordingly.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1400203M1	<p><b>Requirements</b> <b>Indicator 2.1.1</b> Evidence of compliance with relevant legal requirements shall be available.</p>	Major
	<p><b>Evidence of Nonconformity</b> Employment of workers is not according to Immigration Act 1959/63, Section 55B, subsection (1) observed in following estates: In Hwa Li Estate 3, in total of 518 workers and employment condition were observed as below:</p> <ul style="list-style-type: none"> <li>a. 181 workers without passport and permit (Composition: Philippines= 60; Indonesian= 121)</li> <li>b. 106 workers with passport but without permit.</li> </ul> <p>Out of 181 workers, 84 workers were recruited throughout year 2016. The management has made application to Republic of the Philippines to obtain the Negative Certification of Birth (NSO) and the authority had sent the birth certificate on 20/7/2016 for total 41 workers. Up to date, only 35 Philippines with NSO.</p> <p>On 28 Sep 2016, the management has written to Immigration Department Sabah to apply for legal permit of total 100 Indonesian workers. However, no official respond from relevant authority.</p> <p>In Melewar Estate 2, in total of 198 workers and employment condition were observed as below:</p> <ul style="list-style-type: none"> <li>a. 38 Indonesian workers without passport and permit were recruited on Year 2016.</li> <li>b. 47 Indonesian workers with passport but without permit were under progress of application for permit.</li> <li>c. 7 Indonesian workers without passport and permit were under application for passport.</li> </ul>	
	<p><b>Statement of Nonconformity</b> The management did not comply with Immigration Act 1959/63.</p>	
	<p><b>Corrective Actions</b> Root Cause: Due to high turnover and unconscious of recruitment requirement regarding to Immigration Act. The Estate Managers had recruited undocumented workers as workforce. The Managers thought that the legalization can be settled later through agent procedures of recruitment. However, due to lack of monitoring system from estate management, the process of recruitment is delayed and not properly progressing as per Group’s policy where no employment of undocumented workers.</p> <p>Correction:</p> <ul style="list-style-type: none"> <li>a. Estate Managers are instructed to performed legalization process immediately to ensure those pending cases are closed and completed within the 2 months period.</li> <li>b. Termination letter will be served to terminate all undocumented workers with immediate effect.</li> </ul> <p>Corrective Action:</p>	

<p>a. The Group acknowledges the mistake and seriousness of recruiting undocumented workers due to lack of monitoring system and enforcement from the personnel. With immediate effect, Head Office has reinforced back the Group's recruitment policy where 100% legalized workers on employment. More frequent site audit will be carried out to ensure the operating units are adhering to the policy.</p> <p>b. No more recruitment of undocumented workers in future and strictly abides to HQ Policy of no illegal workers in the operating unit.</p>	
<p><b>Assessment Conclusion</b></p> <p>The CAP and evidence has been submitted on 20/12/2016. However, an on-site visit was carried out on 12/1/2017 due to the seriousness of the issue. Evidence submitted verified and on-site verification updates :</p> <p><u>Hwa Li Estate 3:</u></p> <p>a. Active workers list as at 31 December 2016, for total of 115 workers. During assessment in November 2016, total of 518 workers were in the list. Noted that 403 workers were terminated, 121 Indonesian and 60 Filipino workers (verified notice of termination dated 16/11/16), 222 workers (verified notice of termination dated 16/11/16).</p> <p>Current status: 100 workers re-apply for passport and permit where 200 terminated due to medically unfit.</p> <p>b. Check roll verification : Check roll categorized under different group (R1 to R11 and R15)</p> <ul style="list-style-type: none"> <li>- R1 : 17 workers</li> <li>- R2 : 4 workers</li> <li>- R3 : 6 workers</li> <li>- R4 : 7 workers</li> <li>- R5 : 9 workers</li> <li>- R6 : 7 workers</li> <li>- R7 : 14 workers</li> <li>- R8 : 21 workers</li> <li>- R9 : 8 workers</li> <li>- R10 : 10 workers</li> <li>- R11 : 6 workers</li> <li>- R15 : 6 workers</li> </ul> <p>Total of 115 active workers verified. No additional workers or new hiring as to date.</p> <p><u>Melewar Estate 2:</u></p> <p>a. Active workers list as at 31 December 2016, for total of 85 workers. During assessment in November 2016, total of 198 workers were in the list. Noted that 38 Indonesian workers were terminated (verified notice of termination dated 10/12/16)</p> <p>Current status: 54 workers re-apply for passport and permit and status were denied by Immigration Department. Verified resignation letter from the workers, effective 30/11/16 .</p> <p>b. Check roll verification : Check roll categorized under different group (staff name)</p> <ul style="list-style-type: none"> <li>- Dulasim : 18 workers</li> <li>- Dullaman : 12 workers</li> </ul>	

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	<ul style="list-style-type: none"> <li>- Fredo Lin : 14 workers</li> <li>- Junaid : 23 workers</li> <li>- Mohnur : 12 workers</li> <li>- Yusman : 6 workers</li> </ul> <p>Total of 85 active workers verified. No additional workers or new hiring as to date.</p> <p>It has confirmed that the issue has been fully addressed hence the Major NC was closed on 12/1/2017. The continuous implementation on the effectiveness will be furthered verified in the next audit.</p>	
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<b>Non-Conformity</b>		
<b>NCR #</b>	<b>Description</b>	<b>Category (Major / Minor)</b>
1400203M2	<p><b>Requirements</b> <b>Indicator 5.6.1</b> An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent.</p> <p><b>Evidence of Nonconformity</b> In Asia Palm Oil Mill, following monitoring activities has not carry out as per requirements under Department of License No: 004831</p> <ul style="list-style-type: none"> <li>a. Requirements no 22: The stack monitoring did not carry out twice a year since April 2015.</li> <li>b. Requirements no 23: Monitoring of the water quality at upstream and downstream of Tenegang River on monthly basics since 01 July 2016.</li> </ul> <p><b>Statement of Nonconformity</b> Monitoring of polluting activities is not implemented effectively.</p> <p><b>Corrective Actions</b> Root Cause:</p> <ul style="list-style-type: none"> <li>a. Management had overlooked on the monitoring of boiler stack report which should be carried out twice a year. Other than that, the Mill Management has failed to appoint the specific personnel to monitor and ensure the activity is carried out as per schedule.</li> <li>b. The management acknowledge the sample for water quality sampling is wrongly taken and not as per stated in DOE's requirement. For clarification, the sampling location was not reflective to mill final discharge activities as the point is also having input from other sources. However, the mill management failed to obtain the approval from DOE to change the sampling point and has overlooked on the monitoring of correspondence with DOE.</li> </ul> <p>Correction:</p> <ul style="list-style-type: none"> <li>a. As correction, the Mill has engaged a consultant for stack emission monitoring. The Mill Management will appoint a specific personnel in-charge for this duty to ensure that the requirement as per stipulated in DOE Regulation will be in compliance.</li> <li>b. The Mill has immediately shift back sample monitoring to the sampling point as per DOE's statement. The current sampling point which is more reflective to mill's final discharge activities will still be monitored.</li> </ul>	Major

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	<p>Corrective Action:</p> <ul style="list-style-type: none"> <li>a. Mill Management acknowledges the mistake and is mainly due to lack of monitoring system. The Mill Management appointed personnel in-charge for this duty will ensure that the requirement as per stipulated in DOE Regulation will be in compliance with the engagement of consultant.</li> <li>b. For the purpose of monitoring Mill’s final discharge, the Mill will be sampling waste from the upstream and downstream of the river on monthly basis. In the meantime, the Management will continue to correspond with DOE regarding the approval to amend the water sampling point. The Mill Management will appoint specific personnel in-charge for this duty to ensure the correspondence is not overlooked again.</li> </ul>	
	<p><b>Assessment Conclusion</b></p> <p>The CAP and evidence has been submitted on 20/12/2016. However, an on-site visit was carried out on 12/1/2017 and evidence verified as below:</p> <ul style="list-style-type: none"> <li>a. Boiler stack monitoring was carried out on 22 November 2016 by Chemsain Konsultant Sdn Bhd. Verified draft report, Ref# CK/MO407/177-1/16. The average dust emission result, 0.129 g/Nm3 , dry @ 12 % CO2 vs regulatory limit of 0.4 g/Nm3 , dry @ 12 % CO2.</li> <li>b. Request for relocation of sampling point from Sungai Tenegang to anak Sungai Tenegang was granted by DOE. Refer to approval letter dated 2/12/16, ref# ASSH(B)31/152/000/052 Jld.11(6). Water sampling was carried out at the new sampling point on 5/12/16. Refer to certificate of analysis (COA) ref# 20161215-05-0 dated 27/12/16 by accredited laboratory, Dynakey Laboratories Sdn Bhd</li> </ul> <p>Thus, the Major NC was closed on 12/1/2017.</p>	

<b>Non-Conformity</b>		
<b>NCR #</b>	<b>Description</b>	<b>Category (Major / Minor)</b>
1400203M3	<p><b>Requirements</b> <b>Indicator 4.7.2</b> All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p><b>Evidence of Nonconformity</b></p> <ul style="list-style-type: none"> <li>1. Activities related to confined space hazards were not identified and assessed in the HIRARC: <ul style="list-style-type: none"> <li>a. Vertical sterilizer</li> <li>b. Clarifier tank</li> <li>c. BST</li> <li>d. Kernel bunker</li> <li>e. Nut silo</li> <li>f. Boiler</li> <li>g. Softener</li> </ul> </li> <li>2. During site visit at Asia POM, Hwa Li Estate 3 and Melewar Estate 2 (workshop), there is no safety device installed for oxy-fuel welding and cutting equipment.</li> </ul>	Major

	<p><b>Statement of Nonconformity</b></p> <ol style="list-style-type: none"> <li>1. Activities related to confined space hazards were not identified and registered in the HIRARC at Asia POM.</li> <li>2. Safety device (flashback arrestor) for oxy-fuel welding and cutting was not installed (Asia POM, Hwa Li Estate 3 and Melewar Estate 2).</li> </ol> <p><b>Corrective Actions</b></p> <p>Root Cause:</p> <ol style="list-style-type: none"> <li>a. The Mill Management had overlooked and failed to review the HIRARC to include all types of possible risks in the Mill. The failure is mainly due to lack of monitoring system and understanding by the person in-charge.</li> <li>b. The Group has acknowledged the mistake in overlooking the safety device due to lack of knowledge on the equipment.</li> </ol> <p>Correction:</p> <ol style="list-style-type: none"> <li>a. The Mill Management has immediately reviewed and included their activities related to confined space hazards in their HIRARC.</li> <li>b. All Operating Units have been instructed to install the safety device for Oxy-fuel welding and cutting equipment.</li> </ol> <p>Corrective Action:</p> <ol style="list-style-type: none"> <li>a. The Mill Management will identify the person in-charge again to be responsible for the duty of monitoring activities in the mill versus the risks assessed so that the HIRARC can be reviewed when the need arise. The person in-charge will be trained to ensure that the duty is fully understood.</li> <li>c. Implementation of safety devices as such will be instilled to the best of the Group's knowledge. Each Operating Unit's Managers will ensure the implementation is done properly.</li> <li>b. During annual site visit, the implementation will be crossed check to ensure that all Operating Units are in line with the Group's implementation.</li> </ol> <p><b>Assessment Conclusion</b></p> <p>The CAP and evidence has been submitted on 20/12/2016. However, an on-site visit was carried out on 12/1/2017 and evidence verified as below:</p> <ol style="list-style-type: none"> <li>a. HIRARC review meeting was carried out on 11/11/16 to review the confined space hazards. SOP was developed for Confined Space Area, AOM-CS-Ver1 dated 14 November 2016. Confined space area (Vertical Sterilizer, Vertical Clarifier, BST, Kernel Bunker, Nut Silo, Boiler and Softener) has been incorporated in the 11/11/16.</li> <li>b. Oxy-fuel welding and cutting equipment has been installed with safety device. Verified PO#27799 dated 13/11/16 and DO# LD27516 dated 14/11/16.</li> </ol> <p>Thus, the Major NC is closed on 12/1/2017.</p>	
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1400203N1	<b>Requirements Indicator 5.3.3</b> A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.	Minor
	<b>Evidence of Nonconformity</b> In Asia POM's clinic, used cotton and syringes with attached needles were found store in the mineral water with label such as sharp object. The disposal is not according to Guidelines on the Handling and Management of Clinical Waste in Malaysia 2009 that all clinical waste are deposited only in yellow bags and sharps in sharp bins only.	
	<b>Statement of Nonconformity</b> Waste management and disposal plan is not implemented effectively.	
	<b>Corrective Actions</b> Root Cause: Due to lack of knowledge on the relevant guidelines on the disposal method, the system implemented was based on best personal interpretation. However, the interpretation was not according to the guidelines drawn by the authorities.  Correction: <ol style="list-style-type: none"> <li>All SOP, guidelines, standards related to waste management will be reviewed to include the elements that require more proper waste management that also require under law and regulation.</li> <li>Training to be given to personnel in-charge of waste management in each operating unit to ensure the implementation is according to the revised SOP, guidelines and standards.</li> <li>All inappropriate waste collection containers will be replaced with the appropriate type.</li> </ol> Corrective Action: <ol style="list-style-type: none"> <li>Audit will be incorporated together with sustainability visit to ensure the new waste management system is properly implemented.</li> </ol>	
	<b>Assessment Conclusion</b> Effectiveness of corrective action taken will be verified in the next audit.	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1400203N2	<b>Requirements Indicator 4.7.6</b> All workers shall be provided with medical care, and covered by accident insurance.	Minor

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	<p><b>Evidence of Nonconformity</b></p> <p>1. At Hwa Li Estate 3:</p> <ul style="list-style-type: none"> <li>a. Covered by accident insurance: 357 workers</li> <li>b. Not covered: 161 workers</li> </ul> <p>2. Melewar Estate 2:</p> <ul style="list-style-type: none"> <li>a. Covered by accident insurance: 111 workers</li> <li>b. Covered by accident insurance (in-progress): 54 workers</li> <li>c. Not covered : 33 workers</li> </ul>	
	<p><b>Statement of Nonconformity</b></p> <p>At Hwa Li Estate 3 and Melewar Estate 2, not all foreign workers were covered by accident insurance (foreign workers compensation scheme).</p>	
	<p><b>Corrective Actions</b></p> <p>Root Cause: Due to the fact that the operating units are having undocumented workers, there are no alternatives for the Estate management to cover the workers with FWCS.</p> <p>Correction:</p> <ul style="list-style-type: none"> <li>a. With the current process of legalization, the Estate Management will go through once more and submit notice of addition to HQ to insure all available and eligible workers with FWCS.</li> </ul> <p>Corrective Action: Once the process of recruitment is settled, the workers will all be covered with FWCS.</p> <ul style="list-style-type: none"> <li>a. As such, the Estate Management will ensure that all the workers are documented and covered with FWCS.</li> <li>b. Frequent audit on workers recruitment process to ensure the legalization of workers are properly performed and monitored by the managements. With that done, all workers will be ensured to have covered with FWCS.</li> </ul>	
	<p><b>Assessment Conclusion</b></p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p>	

Observation	
OBS #	Description
	Nil

Positive Findings	
PF #	Description
1	Good commitment from the management team toward sustainability certification.
2	Positive feedbacks from the government authorities such as DOE and JTK on the compliance of legal requirements.

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<b>Issues raised by Stakeholders</b>	
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Asia Palm Oil Mill Certification Unit's environmental and social performance, legal and any known dispute issues.</p> <p>Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.</p> <p>Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.</p>	
IS #	Description
1	<p><b>Issues:</b> Department of Environmental Officer – The officer informed that the management has good commitment towards compliance of the legal requirements. No any complaint or pending issue reported.</p> <p><b>Management Responses:</b> The management acknowledged the good comment and will continue to ensure the compliance of legal requirements.</p> <p><b>Audit Team Findings:</b> No other issue.</p>
2	<p><b>Issues:</b> Labour Department Officer – The officer informed that the management has complied with the new Minimum Wage Order 2016 and no any complaints from the workers received up to date.</p> <p><b>Management Responses:</b> The management will continue to comply with the requirements.</p> <p><b>Audit Team Findings:</b> No other issue.</p>
3	<p><b>Issues:</b> Workers – The workers informed that their pay and condition were complying with the Minimum Wage Order 2016. They were treated equally and no discrimination occurred during the distribution of work.</p> <p><b>Management Responses:</b> The management highlighted that they will continue to respect every workers without discrimination.</p> <p><b>Audit Team Findings:</b> Interviewed with the workers found that they were satisfied with the management.</p>
4	<p><b>Issues:</b> Gender Committee member – She informed that no sexual harassment case was reported and they have good relationship between female and male workers.</p> <p><b>Management Responses:</b> The management acknowledged it and will continue to monitor if there is any case reported.</p> <p><b>Audit Team Findings:</b> No further issue.</p>
5	<p><b>Issues:</b> Crèche Attendant: She was satisfied with the management on the pay and condition as well as the welfare that provided by the management.</p>

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	<p><b>Management Responses:</b> The management will continue to take care their welfare and pay and conditions.</p> <p><b>Audit Team Findings:</b> Document reviewed confirmed that the pay was achieved minimum wage. No other issues need to verify.</p>
6	<p><b>Issues:</b> HUMANA teacher – The teacher informed that the management always maintained good relationship with them. The management has maintain and upkeep the HUMANA whenever necessary.</p> <p><b>Management Responses:</b> The management will continue to support whenever necessary.</p> <p><b>Audit Team Findings:</b> No further issue.</p>
7	<p><b>Issues:</b> FFB Suppliers – They highlighted that they had signed on an agreement on the selling of FFB to the Asia POM. Payment was made promptly.</p> <p><b>Management Responses:</b> Payment is made as per the agreed terms.</p> <p><b>Audit Team Findings:</b> No other issue.</p>
8	<p><b>Issues:</b> Sprayer Operator- Interviewed with the gang and they well aware on the RSPO certification. Overall they satisfy with the various aspect such as housing and work, in exception with the price in the sundry shop- Chin Kui Min higher than normal price such as eggs and instant noodles.</p> <p><b>Management Responses:</b> Management monitor the price of the sales item by receiving price list from the shop on monthly basics.</p> <p><b>Audit Team Findings:</b> Auditor has checked the price list and verify this issue with management. The price slightly higher than the normal price due to location far from the town.</p>
9	<p><b>Issues:</b> DOE- Overall the compliance of J.C.Chang- Asia POM according to the environmental law and regulations at satisfactory status. No complaints received from nearby stakeholder.</p> <p><b>Management Responses:</b> The management will commit in complying with the legal requirements all the time.</p> <p><b>Audit Team Findings:</b> During the site review, found that no major issue regarding environmental were observed.</p>

**3.3.1 Status of Nonconformities Previously Identified and Observations**

Non-Conformity		
NCR #	Description	Category (Major / Minor)
M1	<p><b>Requirements:</b> <b>Indicator 4.7.1</b> A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored</p> <p><b>Evidence of Nonconformity:</b> Company could not provide documented health and safety plan in the time of the audit. However, company provides immediate correction to rectify the health and</p>	Major

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	<p>safety plan by document of Safety and Health Plan Year 2015 for Asia Palm Oil Mill without authorisation. Some of the activities were not properly planned, for instance: not clear on the identification of safety signage, no timeline for review of Safety operating procedure.</p>	
	<p><b>Statement of Nonconformity:</b> An occupational health and safety plan covering all activities in Mill is not documented properly.</p>	
	<p><b>Corrective Action:</b> Documented Safety and health plan had been submitted by client for review. Review by audit team found that the plans submitted are sufficiently captured all the mill related activities in their yearly program. Safety and Health (OSH) Plan and Improvement for Mill and Estates was established, dated 9/11/2015 and found adequate. Closed on 10/11/15.</p>	
	<p><b>Assessment Conclusion:</b> The management has maintained the OSH Plan and implemented effectively during the ASA4.</p>	

<b>Observation</b>	
<b>OBS #</b>	<b>Description</b>
4.1.3	<p>Records of monitoring and action taken by the management to obtain a good quality of drinking water were insufficient. ASA 4: Drinking water analysis conducted on yearly basis, latest conducted on 5/4/2016 at Hwa Li Estate 3 and 6/10/16 at Melewar Estate 2 by Dynakey laboratories Sdn Bhd. The result was within the limits. Record of monitoring and action taken has been provided and maintained at Asia POM and both estate offices. Observation raised during previous assessment was closed.</p>
5.2.3	<p>Regular training programme should be clearly determined. ASA 4: Hwa Li Estate 3 conducted a number of awareness training/meeting to the workers and local communities to discourage hunting and disturbance to the natural areas The training conducted on 7 March 2016 and 18 August 2016. In Melewar Estate 2, training for HCV and environmental awareness conducted on 8 May 2016. Observation raised during previous assessment was implemented effectively and closed during ASA 4.</p>


**3.3.2 Summary of the Nonconformities and Status**

<b>CAR Ref.</b>	<b>CLASS</b>	<b>ISSUED</b>	<b>STATUS</b>
M1 – 4.7.1	Major	29/10/2015	Closed on 10/11/2015
1400203M1	Major	10/11/2016	Closed on 12/1/2017
1400203M2	Major	10/11/2016	Closed on 12/1/2017
1400203M3	Major	10/11/2016	Closed on 12/1/2017
1400203N1	Minor	10/11/2016	“Open”
1400203N2	Minor	10/11/2016	“Open”

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**Assessment Conclusion and Recommendation:**

Based on the findings during the assessment Asia Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C 2013 (MY-NI 2014) , and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Asia Palm Oil Mill Certification Unit is approved and continued.

Acknowledgement of Assessment Findings	Report Prepared by
<b>Name:</b> <b>Mr. Seow Chee Chiang</b>	<b>Name:</b> <b>Ms. Hu Ning Shing</b>
<b>Company name:</b> <b>Carotino/JC Chang Group</b> <b>Asia Palm Oil Mill</b> <b>(Asia Production Unit)</b>	<b>Company name:</b> <b>BSI Services Malaysia Sdn Bhd</b>
<b>Title:</b> <b>Senior Manager</b>	<b>Title:</b> <b>Trainee Lead Auditor</b>
<b>Signature:</b>  <b>Date: 18/1/2017</b>	<b>Signature:</b>  <b>Date: 12/1/2017</b>

**Appendix A: Summary of Findings**

Criterion / Indicator		Assessment Findings	Compliance
<b>Principle 1: Commitment to Transparency</b>			
<b>Criterion 1.1:</b> Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	JC Chang Group has developed a Guideline on Mechanism for Information Requests by Stakeholders with Doc. Ref. No. E/006-05/2014 dated 29/8/2014. Information covering on environmental, social and legal issues which are relevant to RSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Restricted information such as account and cost data, personal privacy and etc are not allowed to be shared publicly.	Complied
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	The management has implemented stakeholder request register where the stakeholders' request will recorded into the logbook. Most of them were requested for electricity and tent set-up for functions such as wedding ceremony, Christmas celebration and etc.	Complied
<b>Criterion 1.2:</b> Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			
1.2.1	Publicly available documents shall include, but are not necessary limited to: • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). - Major compliance –	No restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.  Asia Production Unit (APU) under the Carotino /JC Chang Group has a website <a href="http://www.carotino.com">www.carotino.com</a> for the promotion of its products. The website also contains information about the company's corporate structure, its policy and management objectives.  Information relating to land titles, SEIA Report, HCV report, Complaint and Grievances procedures, safety and health plans, pollution prevention plans was made available at all operating units including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.  These documents highlight current Carotino /JC Chang Group practices and their continual improvement plans.	Complied
<b>Criteria 1.3:</b> Growers and millers commit to ethical conduct in all business operations and transactions.			

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Criterion / Indicator	Assessment Findings	Compliance	
1.3.1	<p>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.</p> <p>-Minor compliance</p>	<p>JC Chang Group has implemented Corruption Prevention Policy dated 4/9/2015 which signed by Mill Director. The group is respect fair conduct of business, apply zero tolerance policy on corruption, prohibition all forms of corruption, bribery and fraudulent use of funds and resources and etc. The policy has communicated to all the employees on 4/10/2016.</p>	<p>Complied</p>
<p><b>Principle 2: Compliance with applicable laws and regulations</b></p>			
<p><b>Criterion 2.1:</b> There is compliance with all applicable local, national and ratified international laws and regulations.</p>			
2.1.1	<p>Evidence of compliance with relevant legal requirements shall be available.</p> <p>- Major compliance -</p>	<p>POM had obtained and renewed license and permits as required by the law. Sample of licenses or permit viewed were :</p> <p><u>Asia POM</u></p> <ul style="list-style-type: none"> <li>a. DOE License/ Jadwal Pematuhan: JP 004831 (validity period 1/7/2016-30/6/17) for 80 MT/hr and method of POME discharge through land application (furrow system).</li> <li>b. MPOB license: 500143104000 (validity period 1/12/2015 - 30/11/2016)</li> <li>c. License for hiring non- permanent residents worker (007488u; 21 Feb 2016- 20 Feb 2017)</li> <li>d. Competent person for waste management- CePSWaM/16406</li> <li>e. Competent person for POME- CePPOME/15055</li> <li>f. Machinery Licenses <ul style="list-style-type: none"> <li>o Dandang Stim PMD 10235; expired 07 June 2016</li> <li>o Vacuum Dearator- PMT 89689; expired 07 June 2016</li> <li>o Steam Receiver- PMT 89693; expired 07 June 2016</li> <li>o Vertical Sterilizer 1- SB PMT 13099; expired 07 June 2016.</li> </ul> </li> </ul>	<p>Major nonconformance</p>



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Criterion / Indicator	Assessment Findings	Compliance
	<p><u>Melewar Estate 2</u></p> <ul style="list-style-type: none"> <li>a. Weighbridge stamping expiring 10 March 2017</li> <li>b. License for hiring non- permanent residents worker (JTK.H.KBN.600-4/0117/0066)</li> <li>c. MPOB License- License No: 502932802000; expiring 20 Sep 2017</li> </ul> <p>Air compressor (SB PMT 1239; expiring 20 Sep 2017)</p> <p>Employment of workers is not according to Immigration Act 1959/63, Section 55B, subsection (1) observed in following estates:</p> <p>In Hwa Li Estate 3, in total of 518 workers and employment condition were observed as below:</p> <ul style="list-style-type: none"> <li>a. 181 workers without passport and permit (Composition: Philippines= 60; Indonesian= 121</li> <li>b. 106 workers with passport but without permit</li> </ul> <p>Out of 181 workers, 84 workers were recruited throughout year 2016. The management has made application to Republic of the Philippines to obtain the Negative Certification of Birth (NSO) and the authority had sent the birth certificate on 20/7/2016 for total 41 workers. Up to date, only 35 Philippines with NSO.</p> <p>On 28 Sep 2016, the management has written to Immigration Department Sabah to apply for legal permit of total 100 Indonesian workers. However, no official respond from relevant authority.</p> <p>In Melewar Estate 2, in total of 198 workers and employment condition were observed as below:</p> <ul style="list-style-type: none"> <li>a. 38 Indonesian workers without passport and permit were recruited on Year 2016</li> <li>b. 47 Indonesian workers with passport but without permit was under progress of application for permit</li> <li>c. 7 Indonesian workers without passport and permit were under application for passport</li> </ul> <p>Thus, a major non-conformance was raised.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -	<p>Documented system including legal requirements register:</p> <ul style="list-style-type: none"> <li>a. Publication on Malaysia Laws and Regulations (List of Laws Applicable to Oil Palm Industry) Soft Copy</li> <li>b. Asia Palm Oil Mill- Law changes (last updated: 19 October 2016)</li> <li>c. Hwa Li 3- List of applicable laws (last updated: 7 Nov 2016)</li> </ul> <p>Observed that the list, namely Malaysia Laws and Regulation Applicable to Oil Palm, has been adequately reviewed. For example:</p> <ul style="list-style-type: none"> <li>a. Minimum Retirement Age Act 2012</li> <li>b. EQA 1974, Clean Air Regulation 2014</li> <li>c. Minimum Wages Order 2016</li> <li>d. FMA 1974, Person in Charge, Regulation 2014</li> <li>e. Environmental Quality Act 1974 (Act 127), regulations, rules &amp; orders (as at 5<sup>th</sup> July 2014)</li> </ul>	Complied
2.1.3 A mechanism for ensuring compliance shall be implemented. - Minor compliance -	<p>Evaluation of legal requirements and compliance status with legal requirement is monitored by Estate Department Manager (Admin/ Sustainability), estate &amp; mill manager and operating units.</p> <p>Besides, the internal audit conducted by the sustainability team from HQ will able to check on the compliance status of the operating unit. The latest internal audit for ASIA POM conducted on 11 October 2016.</p>	Complied
2.1.4 A system for tracking any changes in the law shall be implemented. - Minor compliance -	<p>JC Chang Group has established a documented SOP on Mechanism to trace changes in legal requirements (E/005-06/2016; dated 29<sup>th</sup> March 2016) for tracking any changes in the law. For the changes of laws, the company will refer to as below:</p> <ul style="list-style-type: none"> <li>a. The Estate Department manager in head office will track for any relevant changes that will affect the oil palm industry.</li> <li>b. Admin received &amp; updated from EDM.</li> <li>c. Admin inform Mill Manager to review and come up with his initial plan.</li> <li>d. Manager calls a meeting with assistants and come up with his action plan.</li> <li>e. Operating unit implement the new changes.</li> </ul> <p>Currently, the person/team responsible for monitoring the changes and communicating in POM is Mohd Faisal appointed on 1st Oct 2016. In Hwa Li Estate 3 and Melewar Estate 2, Admin officer- Siti and Nurliza appointed to track the changes for the law and regulations respectively.</p>	Complied
<p><b>Criterion 2.2:</b> 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.</p>		

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Criterion / Indicator	Assessment Findings	Compliance
2.2.1 Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Land ownership such as land title and land lease documents is available. There is no change in the land ownership. The legal use of land was confirmed without any restriction. It is now used for the cultivation of oil palm. For example: a. Land titles for Asia Oil Palm Estate 2 – CL 095317383 dated 11 July 1989 covering an area totaling to 3,024 ha. b. Hwa Li Estate 3 consisting 2 land titles- CL95324502 AND CL095327138 c. Melewar Estate 2 – Land title no: 095311201	Complied
2.2.2 Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	In Hwa Li Estate 3 Field visit to block PM98C noted that boundary is visibly maintained and verified during the visit. Legal boundaries are clearly demarcated and visibly maintained throughout the estate. In Melewar Estate 2, boundary stone in block 95D2 was sighted during field visit.  Mill is located inside Asia Oil Palm Estate 2 and sharing the estate boundary. All the boundaries are visibly maintained as per company SOP (Doc: B/003-02/2015; date 05-06-2015). Site visit to the block 1 and confirmed that the boundary stone are well maintained.	Complied
2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	There is no land dispute in the certification unit and supply base at te time of audit. The land belongs to JC Chang Group and land ownership documents verified.	Complied
2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to JC Chang Group and land ownership documents verified.	Complied
2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to JC Chang Group and land ownership documents verified.	Complied
2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to JC Chang Group and land ownership documents verified.	Complied
<b>Criterion 2.3:</b> Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.		

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

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

**Criterion 3.1:**

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

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Criterion / Indicator	Assessment Findings	Compliance																													
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 -	<p>The management plan for Asia Palm Oil Mill for 16/17 – 19/20 was also available. Records observed:</p> <ul style="list-style-type: none"> <li>a. Crop Estimate Summary for Fiscal Year 2016, 2017, 2018, and 2019. Item includes Projection of FFB receive, Oil production and extraction, Kernel production and extraction.</li> <li>b. Overall Revenue Expenditure Estimate for Fiscal Year 2016, 2017, 2018, and 2019. Item include Expenditure for processing and maintenance.</li> <li>c. Product projection FY 2015/2016 – 2018/2019, includes production cost and baseline (RM per tonne CPO), OER and KER trends, FFB received, and Forecast Price (RM per tonne CPO).</li> </ul> <p>The management plan for Hwa Li Estate 3 for 16/17 – 19/20 was also available. Records observed:</p> <ul style="list-style-type: none"> <li>a. Yield Statement</li> <li>b. Summary of estimates including overall expenditures, capital expenditures, general charges expenditure, oil palm expenditure, depreciation charges.</li> <li>c. Labour including labour statement, labour statistic, wages allocation etc.</li> <li>d. Vehicle expenditures including vehicle type expenditure, detail of vehicle account-workshop etc.</li> </ul>	Complied																													
3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	<p>There annual replanting programme was established for Hwa Li Estate 3 and Melewar Estate 2, 25 years plan until 2041.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Estate</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td rowspan="7">Hwa Li Estate 3</td> <td>-</td> </tr> <tr> <td>2017</td> <td>-</td> </tr> <tr> <td>2018</td> <td>296</td> </tr> <tr> <td>2019</td> <td>322</td> </tr> <tr> <td>2020</td> <td>281</td> </tr> <tr> <td>2021</td> <td>314</td> </tr> <tr> <td>2022</td> <td>270</td> </tr> <tr> <td>2016</td> <td rowspan="5">Melewar Estate 2</td> <td>-</td> </tr> <tr> <td>2017</td> <td>-</td> </tr> <tr> <td>2018</td> <td>-</td> </tr> <tr> <td>2019</td> <td>357</td> </tr> <tr> <td>2020</td> <td>299</td> </tr> </tbody> </table>	Year	Estate	Ha	2016	Hwa Li Estate 3	-	2017	-	2018	296	2019	322	2020	281	2021	314	2022	270	2016	Melewar Estate 2	-	2017	-	2018	-	2019	357	2020	299	Complied
Year	Estate	Ha																													
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**Principle 4: Use of appropriate best practices by growers and millers**

**Criterion 4.1:**

Operating procedures are appropriately documented, consistently implemented and monitored.

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Criterion / Indicator	Assessment Findings	Compliance
<p>4.1.1 Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -</p>	<p>Estates and Oil Mill have maintained and revised if required, the Documented Standard Operating Procedures file that contains both the safe operating procedures and the procedures to implement the various major field operations. For example, among others, the Estate SOP Manual has procedures category for the following operations:</p> <ul style="list-style-type: none"> <li>a. Road and Terrace construction for New Planting and Replanting (A/005-01/2008)</li> <li>b. Oil palm nursery (A/006-01/2008)</li> <li>c. Replanting (A/007-02/2011)</li> <li>d. Pruning and Frond stacking (B/001-01/2008)</li> <li>e. Weeding Regime &amp; Practices ((B/004-01/2008)</li> <li>f. Justifications for Pesticide Usage under IPM (B/008-14/2016)</li> <li>g. FFB Evacuation with MTG (D/003-01/2008)</li> <li>h. FFB Harvesting and Evacuation (D/004-04/2015)</li> <li>i. Fertiliser receipts, management and application (H/001-03/2016)</li> <li>j. Buffalo Management (K/001-01/2008)</li> <li>k. Buffaloes Assist Harvesting (K/002-01/2011)</li> <li>l. Integrated Pest &amp; Disease Management (L/001-05/2014)</li> <li>m. Rat control and baiting (L/002-07/2016)</li> </ul> <p>The estate has the SOP both in English and Bahasa Malaysia language.</p> <p>The Oil Mill Standard Operation Procedure (SOP) contains the procedures for all activities as below:</p> <ul style="list-style-type: none"> <li>a. Reception Station (Q/018-04/2014)</li> <li>b. Grading Station (Q/019-04/2014)</li> <li>c. Threshing Station (Q/020-04/2014)</li> <li>d. Press Station (Q/021-04/2014)</li> <li>e. Clarification Station (Q/022-04/2014)</li> <li>f. Depericarper Station (Q/023-04/2014)</li> <li>g. Nut &amp; Kernel Station (Q/024-04/2014)</li> <li>h. Boiler Station (Q/025-04/2014)</li> <li>i. Engine Room Station (Q/026-04/2014)</li> <li>j. Water Treatment Plant (Q/027-04/2014)</li> <li>k. Loading Ramp (Q/028-04/2014)</li> <li>l. Vertical Sterilizer Sation (Q/039-04/2015)</li> <li>m. Biogas Plant (AOM-SOP-V2-15-RSPO.doc)</li> <li>n. Gas Engine Station (AECO-SOP-V2-15-RSPO.doc)</li> </ul> <p>The Mill Safety and Standard Operation Procedure include procedures at the following stations :</p> <ul style="list-style-type: none"> <li>a. Reception station, Grading station, Threshing Station, Pressing station, Clarification station, Depericarper, Nut and Kernel, Boiler, WTP, Loading Ramp, Steriliser station, Hoisting Station, Biogas station, Gas engine station and Workshop station</li> </ul> <p>In the pictorial SOP displayed on the notice board in the office as well at the appropriate stations in the mill and Bahasa Malaysia is used as a language of communication.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
4.1.2 A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -	Company has mechanism to check the implementation of procedure through routine inspection by Mill Director Visit twice a year. Mill and Plantation Director/VSM Visit Report for July 2015-December 2015 and January 2016 to June 2016 were verified. The inspection was covered all activities related to palm oil mill and oil palm agriculture practices.  <u>Asia POM:</u> Latest visit by Mill Director was on 23/7/2016.  <u>Hwa Li Estate 3:</u> Latest visit by Plantation Director visit was on 11/5/2016.  <u>Melewar Estate 2:</u> Latest visit by VSM visit was on 14-15/7/16.	Complied
4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -	Record of monitoring and action taken has been provided and maintained at Asia POM and both estate offices.	Complied
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	Asia Palm Oil Mill continued to maintain and monitor daily record of 3 <sup>rd</sup> party sourced FFB. The records show the origin, weight, transporters details and volume of FFB received. Interviewed the weighbridge officer and they well aware how to identify FFB from own estates as well as third party.	Complied
<b>Criterion 4.2:</b> 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 -	SOP-Methods of nutrient assessment for oil palm fertilizer recommendation (B/015-01/2013) and SOP-Soil and water conservation (C/002-01/2008) were established. Soil analysis and foliar sampling will be monitored on yearly basis. Both estates operate in accordance with the Agriculture Manual and standard operating procedures. The practices consistently monitored by estate operation management and plantation director. The recommendations for improvements are given to maintain the sustainable practices.	Complied

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Criterion / Indicator	Assessment Findings	Compliance												
<p>4.2.2</p> <p>Records of fertiliser inputs shall be maintained.                      - Minor compliance -</p>	<p>Manuring programme and stock input was available and maintained accordingly by the management Hwa Li Estate 3 &amp; Melewar Estate 2 for FY 2016/2017.</p> <p>Fertilizers are applied as per agronomist recommendation.</p> <p>Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.</p> <p><u>Hwa Li Estate 3:</u>                      Fertilizer recommendation by agronomist for 2016 was sighted (NK Mix: 1,566mt and NPK compound: 1,050mt). The summary of fertilizer usage (until Oct 16) are as follow:                      a. NK Mix: 821.2mt                      b. Granulated compound: 300.35mt</p> <p><u>Melewar Estate 2:</u>                      Fertilizer recommendation by agronomist for 2016 was sighted (NK Mix: 688.6mt and NPK compound: 453.1mt). The summary of fertilizer usage (until Sept 16) are as follow:                      a. NK Mix: 688.6mt                      b. Granulated compound: 46.00mt</p>	<p>Complied</p>												
<p>4.2.3</p> <p>There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status.                      - Minor compliance -</p>	<p>Leaf and soil nutrient analysis are commonly used in the diagnosis of fertilizer requirements in oil palms. The frequency for soil analysis and leaf sampling must be conduct for every year.</p> <p>The foliar sampling (yield/foliar nutrient/fertilizing records) was established and had carried out on 21/3-25/3/16 by Research Team, Melewar Properties Sdn Bhd.</p> <p><u>Hwa Li Estate 3:</u>                      Soil and Foliar analysis was conducted on 21/3-25/3/16 and the samples were sent to KDC Laboratory (KL-Kepong (Sabah) Sdn Bhd) for tested. The analysis report (R16/4/37) dated 21/4/16 was sighted.</p> <p><u>Melewar Estate 2:</u>                      Soil and Foliar analysis was conducted on 12-18/1/16 and the samples were sent to KDC Laboratory (KL-Kepong (Sabah) Sdn Bhd) for tested. The analysis report (R16/3/33) dated 8/3/16 was sighted.</p>	<p>Complied</p>												
<p>4.2.4</p> <p>A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting.                      - Minor compliance -</p>	<p>The compost application was carried out in Hwa Li Estate 3 and the records were available during the audit. Procedure for Semi decompost application (B/020-01/2016) and compost application (B/019-01/2016) were sighted.</p> <p>EFB was applied at the rate of 100kg/palm on selected area.</p> <table border="1" data-bbox="660 1841 1235 1989"> <thead> <tr> <th>Month</th> <th>Tonnage</th> <th>Type</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>Oct 16</td> <td>318mt</td> <td>Compost</td> <td>Hwa Li Estate 3</td> </tr> <tr> <td>Oct 16</td> <td>25.57mt</td> <td>Compost</td> <td>Melewar Estate 2</td> </tr> </tbody> </table>	Month	Tonnage	Type	Estate	Oct 16	318mt	Compost	Hwa Li Estate 3	Oct 16	25.57mt	Compost	Melewar Estate 2	<p>Complied</p>
Month	Tonnage	Type	Estate											
Oct 16	318mt	Compost	Hwa Li Estate 3											
Oct 16	25.57mt	Compost	Melewar Estate 2											



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Criterion / Indicator		Assessment Findings	Compliance														
<b>Criterion 4.3:</b> Practices minimise and control erosion and degradation of soils.																	
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	Soil map was available at site. There were 5 types of soil at Hwa Li Estate 3.  Soil series map available for both estates visited. No other soil categorised as problematic or fragile soil. Sighted the type of soil available at Hwa Li Estate 3: <table border="1"> <thead> <tr> <th>No.</th> <th>Type of Soil</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Kinabatangan</td> </tr> <tr> <td>2</td> <td>Sapi</td> </tr> <tr> <td>3</td> <td>Lungmanis</td> </tr> <tr> <td>4</td> <td>Rumidi</td> </tr> <tr> <td>5</td> <td>Kretam</td> </tr> <tr> <td>6</td> <td>Bidu Bidu</td> </tr> </tbody> </table>	No.	Type of Soil	1	Kinabatangan	2	Sapi	3	Lungmanis	4	Rumidi	5	Kretam	6	Bidu Bidu	Complied
No.	Type of Soil																
1	Kinabatangan																
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6	Bidu Bidu																
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	There was no slope classification >25degree.  Recently, terracing and establishment of cover crop ( <i>Mucuna Bracteata</i> ) are the usual soil conservation measures instituted on such terrain to minimize soil erosion and land degradation. Field inspection showed groundcover with soft grass and herbaceous weeds were maintained in interrows as ground covers to reduce surface water run-off and erosion. There is no significant erosion risk was noted during the field visit. There are no peat soils or soil categorised as problematic or fragile soil at both estates.	Complied														
4.3.3	A road maintenance programme shall be in place. - Minor compliance -	Work Schedule for Grading and Compacting for FY16/17 was established and monitored on monthly basis by the management.  Example of programme checked at both Estate shows the map indicating road repairs and maintenance for the whole estate roads.	Complied														
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	There was no peat soil at both of the estates.	Complied														
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	Based on the soil maps found that no fragile and problem soils are identified in the estates.	Complied														
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	There was no peat soil at both of the estates.	Complied														
<b>Criterion 4.4:</b> Practices maintain the quality and availability of surface and ground water.																	

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Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.1</p> <p>An implemented water management plan shall be in place. - Minor compliance -</p>	<p>SOP-Guidelines on Water Management Plan (C/004-01/2008) was established. Water Management Plan was established. Sighted some of the activity:</p> <ul style="list-style-type: none"> <li>a. Drinking water analysis conducted on yearly basis, latest conducted on 5/4/2016 at Hwa Li Estate 3 and 6/10/16 at Melewar Estate 2 by Dynakey laboratories Sdn Bhd. The result was within the limits.</li> <li>b. Inlet and outlet analysis was conducted on 22/3/16 at Hwa Li Estate 3 and 29/8/16 at Melewar Estate 2 by KDC Laboratory (KL-Kepong (Sabah) Sdn Bhd). The result was within the limits.</li> <li>c. Effluent analysis</li> <li>d. Riparian Buffer zone</li> <li>e. Demarcation of wetlands areas</li> <li>f. Soil and water conservation measures</li> </ul> <p>No construction of bunds/weirs/dam across main rivers</p>	<p>Complied</p>
<p>4.4.2</p> <p>Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -</p>	<p>Monitoring plan was established based on DOE license compliance schedule (1 July 2016 to 30 June 2017) which include scheduled waste storage and disposal record, POME final discharge BOD, stack monitoring and boiler stack sampling.</p> <ul style="list-style-type: none"> <li>a. Daily effluent test/ flowmeter on monthly basics; latest updated on October 2016</li> <li>b. Sampled effluent monitoring records: Monthly Effluent Analysis Test Report no. 20161011/02A-02C for sample taken on 04/10/2016 by Dynakey Laboratories; parameter monitored-: pH, BOD, COD, TS, SS, TN, AN, O&amp;G. Samples were taken from each point of treatment in the system consist of upstream, downstream and final discharge before field irrigation. BOD limit for final discharge &lt;20mg/L were met as well as all parameters that were within allowable limit.</li> </ul>	<p>Complied</p>
<p>4.4.3</p> <p>Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -</p>	<p>In POM, sampled effluent monitoring records: Monthly Effluent Analysis Test Report no. 20161011/02A-02C for sample taken on 04/10/2016 by Dynakey Laboratories; parameter monitored-: pH, BOD, COD, TS, SS, TN, AN, O&amp;G. Samples were taken from each point of treatment in the system consist of upstream, downstream and final discharge before field irrigation. BOD limit for final discharge &lt;20mg/L were met as well as all parameters that were within allowable limit.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance															
4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -	Asia POM monitored its water consumption on monthly basis for the source of water supply for its mill process usage.  Total water consumed for the period from Jan to September 2016 was 0.70 m <sup>3</sup> /mt FFB processed.  <table border="1"> <thead> <tr> <th>FY</th> <th>Water consumption (m<sup>3</sup>/mt FFB)</th> </tr> </thead> <tbody> <tr> <td>13/14</td> <td>1.53</td> </tr> <tr> <td>14/15</td> <td>1.44</td> </tr> <tr> <td>15/16</td> <td>1.18</td> </tr> <tr> <td>16/17 (as at Oct 16)</td> <td>1.27</td> </tr> </tbody> </table>	FY	Water consumption (m <sup>3</sup> /mt FFB)	13/14	1.53	14/15	1.44	15/16	1.18	16/17 (as at Oct 16)	1.27	Complied					
FY	Water consumption (m <sup>3</sup> /mt FFB)																	
13/14	1.53																	
14/15	1.44																	
15/16	1.18																	
16/17 (as at Oct 16)	1.27																	
<b>Criterion 4.5:</b> 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 -	SOP – Guidelines in integrated pest and disease management of oil palm (L/001-05/2014) was available. The Integrated Pest Management Plan was established thereafter. There was including Biological Control, Cultural practices and chemical control in their plan.  IPM Plan includes the planting of beneficial plants and control of damage by rodents. Beneficial plants such as Tunera subulata, Antigonon Leptopus and Cassia are grown in the estates. Records of planting of new areas and maintenance of existing areas of beneficial plants and location maps are available.  <table border="1"> <thead> <tr> <th></th> <th>Distance</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Beneficial Plant</td> <td>30km</td> <td>Hwa Li Estate 3</td> </tr> <tr> <td>11.7km</td> <td>Melewar Estate 2</td> </tr> </tbody> </table>		Distance	Estate	Beneficial Plant	30km	Hwa Li Estate 3	11.7km	Melewar Estate 2	Complied							
	Distance	Estate																
Beneficial Plant	30km	Hwa Li Estate 3																
	11.7km	Melewar Estate 2																
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment.  <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>6/10/15</td> <td>Rat Census</td> <td>Mgr</td> <td rowspan="2">Hwa Li Estate 3</td> </tr> <tr> <td>6/10/16</td> <td>Leaf eating Catterpillar</td> <td>Mgr</td> </tr> <tr> <td>29/3/16</td> <td>P&amp;D in Oil Palm</td> <td>Mgr (POPE)</td> <td>Melewar Estate 2</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	6/10/15	Rat Census	Mgr	Hwa Li Estate 3	6/10/16	Leaf eating Catterpillar	Mgr	29/3/16	P&D in Oil Palm	Mgr (POPE)	Melewar Estate 2	Complied
Date	Training Topic	Trainer	Estate															
6/10/15	Rat Census	Mgr	Hwa Li Estate 3															
6/10/16	Leaf eating Catterpillar	Mgr																
29/3/16	P&D in Oil Palm	Mgr (POPE)	Melewar Estate 2															
<b>Criterion 4.6:</b> Pesticides are used in ways that do not endanger health or the environment																		
4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	Justification for all pesticides used was stated in the SOP for Pest and disease management and also in the IPM plan (Justifications for Pesticide Usage under IPM (B/008-14/2016)). The use of pesticide is specific to the target pest, weed and disease. Justification takes consideration to minimize effect on non-target species.	Complied															

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Criterion / Indicator		Assessment Findings	Compliance															
4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	Records of pesticides used (including active ingredients used and area treated, amount of active ingredients applied per ha and number of applications) were established and monitored. The records of weeding programme and herbicide master list was sighted. <table border="1"> <thead> <tr> <th></th> <th>Type</th> <th>FY15/16</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Hwa Li Estate 3</td> <td>powder</td> <td>6.183g a.i/ha</td> </tr> <tr> <td>chemical</td> <td>0.293Ltr a.i/ha</td> </tr> <tr> <td>Melewar Estate 2</td> <td>chemical</td> <td>0.327 Ltr a.i/Ha</td> </tr> </tbody> </table>		Type	FY15/16	Hwa Li Estate 3	powder	6.183g a.i/ha	chemical	0.293Ltr a.i/ha	Melewar Estate 2	chemical	0.327 Ltr a.i/Ha	Complied				
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Hwa Li Estate 3	powder	6.183g a.i/ha																
	chemical	0.293Ltr a.i/ha																
Melewar Estate 2	chemical	0.327 Ltr a.i/Ha																
4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	The management encourage establishing biological control as per IPM plan. The implementation in the field is consistent with the SOP operation.	Complied															
4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	There are no Class 1A and Class1B at the Hwa Li Estate3 and Melewar Estate 2 during this assessment.	Complied															
4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment. <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>6/10/15</td> <td>Rat Census</td> <td>Mgr</td> <td rowspan="2">Hwa Li Estate 3</td> </tr> <tr> <td>6/10/16</td> <td>Leaf eating Catterpillar</td> <td>Mgr</td> </tr> <tr> <td>29/3/16</td> <td>P&amp;D in Oil Palm</td> <td>Mgr (POPE3)</td> <td>Melewar Estate 2</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	6/10/15	Rat Census	Mgr	Hwa Li Estate 3	6/10/16	Leaf eating Catterpillar	Mgr	29/3/16	P&D in Oil Palm	Mgr (POPE3)	Melewar Estate 2	Complied
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4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	The operating units comply with Regulation 9 of the Pesticides Act 1974 requiring balance of remaining solution to be kept under lock and key. During visit it was noted that all the remaining pesticides are kept in the store and securely locked and comply with regulation.	Complied															

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4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in the SOP – Guidelines in integrated pest and disease management of oil palm (L/001-05/2014). The implementation in the field is consistent with the SOP. As to date, there was outbreak on rat only. No outbreak of others pest and disease.	Complied																						
4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	No aerial spray was carried out.	Complied																						
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	There is no associated smallholder at Asia Production Unit. Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment. <table border="1" data-bbox="660 927 1299 1137"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>6/10/15</td> <td>Rat Census</td> <td>Mgr</td> <td>Hwa Li</td> </tr> <tr> <td>6/10/16</td> <td>Leaf eating Catterpillar</td> <td>Mgr</td> <td>Estate 3</td> </tr> <tr> <td>29/3/16</td> <td>P&amp;D in Oil Palm</td> <td>Mgr (POPE)</td> <td>Melewar Estate 2</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	6/10/15	Rat Census	Mgr	Hwa Li	6/10/16	Leaf eating Catterpillar	Mgr	Estate 3	29/3/16	P&D in Oil Palm	Mgr (POPE)	Melewar Estate 2	Complied						
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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 -	Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. Management disposes waste material as per regulation for schedule waste and domestic waste.	Complied																						
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -	Annual medical surveillance for sprayers and pesticide operators were demonstrated which was conducted by Klinik Mabello Paris (HQ/13/DOC/00/315)  Medical examination programme established for sprayer. The result as below: <table border="1" data-bbox="660 1532 1222 1836"> <thead> <tr> <th>ID No</th> <th>Date of Medical check up</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>HL00648</td> <td rowspan="3">26/8/16</td> <td>Fit</td> <td rowspan="3">Hwa Li Estate 3</td> </tr> <tr> <td>HE300391</td> <td>Fit</td> </tr> <tr> <td>HE300718</td> <td>Fit</td> </tr> <tr> <td>MLT0614</td> <td rowspan="4">16/8/16</td> <td>Fit</td> <td rowspan="4">Melewar Estate 2</td> </tr> <tr> <td>MLT0633</td> <td>Fit</td> </tr> <tr> <td>MLT1180</td> <td>Fit</td> </tr> <tr> <td>MLT1424</td> <td>Fit</td> </tr> </tbody> </table>	ID No	Date of Medical check up	Result	Estate	HL00648	26/8/16	Fit	Hwa Li Estate 3	HE300391	Fit	HE300718	Fit	MLT0614	16/8/16	Fit	Melewar Estate 2	MLT0633	Fit	MLT1180	Fit	MLT1424	Fit	Complied
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4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -	<p>The test was carried out by Medical Assistant of estate for the female workers.</p> <table border="1"> <thead> <tr> <th>Employee No</th> <th>Last test</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>HL00648</td> <td>29/10/16</td> <td>Not pregnant</td> <td rowspan="3">Hwa Li Estate 3</td> </tr> <tr> <td>HE300391</td> <td>29/10/16</td> <td>Not pregnant</td> </tr> <tr> <td>HE300718</td> <td>29/10/16</td> <td>Not pregnant</td> </tr> <tr> <td>MLT0614</td> <td>25/10/16</td> <td>Not pregnant</td> <td rowspan="4">Melewar Estate 2</td> </tr> <tr> <td>MLT0633</td> <td>25/10/16</td> <td>Not pregnant</td> </tr> <tr> <td>MLT1180</td> <td>25/10/16</td> <td>Not pregnant</td> </tr> <tr> <td>MLT1424</td> <td>25/10/16</td> <td>Not pregnant</td> </tr> </tbody> </table> <p>Interview with female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.</p>	Employee No	Last test	Result	Estate	HL00648	29/10/16	Not pregnant	Hwa Li Estate 3	HE300391	29/10/16	Not pregnant	HE300718	29/10/16	Not pregnant	MLT0614	25/10/16	Not pregnant	Melewar Estate 2	MLT0633	25/10/16	Not pregnant	MLT1180	25/10/16	Not pregnant	MLT1424	25/10/16	Not pregnant	Complied
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<p><b>Criterion 4.7:</b> An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:</p>																														

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<p>4.7.1</p> <p>A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -</p>	<p>Company has established safety and health policy signed by Mr. Tay Chwee Leong, Mill Director dated 1<sup>st</sup> July 2016. Safety Policy has been made publicly available for all workers and related stakeholders through notice board at the Mill and Estate's office compounds. The policy was communicated to all workers and staff on 2/9/16. Safety and Health (OSH) Plan and Improvement for Mill and Estates was established, dated 9/11/2015.</p> <p><b>i) Chemical Healthh Risk Assessment (CHRA)</b> The CHRA was conducted on 18/2/2016 at APOM by DAB OH Sdn Bhd (JKKP HIE 127/171-2(298)). The action plan (dated:10/5/16) was established through the recommendation from the assessor.</p> <p>The CHRA was conducted on 30/8/2016 at Hwa Li Estate 3 by CHRA Industrial Hygiene Services Sdn Bhd (JKKP HIE 127/171-2(319)). The action plan (dated:14/12/15) was established through the recommendation from the assessor.</p> <p>The CHRA was conducted on 29/8/13 at Melewar Estate 2 by CHRA Industrial Hygiene Services Sdn Bhd (JKKP HIE 127/171-2(319)). The action plan (dated:14/12/15) was established through the recommendation from the assessor.</p> <p><b>ii) Medical Surveillance</b> 33 workers were sent for medical surveillance on 18/8/2016 for those who are involved with chemical, refer to medical surveillance report by registered OHD, HQ/13/DOC/00/315 under Klinik Mabello (Paris) Sdn Bhd. All the lab operators, biogas operators, kernel operators and workshop operators were found fit.</p> <p><b>iii) Audiometric Testing</b> Baseline audiometric testing was conducted on 18/8/2016 by Klinik Ung Cenderawasih (HQ/13/DOC/00/315). Total workers tested 17. Only 1 worker we found to experience NIHL and 3 were found STS. The repeat test will be conducted by the management before 16/11/2017. JKKP 7 yet to be sent to DOSH. (U190310, AK517094, 641201125513)</p> <p><b>iv) LEV inspection</b> The inspection was conducted on 3/5/2016 for Fume hood #2 (DAB OH Sdn Bhd-JKKP HIE 127/171-3/2(206)) and 18/7/16 for Fume hood #1 (DYNAKEY Laboratories Sdn Bhd-JKKP HIE 127/171-3/2(144)). The assessors recommend inspecting the system not more than 1 year.</p> <p><b>v) Baseline Chemical Exposure Monitoring</b> The monitoring was conducted on 4/5/16 by ESI Sampling Sdn Bhd (JKKP HIE 127/171-3/1(201)). The result shown that the workers in the workshop (welders) were not subjected to exposure of welding fume.</p>	<p>Complied</p>

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<p>4.7.2</p> <p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>- Major compliance -</p>	<p>The procedure named SOP on HIRARC Development-Guidelines for Hazard Identification, Risk Assessment and Risk Control (E/010-02/2013) was available at Asia POM and both estates.</p> <p>At Hwa Li Estate 3 and Melewar Estate 2, HIRADC was established and all the activities were registered in the HIRADC which was updated on 1/11/16 and 1/7/16.</p> <p>The HIRARC was established and all the activities were registered and reviewed in the HIRARC on 10/2/2016 by Asia POM management.</p> <p>Eg: Weighbridge, Ramp, Threshing Station, Pressing Station, Clarification, Nut Cracking Station, Kernel Plant, Kernel Storage, CPO Storage, Boiler Station, Engine room, workshop, General-cleaning and others, Store, EFB Press, Laboratory, WTP, WWTP, Sterilizer, EFB Shredder , Rotating equipment (airlocks, nut cracker), Welding activity, Lab (oil extraction), biogas plant, and spraying, chemical mixing, triple rinse , Drainage and irrigation, Harvesting, Pruning and raking, roads and bridges, weeding and manuring, buffalo assisted harvesting, workshop etc.</p> <p>However, the activities related to confined space hazards (sterilizer, clarifier tank, BST, kernel bunker, nut silo, boiler, softener), were not identified and registered in the HIRARC at Asia POM. Furthermore, the safety device (flashback arrestor) for oxy-fuel welding and cutting was not installed (Asia POM, Hwa Li Estate 3 and Melewar Estate 2).</p> <p>Thus, a major non-conformance was raised.</p>	<p>Major nonconformance</p>



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<p>4.7.3</p> <p>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.</p> <p>- Minor compliance -</p>	<p>Training Scheduled for 2016 was established. Awareness and training programme had been carried out. All workers involved had been adequately trained in safe working practices. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Suitable PPE has been provided to the workers based on the information in the MSDS/CSDS and CHRA assessor’s recommendation.</p> <table border="1" data-bbox="660 629 1289 1285"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>1/11/16</td> <td>Grading</td> <td>MPOB</td> <td rowspan="6">Asia POM</td> </tr> <tr> <td>5/8/16</td> <td>Driver Training</td> <td>JPJ</td> </tr> <tr> <td>29/6/16</td> <td>Gas Engine</td> <td>Tech. Ast</td> </tr> <tr> <td>25/5/16</td> <td>Vertical Sterilizer</td> <td>Staff</td> </tr> <tr> <td>15/8/16</td> <td>Compost Plant</td> <td>Ast. Mgr</td> </tr> <tr> <td>13/4/16</td> <td>Laboratory</td> <td>Lab Ast.</td> </tr> <tr> <td>22/9/16</td> <td>Manuring</td> <td>Ast Mgr</td> <td rowspan="3">Hwa Li Estate 3</td> </tr> <tr> <td>24/2/16</td> <td>Harvesting</td> <td>Ast. Mgr</td> </tr> <tr> <td>12/4/16</td> <td>Tractor Driver</td> <td>Ast. Mgr</td> </tr> <tr> <td>07/6/16</td> <td>Spraying</td> <td>Ast. Mgr</td> <td rowspan="5">Melewar Estate 2</td> </tr> <tr> <td>21/3/16</td> <td>Harvesting</td> <td>Ast. Mgr</td> </tr> <tr> <td>21/3/16</td> <td>Buffer zone</td> <td>Ast. Mgr</td> </tr> <tr> <td>17/8/16</td> <td>Triple rinsing</td> <td>Ast. Mgr</td> </tr> <tr> <td>24/3/16</td> <td>Spraying</td> <td>Ast. Mgr</td> </tr> <tr> <td>4/4/16</td> <td>Manuring</td> <td>Ast. Mgr</td> <td></td> </tr> <tr> <td>4/1/16</td> <td>Driver Safety Operating Training</td> <td>Ast. Mgr</td> <td></td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Remarks	1/11/16	Grading	MPOB	Asia POM	5/8/16	Driver Training	JPJ	29/6/16	Gas Engine	Tech. Ast	25/5/16	Vertical Sterilizer	Staff	15/8/16	Compost Plant	Ast. Mgr	13/4/16	Laboratory	Lab Ast.	22/9/16	Manuring	Ast Mgr	Hwa Li Estate 3	24/2/16	Harvesting	Ast. Mgr	12/4/16	Tractor Driver	Ast. Mgr	07/6/16	Spraying	Ast. Mgr	Melewar Estate 2	21/3/16	Harvesting	Ast. Mgr	21/3/16	Buffer zone	Ast. Mgr	17/8/16	Triple rinsing	Ast. Mgr	24/3/16	Spraying	Ast. Mgr	4/4/16	Manuring	Ast. Mgr		4/1/16	Driver Safety Operating Training	Ast. Mgr		<p>Complied</p>
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<p>4.7.4</p> <p>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 -</p>	<p>OSH Committees meeting conducted quarterly and meeting minutes includes issues raised and action taken form workplace inspection report etc. The discussion on the accident review, workplace inspection, issues from workers, training has been discussed and action to be taken. There was no major issue.</p> <p><u>Asia POM:</u> SHC organization chart for 2016 a. Chairman – Mr. Chong Chung Wai (Sr. Mill Manager) b. Secretary – Mr Chandran (Ast. Mgr) (#3: 24/8/16, #2: 25/5/16, #1: 26/2/16)</p> <p><u>Hwa Li Estate 3:</u> SHC organization chart for 2016 a. Chairman – Mr. Tan Gee Tan (Sr. Estate Manager) b. Secretary – Mr Tony Tiwon (Ast. Mgr) (#3: 19/9/16, #2: 20/6/16, #1: 19/4/16)</p> <p><u>Melewar Estate 2:</u> SHC organization chart for 2016 a. Chairman – Mr. Rodrigo Florencio (Estate Manager) b. Secretary – Mr Tahir Abdul Hafid (Ast. Mgr) (#4: 28/10/16, #3: 28/7/16, #2: 28/4/16, #1:28/1/16)</p>	<p>Complied</p>
<p>4.7.5</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -</p>	<p>Guidelines on first aid in the workplace (M/025-02/2014) and Guidelines on fire extinguisher selection, placement, use, maintenance, inspection and records/fire drill (RSPO Criterion 4.7-Ver.1) were established. Fire drill was last conducted on 1/9/2016 (Asia POM) and 21/7/16 (Hwa Li Estate 3) to test the state of readiness during emergency situation.</p> <p>The first aider was available during the site visit at PM97E:block 10 (harvesting), PM96A:block 7, PM95D1 (spraying), PM97D1 (manuring) and Biogas Plant, Boiler Station, Grading Ramp and workshop.</p> <p>Record of accidents was monitored in the accident Record Log Book. The JKKP 8 for 2015 was prepared and sent to DOSH on 7/1/2016 by Asia POM and 26/1/16 by Hwa Li Estate 3.</p>	<p>Complied</p>

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<p>4.7.6 All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -</p>	<p>Medical care and accident insurance is provided to all the employees. Local workers are covered under SOCSO scheme while foreign workers are covered under foreign workers compensation scheme.</p> <table border="1" data-bbox="660 506 1299 922"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>LONPAC Insurance Bhd (J/16/WF00/04355 7/JHR-42)</td> <td>1/8/16-31/7/17</td> <td>Asia POM</td> </tr> <tr> <td>SOCSO</td> <td>Sept 16, Aug 16</td> <td></td> </tr> <tr> <td>LONPac Insurance Bhd (J/16/WF00/04316 5/JHR-40)</td> <td>1/6/16-31/5/17</td> <td>Hwa Li Estate 3</td> </tr> <tr> <td>LONPAC Insurance Bhd (J/16/WF00/04368 8/JHR-48)</td> <td>1/9/16-31/8/17</td> <td>Melewar Estate 2</td> </tr> </tbody> </table> <p>At Hwa Li Estate 3 and Melewar Estate 2, not all foreign workers were covered by accident insurance (foreign workers compensation scheme). At Hwa Li Estate 3, only 357 workers were covered and remaining 161 workers were not covered. While at Melewar Estate 2, 111 workers were covered by accident insurance (foreign workers compensation scheme), 54 workers still in progress and remaining 33 workers were not covered.</p> <p>Thus, a minor non-conformance was raised.</p>	Insurance	Period	Remark	LONPAC Insurance Bhd (J/16/WF00/04355 7/JHR-42)	1/8/16-31/7/17	Asia POM	SOCSO	Sept 16, Aug 16		LONPac Insurance Bhd (J/16/WF00/04316 5/JHR-40)	1/6/16-31/5/17	Hwa Li Estate 3	LONPAC Insurance Bhd (J/16/WF00/04368 8/JHR-48)	1/9/16-31/8/17	Melewar Estate 2	<p>Minor nonconformance</p>
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<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -</p>	<p>All the injuries were recorded in the Total Accident/Incidents with and without lost days report.</p> <table border="1" data-bbox="660 1361 1251 1512"> <thead> <tr> <th>Year</th> <th>Asia POM</th> <th>Hwa Li estate 3</th> <th>Melewar Estate 2</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>3</td> <td>53</td> <td>6007</td> </tr> <tr> <td>2016 (as at Oct 16)</td> <td>0</td> <td>0</td> <td>38</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days</p>	Year	Asia POM	Hwa Li estate 3	Melewar Estate 2	2015	3	53	6007	2016 (as at Oct 16)	0	0	38	<p>Complied</p>			
Year	Asia POM	Hwa Li estate 3	Melewar Estate 2														
2015	3	53	6007														
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<p><b>Criterion 4.8:</b> All staff, workers, smallholders and contract workers are appropriately trained.</p>																	

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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 -	<b>Date</b>	<b>Training Topic</b>	<b>Trainer</b>	<b>Remarks</b>	Complied	
		1/11/16	Grading	MPOB	Asia POM		
		9/9/16	Open burning	ME			
		7/9/16	CPR & First Aid	HA			
		6/9/16	HCV	Ast. Mgr			
		1/9/16	Fire Drill	Ast. Mgr			
		22/8/16	Emergency Response Procedure	Sr. Ast			
		5/8/16	Driver Training	JPJ			
		29/6/16	Gas Engine	Tech. Ast			
		25/5/16	Vertical Sterilizer	Staff			
		18/5/16	Labour Law	JTK			
		22/9/16	Manuring	Ast Mgr			Hwa Li Estate 3
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		07/6/16	Spraying	Ast. Mgr	Melewar Estate 2		
		21/3/16	Harvesting	Ast. Mgr			
		21/3/16	Buffer zone	Ast. Mgr			
		17/8/16	Triple rinsing	Ast. Mgr			
		24/3/16	Spraying	Ast. Mgr			
		4/4/16	Manuring	Ast. Mgr			
4/1/16	Driver Safety Operating Training	Ast. Mgr					
4.8.2	Records of training for each employee shall be maintained. - Minor compliance -	Records of training for employees available and maintained at mill and estate office.				Complied	
<b>Principle 5: Environmental responsibility and conservation of natural resources and biodiversity</b>							
<b>Criterion 5.1:</b> Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.							
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	<p>Documented aspects and impact risk assessment for JC Chang Group (Asia Oil Palm Estate 2 and Melewar Estate 2) is available. The assessment has been conducted by appointed consultant, Wild Asia (Malaysia) Sdn Bhd as evident in a report; Social &amp; Environmental Impact Assessment Including Preliminary Management Review dated 13th Jul 2011.</p> <p>Besides, the review done on the annual basics for the pollution mitigation plan dated 05 September 2016 has incorporated all the mill area as well as the activities. For example, belt press cake and composting plant. In Hwa Li Estate 3 and Melewar Estate 2, the aspect and impacts reviewed on 19 August 2016.</p>				Complied	

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5.1.2	<p>Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons.</p> <p>- Minor compliance -</p> <p>Asia Oil Palm Estate 2 and Melewar Estate 2 has established 5 years Environmental Improvement Plan which cover aspect, impact, action done &amp; review, comment and person in charge. The plan is yearly review and includes:</p> <ol style="list-style-type: none"> <li>Water Quality and water availability</li> <li>Contamination of Soil and Water</li> <li>Air Pollution</li> <li>Loss of biodiversity</li> </ol> <p>In POM, the latest improvement plan review on 19 September 2016. Similar improvement plan sighted in Hwa Li Estate 3 which reviewed on 19 August 2016.</p>	Complied
5.1.3	<p>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.</p> <p>- Minor compliance -</p> <p>Monitoring plan was established based on DOE license compliance schedule (1 July 2016 to 30 June 2017) which include scheduled waste storage and disposal record, POME final discharge BOD, stack monitoring and boiler stack sampling.</p> <ol style="list-style-type: none"> <li>Daily effluent test/ flowmeter on monthly basics; latest updated on October 2016</li> <li>Sampled effluent monitoring records: Monthly Effluent Analysis Test Report no. 20161011/02A-02C for sample taken on 04/10/2016 by Dynakey Laboratories; parameter monitored:- pH, BOD, COD, TS, SS, TN, AN, O&amp;G. Samples were taken from each point of treatment in the system consist of upstream, downstream and final discharge before field irrigation. BOD limit for final discharge &lt;20mg/L were met as well as all parameters that were within allowable limit.</li> </ol> <p>Improvement plan sighted in Hwa Li Estate 3 and Melewar Estate 2 which reviewed on 19 August 2016. The improvement plan review and update on yearly basics. Identification for various activities- protection of HCV areas, soil erosion, water pollution, noise pollution, soil pollution, air pollution, water usage and etc.</p>	Complied
<p><b>Criterion 5.2:</b> The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and and operations managed to best ensure that they are maintained and/or enhanced.</p>		
5.2.1	<p>Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p>- Major compliance -</p> <p>Identification of HCV was conducted by appointed consultant Wild Asia (Malaysia) Sdn Bhd as evident in a report; Section 3- High Conservation Values and Appendix 7: Biodiversity Report; Social &amp; Environmental Impact Assessment Including Preliminary Management Review dated 13th Jul 2011.</p>	Complied
5.2.2	<p>Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan.</p> <p>- Major compliance -</p> <p>HCV Identification and 5 years management plan for Hwa Li Estate 3 Unit has been established and reviewed by the management on 15 August 2015. Hwa Li Estate 3 surrounding by other plantation.</p> <p>There are limited HCVs found directly within the site and as the plantation considering the maturity of plantings. The estate surrounding by other plantations too.</p>	Complied

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5.2.3	<p>There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>- Minor compliance -</p>	<p>Hwa Li Estate 3 conducted a number of awareness training/meeting to the workers and local communities to discourage hunting and disturbance to the natural areas The training conducted on 7 March 2016 and 18 August 2016.</p> <p>In Melewar Estate 2, training for HCV and environmental awareness conducted on 8 May 2016.</p>	Complied
5.2.4	<p>Where a management plan has been created there shall be ongoing monitoring:</p> <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 management plan.</li> </ul> <p>- Minor compliance -</p>	<p>The management of the individual estates has taken action to discourage any illegal or inappropriate hunting, fishing or collecting activities.</p> <p>During site visit, 'no hunting' signs has erected at all sensitive location at Hwa Li Estate 3 &amp; Melewar Estate 2, conducted a number of awareness training/meeting to the workers and local communities to discourage hunting and disturbance to the natural areas.</p> <p>Site verification to the conservation area of Hwa Li Estate 3 &amp; Melewar Estate 2, confirmed that all signage of prohibited hunting, fishing, trapping and collecting of wild species, boundary markers are well maintain. No activities had carried out in that area. Stakeholders being informed about the HCV assessment and monitoring result through meeting.</p>	Complied
5.2.5	<p>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.</p> <p>- Minor compliance -</p>	<p>There was no HCV set-aside that needs any negotiation process with the local communities.</p>	Complied
<p><b>Criterion 5.3:</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>			
5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>The documentation and identification of all the waste products (Doc: F/007-05/2016) based on area, major wastes identified, environmental risk, risk management, handling method and disposal which review on 18 August 2016.</p> <p>Inventory of the schedule waste which submitted online available. For example, date: 05 Nov. 2 Nov, 24 Sep 2016; File: ASSH/SDK(B)31/152/000/054</p> <p>Waste types such as domestic, schedule waste, rubber material, scrap, mill by products, emissions, liquid waste, office and medical waste. Records on the usage and disposal were well recorded and documented. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.</p> <p>The estate also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor.</p>	Complied

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<p>5.3.2</p> <p>All chemicals and their containers shall be disposed of responsibly.                      - Major compliance -</p>	<p>For estates, the empty pesticides container were collected in scheduled waste store after being triple rinsing and punctured at the bottom of the container. These container will send to Tzu Chi as the recycle items for charity. Disposal record sighted during onsite audit in Hwa Li Estate 3. In Melewar Estate 2, the recycle item send to Lahad Dato Recycle center and records (26 April 14) well documented.</p> <p>Stores for scheduled waste were inspected at audited sites in estate &amp; mill and disposal was done by scheduled waste disposal company authorized (Legenda Bumimas Sdn Bhd) and licensed by Department of Environment. For example, the latest consignment note for SW410 (no: A016032) dated 15 August 2016 sighted at Asia POM. In Hwa Li Estate 3, records and disposal of schedule waste sighted. i.e.: consignment note: A015951 dated 15 August 2016. Similar records sighted in Melewar Estate 2, i.e.: Consignment note: A016024 dated 16 August 2016.</p> <p>The mill and estate also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor.</p>	<p>Complied</p>
<p>5.3.3</p> <p>A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.                      - Minor compliance -</p>	<p>Waste &amp; Pollution Management Plan which has incorporated waste type and source, action, frequency, records and responsibility. The plan was review on January 2016.</p> <p>Scheduled waste is managed well with designated storage area at the mill and each of the estates not to less than 180 days in accordance with the requirements of the Environmental Quality Act 1974 (Scheduled Wastes), Regulations, 2005. Disposal was through licensed collector.</p> <p>The company has continued managing scheduled waste stores at the mill and each of the estates. Agrochemical containers are triple rinsed and punctured to avoid any misuse. Latest review on type of waste generated and its handling management plan was done on January 2016. Schedule waste at the mill have been disposed through licensed contractor Legenda Bumimas on 7 Aug 2016 (i.e.: Consignment note: A016024 dated 16 August 2016) Inventory record was being maintained adequately.</p> <p>Visit to dumpsite which located at Hwa Li Estate 3 Block 7A6, it is far from residential area and waterways. Once the dump site full, it will close and fill with layer of soil.</p> <p>In Asia POM and Melewar Estate 2 clinic, used cotton and syringes with attached needles were found stored in the mineral water bottle with label such as sharp objects and etc. The disposal is not according to Guidelines on the Handling and Management of Clinical Waste in Malaysia 2009 that all clinical wastes are deposited only in yellow bags and sharps in sharp bins only. Besides, there is no approval from DOE to transport the clinical waste to their licensed schedule waste generator- Clinic Mabello.</p>	<p>Minor nonconformance</p>

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<b>Criterion 5.4:</b> 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 -	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement. For Asia POM, the biomass/ MT CPO</p> <ol style="list-style-type: none"> <li>Aug 2016- 0.77 litre/ MT CPO</li> <li>Sep 2016- 0.77 litre/ MT CPO</li> <li>Oct 2016- 0.77 litre/MT CPO</li> </ol> <p>For diesel usage:</p> <ol style="list-style-type: none"> <li>Aug 2016- 17.02 litre/MT CPO</li> <li>Sep 2016- 14.33 litre/MT CPO</li> <li>Oct 2016- 7.92 litre/MT CPO (start using biogas engine)</li> </ol> <p>Mill management action plan for improving of fossil to:</p> <ol style="list-style-type: none"> <li>Optimise use of fibre and shell for generation</li> <li>Using biogas for saving 50% of diesel saving</li> <li>Biogas point to energy to reduce GHG effect</li> <li>Proper planning on work to reduce diesel</li> </ol> <p>It the Hwa Li Estate 3, diesel consumption per metric ton FFB was also monitored on a monthly basis. It was verified that energy usage are being monitored at the operating units for better control and comparison of trends. For example:</p> <ol style="list-style-type: none"> <li>July 2016- 12.73 litre/ MT FFB</li> <li>August 2016- 14.47 litre/ MT FFB</li> <li>September 2016- 15.41 litre/MT FFB</li> </ol> <p>Similar record sighted in Melewar Estate 2. The record as below:</p> <ol style="list-style-type: none"> <li>July 2016- 6.38 litre/ MT FFB</li> <li>August 2016- 5.65 litre/ MT FFB</li> <li>September 2016- 5.24 litre/MT FFB</li> </ol>	Complied
<b>Criterion 5.5:</b> Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	<p>Zero burning policy is in practice in the group as it clearly stated in the Doc ref no A016-02/2015. Guideline on group's long term replanting planning. Dated: 26/06/2015</p> <p>No evidence of open burning was observed during onsite visit to the line site as well as the areas surrounding the office.</p>	Complied



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5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	No use of fire for land preparation during replanting.  Complied
<b>Criterion 5.6:</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	Based on the assessment done by Asia Palm Oil Mill of all polluting activities as of the Environment Aspect and Impact assessment, identified source was boiler chimney.  Current monitoring was through online boiler smoke density and alarm and quarterly boiler stack monitoring of dust particulate.  In Asia Palm oil Mill, following monitoring activities has not carry as per requirements under Department of Environment License No: 004831  a. Requirements no 22: The stack monitoring did not carry out twice a year since April 2015.  b. Requirements no 23: Monitoring of the water quality upstream and downstream of Tenegang River on monthly basics since 01 July 2016.  Thus, a major non-conformance was raised.
5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance	Main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH <sub>4</sub> ) emission through POME treatment. Other less significant GHG emissions identified including CO <sub>x</sub> , SO <sub>x</sub> and NO <sub>x</sub> from various sources including fossil fuel, chemical and fertilizer consumptions  Complied
5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -	Monitoring of the GHG quantity was done through RSPO approved calculator Palm GHG. Annual quantification of all GHG sources was input into the calculator. These calculations were done in HQ level where GHG calculations were done as per certification unit basics. Total field and mill emission is 43688.07 and 6838.04 (tCO <sub>2</sub> e) respectively.  Final Report for Palm GHG Calculator and email dated 09 Nov 2016 submitted to RSPO were sighted.  Complied
<b>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.</b>		
<b>Criterion 6.1:</b> Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		

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6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	Social and Environmental Impact Assessment including a Preliminary Management Review was conducted by Wild Asia on 4-12/4/2011 with documented report dated 13/7/2011. The assessment conducted was involved site visits, document reviewed and interviewed with the relevant stakeholders such as workers, suppliers, villagers, government authorities and etc. An internal reviewed SIA was conducted on 12/4/2015 by the mill.	Complied
6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	The assessment was conducted with the participation of relevant stakeholders such as internal and external stakeholders. The approach of the assessment was reported in the SEIA report dated 13/7/2011.	Complied
6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	Asia Production Unit has developed a generic 5 years social improvement plan which reviewed on 19/9/2016. The improvement plan has incorporated with the aspect and impacts identified, action done, comment and the person to be responsible on the particular aspect and impact. The plan did included the frequency of the action to be taken. Evidence of action taken was documented with photos and verified during site visit and document review. Hwa Li Estate 3 has reviewed the plan on 19/8/2016 through meeting among management which conducted on 1/8/2016 and Melewar Estate 2 has reviewed on 22/8/2016.	Complied
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 -	The 5 years Social Improvement Plan was reviewed by yearly and the last review was conducted on 19/9/2016.	Complied
6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	There is no scheme smallholder involved in the certification unit.	Not applicable
<b>Criterion 6.2:</b> 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 -	JC Chang Group has established SOP on Mechanism for Communication and Consultation with Doc. Ref. No. E/004/07-2015 dated 8/9/2015. There are three methods of communication such as below: <ul style="list-style-type: none"> <li>a. Consultative with employees and others stakeholders</li> <li>b. Gender group (female) consultation</li> <li>c. Free prior informed consent</li> </ul> Mechanisms of the communication such as Joint Consultative Committee (JCC), Complaints and Grievance Procedure and suggestion box outside the office.	Complied

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6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The Technical Assistant and Administration Officer were appointed as responsible person to handle complaints and requests by the stakeholders. Official appointment letters dated 1/10/2016 and 5/3/2016 were sighted. The notice of appointed persons was displayed at the notice board outside the mill office.  Estate Managers as the management official responsible for the communication and consultation whereas Deputy Managers were appointed as alternate management official for those issues in estates.	Complied
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	Asia POM has developed a stakeholder list which last reviewed on 15/10/2016. The list included FFB suppliers, sister estates, suppliers, NGOs, contractors, government authorities and local communities. Stakeholder meeting was conducted on 3/9/2016 with the participation of contractors and FFB suppliers. The meeting minutes and attendant list is sighted. Actions have been taken to resolve the issues raised during the meeting.  Stakeholder list was updated on 21/9/2016 for Hwa Li Estate 3. Stakeholder meeting was conducted on 3/8/2016 where suppliers, contractors, neighbouring properties and etc were attended the meeting. Meeting minutes and attendant list was sighted. No issue raised during the meeting. Policies, communication and complaint procedure were briefed to the stakeholders during the meeting.  In Melewar Estate 2, the stakeholder meeting was conducted on 22/8/2016 which involved neighbouring plantations, shop, school, contractors and suppliers. The stakeholder list was last reviewed on 17/10/2016.	Complied
<b>Criterion 6.3:</b> There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.			
6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	JC Chang Group has developed a SOP on Mechanism for Complaints and Grievances with Doc. Ref. No. E/001-05/2015 dated 11/9/2015. The procedure has documented what type of matters that could and could not be consider as grievances, general requirements, and procedures of complaint lodged by the affected person with timeframe to handle the issues which divided into four levels, records of grievance, corrective actions and etc. Total number of working days for a grievance to be processed 27 days.	Complied
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance -	Asia POM and the estates have implemented Complaints and Grievances form and the management will transferred the complaint into the logbook. No any pending issue were found. The management has taken action to resolve all the complaints and requests from the stakeholders.	Complied
<b>Criterion 6.4:</b> 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.			

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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 -	Complied
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance -	Complied
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	Complied
<b>Criterion 6.5:</b> 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 -	Mill and estates have employed local and foreign workers. All the workers are under direct employment. Sampled payslip from August – October 2016 as below:  <u>Asia POM:</u> a. Employee ID: G112 (Philippine) b. Employee ID: G079 (Indonesian) c. Employee ID: G004 (Malaysian)  <u>Hwa Li Estate 3:</u> a. Employee ID: HE300621 (Indonesian) b. Employee ID: HL01202 (Malaysian) c. Employee ID: HE300985 (Philippine)  <u>Melewar Estate 2:</u> a. Employee ID: MLT0940 (Philippine) b. Employee ID: MLT0803 (Indonesian) c. Employee ID: MLT1460 (Indonesian)  All the sampled workers were achieved the minimum wage accordance to Minimum Wage Order 2016 which achieved RM 920/ month or RM 35.50/ day.

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<p>6.5.2</p> <p>Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>- Major compliance -</p>	<p>Employment contract are available in language that understood by workers. The contract has detailing the payments and employment conditions such as period of working, working hour, medical assistance, housing, holiday and annual leave, period of notice and etc. The contract was signed by the workers and sampled contracts as below:</p> <p><u>Asia POM:</u></p> <ul style="list-style-type: none"> <li>a. Employee ID: G273</li> <li>b. Employee ID: G004</li> </ul> <p><u>Hwa Li Estate 3:</u></p> <ul style="list-style-type: none"> <li>a. Employee ID: HL02237</li> <li>b. Employee ID: HL00287</li> <li>c. Employee ID: HE300965</li> </ul> <p><u>Melewar Estate 2:</u></p> <ul style="list-style-type: none"> <li>a. Employee ID: MLT1207</li> <li>b. Employee ID: MLT1500</li> <li>c. Employee ID: MLT0240</li> </ul> <p>Extension contract for the workers were sampled and the contracts were valid for 5 years as below:</p> <ul style="list-style-type: none"> <li>a. Employee ID: G189 who signed on 11/9/2015</li> <li>b. Employee ID: G079 who signed on 11/9/2015</li> </ul> <p>All the workers who joined before the enforcement of new Minimum Wage Order 2016 had signed on Appendix 3: <i>Kadar Bayaran Gaji, Elaun dan lain-lain</i> on 1/7/2016. The appendix has detailing the new daily and monthly rate.</p>	<p>Complied</p>
<p>6.5.3</p> <p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>- Minor compliance –</p>	<p>The workers were provided with housing, free water and electricity supply, medical and education assistance such as HUMANA. The workers were provided with two water tanks where one tank was contained treated water and another tank to harvest rain water. Grass cutting and fogging was conducted at the linesite. Hospital Assistant has conducted linesite inspection on weekly basis and the records were sighted.</p>	<p>Complied</p>
<p>6.5.4</p> <p>Growers and millers shall make demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food.</p> <p>- Minor compliance –</p>	<p>Sundry shops were located in the mill and estates’ compound. The goods and foods price list was displayed at the shop. In Melewar Estate 2, workers and housewives interviewed were complaint that good prices were expensive. The issue was discussed during 3<sup>rd</sup> JCC meeting of year 2016 on 28/7/2016. The management was planning to compare the prices between town and all the sundry shops in Asia Production Unit. The action still in progress.</p>	<p>Complied</p>
<p><b>Criterion 6.6:</b> 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.</p>		
<p>6.6.1</p> <p>A published statement in local languages recognising freedom of association shall be available.</p> <p>- Major compliance -</p>	<p>JC Chang Group has established Social and Human Rights Policy dated 1/9/2016 signed by the Mill Director. The policy has a statement where the management is respect the right of employees to join any association freely. The policy has been briefed to the employees on 4/10/2016. Attendant list was sighted. The policy was displayed at the notice board outside the office.</p>	<p>Complied</p>

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6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	Joint Consultative Committee (JCC) was established to discuss issues related to workers. The committee was formed by different nationality such as Indonesian, Philippines and local. All the workers' representatives were elected democratically by all the workers themselves. The last meeting was conducted 24/8/2016 for mill, 14/10/2016 for Hwa Li Estate 3 and 28/10/2016 for Melewar Estate 2. Meeting minutes is sighted and actions have been taken to resolve the issues raised by the workers.	Complied
<b>Criterion 6.7:</b> Children are not employed or exploited.		
6.7.1 There shall be documentary evidence that minimum age requirements are met. - Major compliance -	JC Chang Group has established Social and Human Rights Policy dated 1/9/2016 signed by the Mill Director. The policy has a statement where the management will not employed minor who is under 18 years old. The policy was displayed at the notice board outside the office. The policy has been briefed to the employees on 4/10/2016. Attendant list was sighted. Document reviewed of the workers' list found that the management did not employ workers less than 18 years old.	Complied
<b>Criterion 6.8:</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	JC Chang Group has established Equal Opportunities Policy dated 1/7/2012 signed by the Mill Director. All the employees with calibre will be given equal opportunities to participate in relevant development programmes. The policy was displayed at the notice board outside the office. The policy has been briefed to the employees during the induction training prior to work and during the muster call.	Complied
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 -	The management is committed to ensure that the workplace is free from discrimination or any forms of discriminatory harassment. They treated all the employees equally irrespective of sex, marital status, age, race, national origin, religion and political beliefs. The management has recruited female and male workers.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	The management recruited the employees based on skills, experiences and attitude of the employees is appropriate to the positions offered. The management will provided development programme to those who are competent and capable without any discrimination or prejudice.	Complied
<b>Criterion 6.9:</b> There is no harassment or abuse in the work place, and reproductive rights are protected.		
6.9.1 Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	JC Chang Group has established Sexual Harassment Policy dated 1/7/2012 signed by the Mill Director. The policy is to promote a workplace that is free of sexual harassment. The policy was displayed at the notice board outside the office. The policy has been briefed to the employees during the induction training prior to work and during the muster call.	Complied



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Criterion / Indicator	Assessment Findings	Compliance
6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Complied
6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance -	Complied
<b>Criterion 6.10:</b> Growers and mills deal fairly and transparently with smallholders and other local businesses.		
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	Complied
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	Complied
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Complied
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Complied
<b>Criterion 6.11:</b> 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 -	Complied

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Criterion / Indicator		Assessment Findings	Compliance
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 –	There is no scheme smallholder involved in the certification unit.	Not applicable
<b>Criterion 6.12:</b> 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 -	JC Chang Group has established Social and Human Rights Policy dated 1/9/2016 signed by the Mill Director. The policy has a statement where the management will not practice forced or trafficked labour. The policy was displayed at the notice board outside the office. The policy has been briefed to the employees on 4/10/2016. Attendant list was sighted. The workers have signed on a consent letter to tender the passport voluntarily to the management for safety issue.	Complied
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance –	No contract of substitution is sighted.	Complied
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	Social and Human Rights Policy is implemented. All the workers were treated equally and no discrimination occurred. Asia Production Unit does not employed temporary workers.	Complied
<b>Criterion 6.13:</b> Growers and millers respect human rights.			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	JC Chang Group has established Social and Human Rights Policy dated 1/9/2016 signed by the Mill Director. The policy was displayed at the notice board outside the office. The policy has been briefed to the employees on 4/10/2016. Attendant list was sighted.	Complied
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.	There is a HUMANA school in the estates' compound. Parents do not need to pay any school fee. The estate has donate on monthly basis to HUMANA Society. Besides, the estate has provided and maintained the building.	Complied
<b>Principle 7: Responsible development of new plantings</b> Asia Palm Oil Mill Certification unit and supply base did not carry out any new plantings since November 2005. Therefore, Principle 7 is not applicable during this annual surveillance. The immature areas are replanted area.			
<b>Principle 8: Commitment to continual improvement in key areas of activity</b>			
<b>Criterion 8.1:</b> Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			



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Criterion / Indicator	Assessment Findings	Compliance
<p>8.1.1</p> <p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides(Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);               <ul style="list-style-type: none"> <li>• Optimising the yield of the supply base.</li> </ul> </li> </ul> <p>- Major compliance -</p>	<p>The mill and estate management has developed an improvement plan for FY2016-2017 which covered environmental aspects, water issues, pollution issues, social aspects, optimizing yield/ CPO issues and safety issues. Budget was approved and the management will completed all the improvement plan by end of the financial year on June 2017. The improvement suggested as below:</p> <ol style="list-style-type: none"> <li>a. Install 2 units of 2.2 kW submersible pump for effluent waste.</li> <li>b. Purchase a unit of new computer for compost plant office.</li> <li>c. Install 5 units of ventilation fan with hose at the confined space area.</li> <li>d. Minimize use of certain pesticide – Replace CKS pumps to Inter-spray pump to reduce chemical usage.</li> <li>e. Construct roof ceiling for 14 blocks of workers housing.</li> </ol>	<p>Complied</p>

**Appendix B: Approved Time Bound Plan**

The Takon Production Unit is the last Unit to be certified under Carotino/ JC Chang Group. The Takon Palm Oil Mill and its FFB supplying plantations under the JC Chang group was seeking to be certified by April 2016. The Takon Production Unit comprises of 1 palm oil mill and 4 oil palm plantations located in the State of Sabah, Malaysia. However the following are some of the challenges raised for a deferment:

**Reasons / Justification for deferring RSPO certification plan for Takon Production Unit.**

1. The original proposed plan to certify Takon Production Unit in Sabah was somewhat over ambitious as it was based on the achievement of other Production Units where some basic preparatory works were started 2 to 3 years ahead of its pre and main assessments. The CB commented that the plan was challenging connotes that somewhat over-zealous on the plan proposed.
2. The overly long delay of more than a year by CB and RSPO Board to vet and re-vet Production Units’ certification report and limited premium paid / uptake on certified products had created disappointment and a sense of uncertainty on the RSPO certification process and direction which somehow had affected the zest and drive to pursue vigorously on the preparatory works for Takon Production Unit in Sabah.
3. As Takon Production Units in Sabah have out-grower supply base, their reluctance and unpreparedness to embrace RSPO certification voluntarily has somewhat setback their pace to initiate the certification process as previously planned. More than 50% of FFB received are from outsider farm.
4. The pace of development for RSPO certification in Takon Production Unit was generally slowed by lack of personnel with the right knowledge, exposure and experience in the operating unit to stimulate RSPO enthusiasm and to spur the necessary trainings and other preparatory works.
5. By the process, plantation groups which have become member of RSPO should plan for certification soonest so as to demonstrate their sincerity for being a member and not to hitch a ride on the RSPO name. Hitherto, many large Malaysia plantation groups which have become member have yet to get any of their production units certified. As such, in all fairness and in the spirit of RSPO, it is pertinent to ponder whether this is more inappropriate and un-abiding that the deferment of the stated plans to certify Takon Production Unit in Sabah.

No.	Production Units	Location	Status	TBP	Remark
1	<b>Asia Palm Oil Mill</b>		Certified	Certified on 31/1/2013.  Date of ASA3 assessment 26-30/10/15.	
	i) Melewar Estate 2	Lahad Datu, Sabah			
	ii) Hwa Li Estate 3	Lahad Datu, Sabah			
	iii) Asia Oil Palm Estate 2	Lahad Datu, Sabah			
2	<b>Melewar Palm Oil Mill</b>		Certified	Certified on 7/2/2014.  ASA 2 was conducted on 17- 19/11/15.	
	i) Gerola Estate	Lahad Datu, Sabah			
	ii) Pahang Oil Palm Estate 2	Lahad Datu, Sabah			
	iii) Pahang Oil Palm Estate 3	Lahad Datu, Sabah			
	iv) Melewar Estate 1	Lahad Datu, Sabah			

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	v) Tye Yang Estate	Lahad Datu, Sabah			
3	<b>Carotino Palm Oil Mill</b>		Certified	Certified on 27/11/2010. Recertification completed in 2015.	
	i) Maran Estate	Kuantan, Pahang			
	ii) Asia Oil Palm Estate 1	Kuantan, Pahang			
	iii) Hwa Li Estate 1	Segamat, Johor			
	iv) Hwa Li Estate 2	Segamat, Johor			
	v) Pahang Oil Palm Estate 1	Kuantan, Pahang			
4	<b>Takon Palm Oil Mill</b>		Pending Main Assessment	2017 (Exact period will depend on RSPO approval on the HCV disclosure)	The last remaining production unit is pending for RSPO Main Assessment which is supposed to be completed in 2016. However, the assessment was deferred due to the withdrawal of SGS as certification body. Currently, the delay of Main Assessment is due to pending of approval on HCV Disclosure by RSPO. Once approved and allowed for new certification, Carotino JC Chang will be able to certified the last production unit. The last communication between JC Chang and RSPO was done on 3/2/2017 where LUCA analysis was still under review.
	i) Pelita Estate	Lahad Datu, Sabah			
	ii) Muis Melewar Plantation 1	Tawau, Sabah			
	iii) Muis Melewar Plantation 2	Lahad Datu, Sabah			
	iv) Takon Estate	Lahad Datu, Sabah			

**Appendix C: Certification Unit RSPO Certificate Details**

Carotino/JC Chang Group  
Asia Palm Oil Mill  
(Asia Production Unit)  
KM 45, Off Jalan Lahad Datu – Sandakan  
91100 Lahad Datu  
Sabah, Malaysia  
RSPO membership number: 2-0029-06-000-00

BSI RSPO Certificate No. : RSPO 651278  
Date of Initial Certificate Issued: 31/01/2013  
Date of Expiry: 30/01/2018  
Applicable Standards: RSPO P&C MYNI-2014; RSPO Supply Chain Certification Standard November 2014 Module E – CPO Mills: Mass Balance)

<b>Asia Palm Oil Mill and Supply Base</b>					
Location Address	KM 45, Off Jalan Lahad Datu 91100 Sandakan, Sabah, Malaysia				
GPS Location	118° 21' 35.99" E; 5° 17' 60" N				
CPO Tonnage Total	36,133.91 mt				
PK Tonnage Total	9,745.15 mt				
CPO Claimed for Certification*	36,133.91 mt				
PK Claimed for Certification *	9,745.15 mt				
Own estates FFB Tonnage	177,127.00 mt				
Scheme Smallholder FFB Tonnage	-				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Asia Oil Palm Estate 2	2,225.25	489.97	308.78	3,024.00	51,400.00
Melewar Estate 2	1,770.41	0	252.99	2,023.40	38,998.00
Hwa Li Estate 3	3,851.56	0	426.04	4,277.60	86,729.00
<b>TOTAL</b>	<b>7,847.22</b>	<b>489.97</b>	<b>987.81</b>	<b>9,325.00</b>	<b>177,127.00</b>

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**Appendix D: Assessment Plan**

Date	Time	Subjects	Hu Ning Shing	Hoo Boon Han	Mohd Hafiz
Monday 7/11/2016	AM	Audit team traveling to site	√	√	√
	PM	Stakeholder consultation	√	√	√
Tuesday 8/11/2016  <b>Asia Palm Oil Mill</b>	0800 - 0830	Opening meeting • Presentation by Carotino Asia CU team • Presentation by BSI Lead auditor – Introduction of team members and assessment agenda	√	√	√
	0830 - 1200	<b>Asia Palm Oil Mill</b> Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√	√
	1000 - 1200	<b>Meeting with Stakeholders</b> (village rep, smallholders, Workers Leader, contractor etc.)	√	-	-
	1200 -1300	Lunch	√	√	√
	1300 - 1630	<b>Asia Palm Oil Mill:</b> Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc Verify previous nonconformities	√	√	√
	1630 -1700	Interim Closing briefing	√	√	√
Wednesday 9/11/2016  <b>Hwa Li Estate 3</b>	0800 - 1200	<b>Hwa Li Estate 3</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc	√	√	√
	1200 -1300	Lunch	√	√	√
	1300 - 1630	<b>Hwa Li Estate 3</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	1630 - 1700	Interim Closing briefing	√	√	√

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Date	Time	Subjects	Hu Ning Shing	Hoo Boon Han	Mohd Hafiz
Thursday 10/11/2016  <b>Melewar Estate 2</b>	0800 - 1200	<b>Melewar Estate 2</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	1200 - 1300	Lunch	√	√	√
	1300 - 1530	<b>Melewar Estate 2</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	1530 - 1630	Prepare for closing meeting	√	√	√
	1630 - 1730	Closing meeting	√	√	√
Friday 11/11/2016	AM	Audit Team traveling back to KL	√	√	√

**Appendix E: Stakeholders Contacted**

**Internal Stakeholders**

Management team Staff Workers Hospital Assistant Crèche Attendant HUMANA Teacher	FFB Suppliers Sundry Shop Workers Housewives	
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**External Stakeholders**

<b>Government Departments</b> Labour Department, Kinabatangan Environmental Department, Sandakan	<b>NGOs and others</b>	<b>Local Communities</b>
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**Appendix F: CPO Mill Supply Chain Assessment Report**

Requirements	Compliance
<b>E.1 Definition</b>	
<p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p>	<p>Asia Palm Oil Mill receives and process both 80% certified and 20% non-certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During the P&amp;C assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and volume sales of RSPO certified Products.</p>
<b>E.2 Explanation</b>	
<p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report.</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim). Their member ID: RSPO_PO1000000524. CPO &amp; PK shipping announcement were verified; for example;</p> <ul style="list-style-type: none"> <li>a. Contract: AOP/A0314/10/16</li> <li>b. Contract: AOP/A0311/09/16</li> </ul>
<b>E.3 Documented procedures</b>	
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ul style="list-style-type: none"> <li>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</li> <li>b) The name 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 procedures for the implementation of this standard.</li> </ul>	<p>The Palm Oil Mill has procedures for the incoming FFB, processing and outgoing Crude Palm Oil and Palm Kernel for the traceability with Mass Balance model covering certified and non-certified FFB received. Following is the procedures:</p> <ul style="list-style-type: none"> <li>a. Mechanism for handling non-conforming FFB (doc ref: SC/MEC-03/2014-AOM)</li> <li>b. Mass Balance Methodology (doc ref: SC/MBC-03/2014-AOM; dated 21<sup>st</sup> September 2014)</li> </ul> <p>The mill manager, assistant manager and admin officer have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>
<p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>The Palm Oil Mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.</p>



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<b>E.4 Purchasing and goods in</b>	
E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
E.4.2 The site shall inform the CB immediately if there is a projected overproduction.	The mill aware of this procedure.
<b>E.5 Record keeping</b>	
E.5.1 a) 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.  (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.  c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Computerized system in place. Records verified by internal and external audit. Following records were verified: <ul style="list-style-type: none"> <li>a. Three monthly mass balance record</li> <li>b. Daily production Record</li> <li>c. Weighbridge ticket (i.e.: W/B ticket: FFB16019014W; FFB16018801W)</li> </ul> Computerized system in place with the delivery deducted accordingly. It clearly recorded in the mass balance table for FFB received, FFB processed, CPO & PK production, CPO & PK Delivery (ISCC & RSPO) and CPO & PK stock.  The Mill aware that only positive stock can be delivered. No short selling.
E.5.2 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement	No outsourcing activities.

**Actual Tonnage Certified Palm Production – 01 November 2015 – 31 October 2016 (ASA4)**

Mill	Capacity	CPO	PK
Asia Palm Oil Mill	100 MT/hr	31,926.99	8,138.87

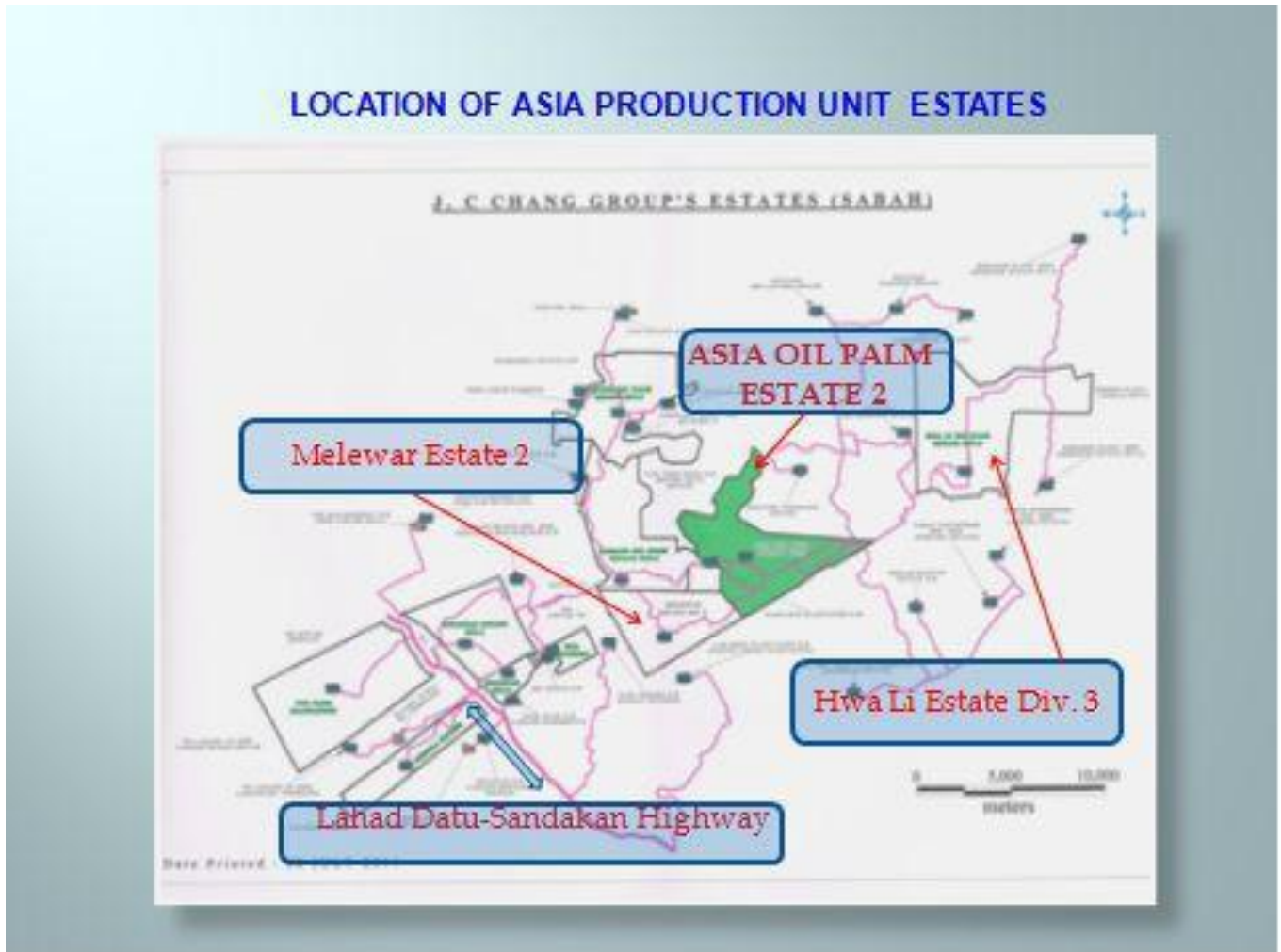
**Actual Tonnage Sales of Certified Palm Products – 01 November 2015 – 31 October 2016 (ASA4)**

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Asia Palm Oil Mill	23,697.14	6,749.78	

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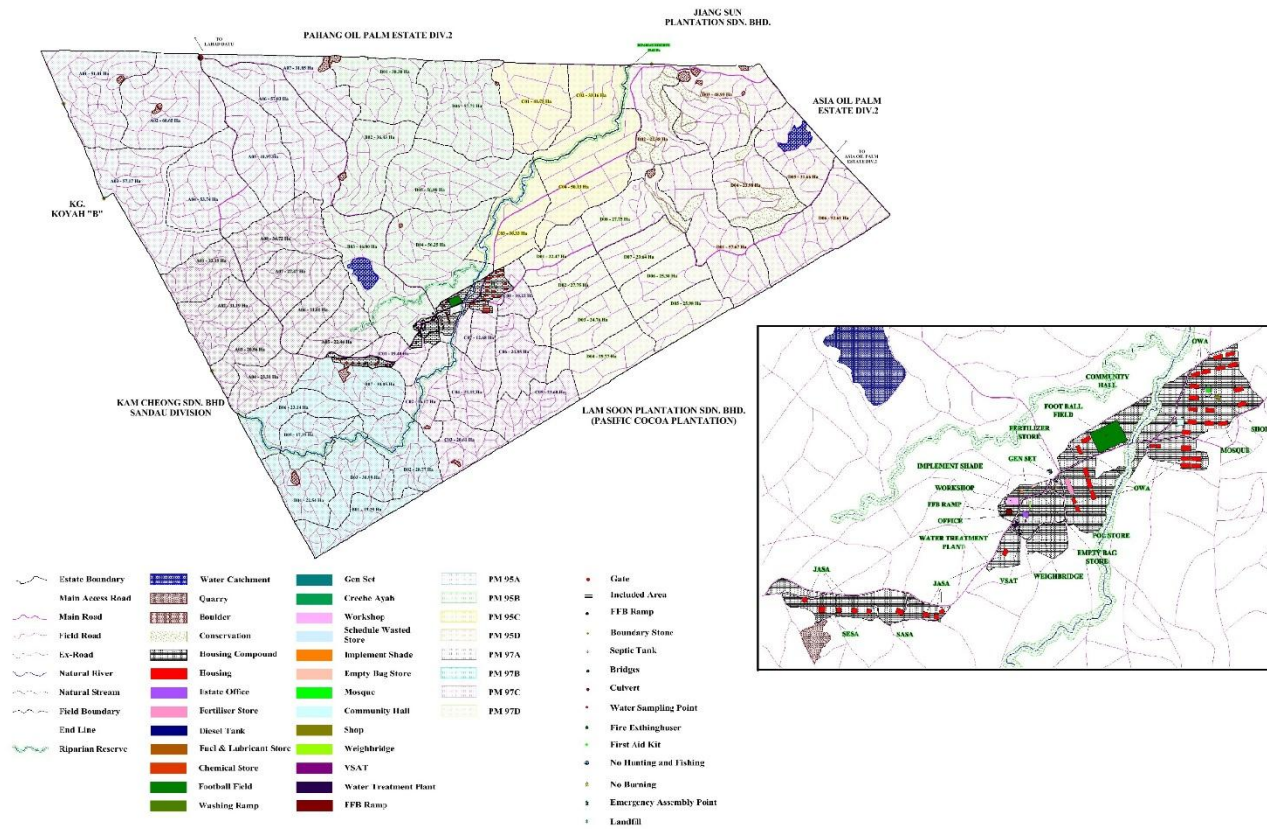
Month	Own Supply Base (Estates)			
	Asia Oil Palm Estate 2	Melewar Estate 2	Hwa Li Estate3	Total FFB/Month (mt)
Nov 2015	5,172.78	3,253.73	9,222.04	17,648.55
Dec 2015	4,278.17	2,514.29	7,900.15	14,692.61
Jan 2016	3,316.71	2,266.50	6,492.05	12,075.26
Feb 2016	2,301.19	1,398.87	3,905.63	7,605.69
Mar 2016	2,303.37	1,128.54	3,073.21	6,505.12
Apr 2016	2,858.84	2,015.02	4,467.81	9,341.67
May 2016	4,112.38	3,310.68	5,577.74	13,000.80
June 2016	5,129.00	3,505.82	6,605.20	15,240.02
July 2016	5,007.36	3,180.66	6,997.28	15,185.30
August 2016	5,181.79	3,749.97	7,929.01	16,860.77
September 2016	4,679.73	3,641.95	8,328.91	16,650.59
October 2016	4,700.16	3,210.96	9,600.45	17,511.57
<b>Total</b>	49,041.48	33,176.99	80,099.48	162,318.00

**Appendix G: Location Map of Asia Palm Oil Mill Certification Unit and Supply bases**



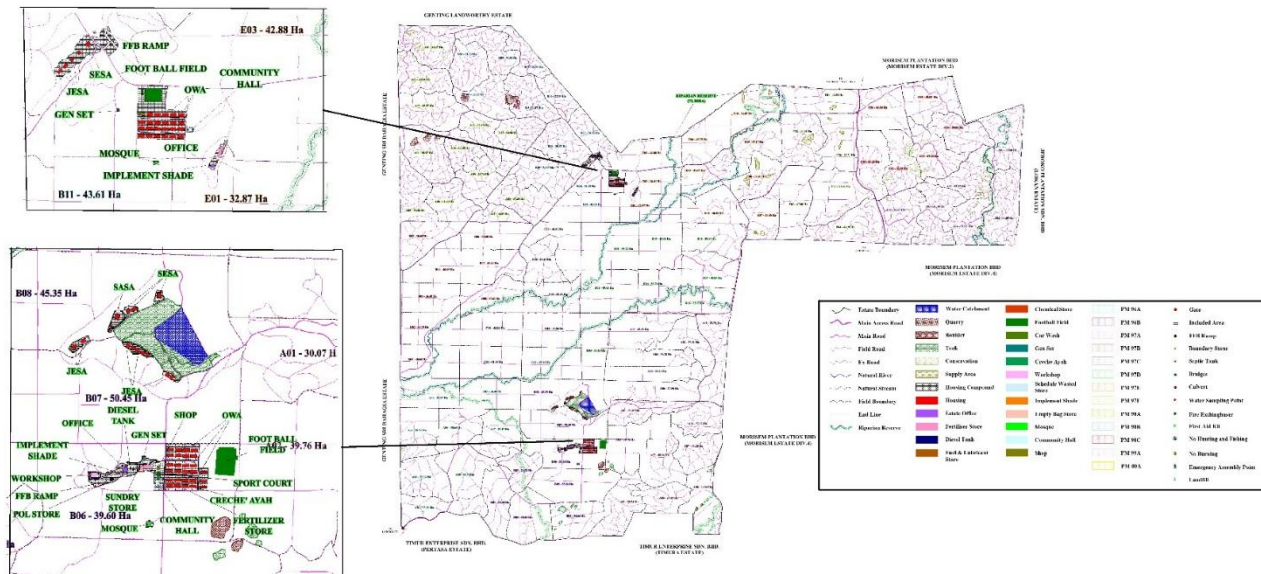
**Appendix H: Melewar Estate 2 Field Map**

**MELEWAR ESTATE DIV.2**



**Appendix I: Hwa Li Estate 3 Field Map**

**HWA LI ESTATE DIV.3**



**Appendix J: List of Smallholder Sampled**

Not applicable

**Appendix K: List of Abbreviations Used**

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CIP	Continual Improvement Plan
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
JTK	Jabatan Tenaga Kerja
KER	Kernel Extraction Rate
MPOA	Malaysian Palm Oil Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
MY-NI	Malaysian National Interpretation
NGO	Non Governmental Organisation
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RED	Renewable Energy Directive
RSPO	P&C Roundtable on Sustainable Palm Oil Principle & Criteria
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SHO	Safety and Health Officer
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
TBP	Time Bound Plan
WTP	Water Treatment Plant