

**RSPO PRINCIPLE AND CRITERIA
3rd Annual Surveillance Assessment (ASA3)
Public Summary Report**

Carotino/JC Chang Group
Head Office: Unit 30-01, Level 30, Menara Landmark No. 12, Jalan Ngee Heng 80000 Johor Bahru Johor, Malaysia
Melewar Palm Oil Mill (Melewar Production Unit) and supply base Locked Bag No. 11 91109 Lahad Datu Sabah, Malaysia

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Section 1: Scope of the Certification Assessment

1. Company Details			
RSPO Membership Number	2-0029-06-000-00	Date	Member since: 5 March 2010
Company Name	Carotino/JC Chang Group		
Address	Head office : Unit 30-01, Level 30, Menara Landmark, No. 12, Jalan Ngee Heng 80000 Johor Bahru, Johor, Malaysia Certification unit : Melewar Palm Oil Mill, Locked Bag No. 11 91109 Lahad Datu, Sabah, Malaysia		
Subsidiary of (if applicable)	Not applicable		
Contact Name	Mr Seow Chee Chiang		
Website	www.carotino.com	E-mail	seowcc@jcc.com.my
Telephone	07 – 2231 633 (Head Office) 089 – 567012 (Mill)	Facsimile	07 224 1546 (Head Office) 089 – 563091 (Mill)

2. Certification Information			
Certificate Number	RSPO 651276	Certificate Issued Date	07/02/2014
		Expiry Date	06/02/1019
Scope of Certification	Palm Oil and Palm Kernel Production from Melewar Palm Oil Mill and Supply Base (Gerola Estate, Tye Yang Estate, Melewar Estate 1, Pahang Oil Palm Estate 2, Pahang Oil Palm Estate 3)		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
EU-ISCC-Cert-DE100-20163013	ISCC	SGS Germany GmbH	02/05/2017
50450565	MSPO	DQS Certification (M) Sdn. Bhd	25/06/2020

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Melewar Palm Oil Mill (80 mt/hr)	Melewar Palm Oil Mill, Locked Bag No. 11, 91109 Lahad Datu, Sabah.	118° 3' 12.294" E	5° 16' 21.504" N
Gerola Estate	Locked Bag No. 11, 91109 Lahad Datu, Sabah.	118° 2' 4.5672" E	5° 12' 18.738" N

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Tye Yang Estate	Locked Bag No. 11, 91109 Lahad Datu, Sabah.	117° 59' 58.5996" E	5° 14' 33.036" N
Melewar Estate 1	Locked Bag No. 11, 91109 Lahad Datu, Sabah.	118° 3' 48.6612" E	5° 15' 49.1184" N
Pahang Oil Palm Estate 2	Locked Bag No. 11, 91109 Lahad Datu, Sabah.	118° 8' 21.8724" E	5° 17' 37.8852" N
Pahang Oil Palm Estate 3	Locked Bag No. 11, 91109 Lahad Datu, Sabah.	118° 8' 18.6288" E	5° 22' 27.7284" N

4. Description of Supply Base

Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Melewar Estate 1	1,344.60	646.77	350.00	0	1991.37	2341.37	85.05
Gerola Estate	1,225.43	174.94	187.03	0	1400.37	1587.40	88.22
Pahang Oil Palm Estate 2	1,565.04	821.96	284.8	0	2,387.00	2,671.80	89.34
Pahang Oil Palm Estate 3	2392.83	0	226.47	0	2392.83	2619.30	91.35
Tye Yang Estate	2596.25	756.37	407.28	0	3352.62	3759.90	89.17
Total	9,124.15	2400.04	1455.58	0	11,524.19	12,979.77	88.79

Note: Infras = infrastructure

5. Plantings & Cycle

Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (2015/2016)	Actual (Nov 2015 - Oct 2016)	Forecast (Nov 2017 - Oct 2018)
Melewar Estate 1	646.77	489.96	139.88	714.76	0	24,314	21,553.81	35,617.94
Gerola Estate	174.94	549.61	345.99	0	329.83	22,099	20,204.44	27,645.14
Pahang Oil Palm Estate 2	821.96	0	198.13	809.77	557.14	40,154	38,920.03	38,962.80
Pahang Oil Palm Estate 3	0	0	0	2392.83	0	61,159	55,416.81	66,766.80
Tye Yang Estate	756.37	607.29	359.38	1281.26	348.32	59,561	51,634.61	61,462.34
Total	2400.04	1646.86	1043.38	5198.62	1235.29	207,287	187,729.7	230,455.03

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6. Certified Tonnage of FFB (Own Certified Scope)			
Estate	Tonnage / year		
	Estimated (2015/2016)	Actual (Nov 2015 - Oct 2016)	Forecast (Nov 2017 - Oct 2018)
Melewar Estate 1	24,314	21,553.81	35,617.94
Gerola Estate	22,099	20,204.44	27,645.14
Pahang Oil Palm Estate 2	40,154	38,920.03	38,962.80
Pahang Oil Palm Estate 3	61,159	55,416.81	66,766.80
Tye Yang Estate	59,561	51,634.61	61,462.34
Total	207,287	187,729.7	230,455.03

7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable			
Independent FFB Supplier	Tonnage / year		
	Estimated (2015/2016)	Actual (Nov 2015 - Oct 2016)	Forecast (Nov 2017 - Oct 2018)
Trader and Independent Smallholder/outgrower	24,600.00	23,997.11	16,681.94
Total	24,600.00	23,997.11	16,681.94

8. Certified Tonnage									
Mill	Estimated (2015/2016)			Actual (Nov 2015 - Oct 2016)			Forecast (Nov 2017 - Oct 2018)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Melewar Palm Oil Mill				187,729.70	38,385.98	8,585.05	230,455.03	48,395.55	11,522.75
Other adjacent estates (Asia & Takon Certification unit) if any	207,287	41,907.54	11,280.87	7812.60	1,613.84	804.01	14,083.42	2,957.52	704.17
Total	207,287	41,907.54	11,280.87	195,542.3	39,999.82	9,389.06	244,538.45	51,353.07	12,226.92

OER : 21% KER: 5 %

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
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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 15 – 17 November 2016. 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 1 & Gerola Estate). 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.

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.

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

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the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E and the sampled smallholder (when applicable) is listed in Appendix J

All the previous nonconformities are remains closed. (No NCR raised previously) The assessment findings for the 3rd 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

1. Assessment Program					
Name (Mill / Supply Base)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA4)
Melewar Palm Oil Mill				√	√
Gerola Estate				√	
Tye Yang Estate					
Melewar Estate 1				√	
Pahang Oil Palm Estate 2					√
Pahang Oil Palm Estate 3					√

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

Tentative Date of Next Visit: November 21, 2017 – November 23, 2017

Total No. of Mandays: 9 mandays

BSI Assessment Team:

Mohamed Hidhir Bin Zainal Abidin – Lead Auditor

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 14001, 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 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

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Revision 4 (November /2016)****Hafriazhar Mohd Mokhtar – Team Member**

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea and Solomon Islands. During assessment, he covered the mill and estate best practices, legal issues, social issues, workers consultation, stakeholder consultation, environmental and occupational safety & health. He is fluent in Bahasa Malaysia and English languages.

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
Summary of the Time Bound Plan		
Does the plan include all subsidiaries, estates and mills?	Yes	Yes
Is the time bound plan challenging? <ul style="list-style-type: none"> • Age of plantations. • Location. • POM development • Infrastructure. • Compliance with applicable law. 	The time bound plan is challenging enough.	Yes
Have there been any changes since the last audit? Are they	As of this year, no changes as per submitted to ACOP.	Yes

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justified?		
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
Un-Certified Units or Holdings		
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 Melewar Production Unit.	Yes
No replacement after dates defined in NIs Criterion 7.3: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	As of today, there are no areas under the Group that requires compliance to Principle 7 for Melewar Production Unit	Yes
Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	The only new planting that occur after Jan 1 st 2010 are replanting from oil palm to oil palm for Melewar 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 Melewar 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 Melewar Production Unit	Yes
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 Melewar Production Unit	Yes

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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 Melewar Production Unit	Yes
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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 3rd Annual Surveillance Assessment there was one (1) Major & one (1) Minor nonconformities raised. The Melewar 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 /

1407495M1	<p>Requirements Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available.</p> <p>Evidence of Nonconformity Employment of workers is not according to Immigration Act 1959/63, Section 55B, subsection (1) observed in Melewar Estate Div. 1. Out of a total 174 foreign workers employment contract and payslip observed, it was found that 171 workers employed have valid passport and permit except for 3 workers as following:</p> <p>1) Worker ID: ME 10203 (Social Visit Pass Multiple Entry Visa expired on 31/5/2015) 2) Worker ID: ME 10284 (Social Visit Pass Multiple Entry Visa expired on 19/8/2017 and registered with different name than insured in insurance policy; old work permit expired since 19/2/2013) 3) Worker ID: ME 10328 (No evidence of work permit and no passport copy in personnel file) It was found that no evidence of valid work permit/visa as required under the Immigration Act 1959/63 for above 3 workers sampled .</p> <p>Statement of Nonconformity The requirements of Immigration Act 1959/63 was not in compliance.</p> <p>Corrective Actions 1) 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>Person in-charge – Operation Efficiency Control Team lead by Mr. Seow CC. (Ms. Aisa & Ms. Stearonthia) Time Frame – Monthly basis</p> <p>2) No more recruitment of undocumented workers in future and strictly abides to HQ Policy of no illegal workers in the operating unit.</p> <p>Person in-charge - All operating unit management</p> <p>Time Frame – On-going</p> <p>Onsite verification for major NC close out: Verified the workers resignation and termination letter. i) Active workers list to date December 2016 ii) List of terminated/resigned workers December 2016. iii) List of absconded workers November 2016.</p> <p>Assessment Conclusion The major NC effectively closed on 12/1/17.</p>	<p>Minor)</p> <p>Major</p>
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1407495N1	<p>Requirements Indicator 5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p>	Minor
	<p>Evidence of Nonconformity Waste and Waste Product Identification and Disposal Plan for Estates and Mills, document ref# F/007- 05/2016 dated 18/8/16 did not clearly explained on scheduled and non-scheduled waste management related to :</p> <ul style="list-style-type: none"> i) Waste disposal method and handling for all scheduled waste including clinical waste and expired drugs. ii) Disposal of non-scheduled (empty chemical container and domestic @ other type of waste) iii) Scheduled waste records (2nd Schedule @ notification, 5th Schedule @ inventory, 6th Schedule @ consignment note) 	
	<p>Statement of Nonconformity Waste management and disposal plan was not effectively documented and implemented.</p>	
	<p>Corrective Actions 1) 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.</p> <p>Person in-charge - Mr. Seow CC (HQ)</p> <p>Time Frame - December 2016</p> <p>2) 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.</p> <p>Person in-charge - Operation Efficiency Control Team lead by Mr. Seow CC. (Ms. Aisa)</p> <p>Time Frame - December 2016</p> <p>3) Audit will be incorporated together with sustainability visit to ensure the new waste management system is properly implemented.</p> <p>Person in-charge - Operation Efficiency Control Team lead by Mr. Seow CC</p> <p>Time Frame - According to visit schedule</p>	
	<p>Assessment Conclusion The corrective action plan iss accepted. Effectiveness of corrective action taken will be further verified in the next audit</p>	

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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, Forestry and Wildlife Department on the compliance of legal requirements.

Issues raised by Stakeholders	
<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 Melewar 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>Issues: Humana Teachers</p> <ul style="list-style-type: none"> - No proper school building – school uses community hall building that also being used for local community event such as wedding and etc. – cause school equipment damage, student work pasted on the wall being teared up - No teacher's room office and no library – teacher's house used to keep/store library books <p>Management Responses:</p> <ul style="list-style-type: none"> - Community only use for processing of mainly Indonesian workers' passport by Indonesian Consulate in 2015 - Estate management already has plans to convert the backroom as teacher's room and provide cupboard for book storage/keeping <p>Audit Team Findings: Issue has already been taken action by the management. No further issue.</p>
2	<p>Issues: Head of Branch, DOE Sandakan, Sabah No legal noncompliance issue with regards to Environmental act and regulations within company</p> <p>Management Responses: Comments noted.</p> <p>Audit Team Findings: No further issue</p>

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3	Issues: Labour Officer, Kota Kinabatangan Labour Department, Sabah No negative feedback from employee of Melewar operating units
	Management Responses: Comments noted.
	Audit Team Findings: No further issue
4	Issues: Wildlife officer, Wildlife Department Lahad Datu, Sabah - No any case of illegal wildlife capture/hunting within Melewar operating units Good initiative on wildlife protection program by company
	Management Responses: Comments noted.
	Audit Team Findings: No further issue.
5	Issues: Forestry officer, Forest department Lahad Datu, Sabah - No encroachment into nearby forest by company/company personnel Good initiative on forest conservation program by company
	Management Responses: Comments noted.
	Audit Team Findings: No further issue.

3.3.1 Status of Nonconformities Previously Identified and Observations

Non-Conformity		
NCR #	Description	Catgory (Major / Minor)
	Requirements: Nil	
	Evidence of Nonconformity:	
	Statement of Nonconformity:	
	Corrective Action:	
	Assessment Conclusion:	

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Observation	
OBS #	Description
1	<p>Indicator 2.1.1 260kgs of Liquid Petroleum Gaseous cylinders were stored at Kedai Runcit RamlahNor which exceeded the allowable limit of 140kgs stated in the permit.</p> <p>ASA3 verification : Visit to the grocery shop (Kedai Runcit Ramlah Nor) confirmed that management has already consult the owner to comply with the permit of LPG storage. Sighted only 6 cylinders (20kg LPG each) were kept in the shop storage.</p>
2	<p>Indicator 5.3.3 Mill do not have evidence to ensure that the newly produced EFB not dumped at the EFB landfill and monitored closely as the corrective action stated in the mitigation plan.</p> <p>ASA3 verification : Site during site visit, no evidence of over-dumping which can leads to leachate generation. Regular evacuation of EFB to the nearby estate was sighted for mulching.</p>

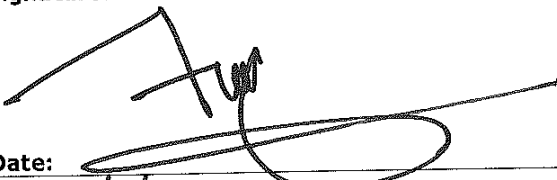

3.3.2 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1407495M1 – 2.1.1	Major	17/11/2016	Closed on 12/01/2017
1407495N1 – 5.3.3	Minor	17/11/2016	“Open”

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Assessment Conclusion and Recommendation:

Based on the findings during the assessment Melewar 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 Melewar Palm Oil Mill Certification Unit is approved and continued.

Acknowledgement of Assessment Findings	Report Prepared by
Name: Seow Chee Chiang	Name: Mr Mohamed Hidhir B Zainal Abidin
Company name: Carotino/JC Chang Group Melewar Palm Oil Mill (Melewar Production Unit)	Company name: BSI Services Malaysia Sdn Bhd
Title: Senior Manager	Title: Lead Auditor
Signature: 	Signature: 
Date: 10/3/17	Date: 2/3/17

Appendix A: Summary of Findings

Criterion / Indicator	Assessment Findings	Compliance
Principle 1: Commitment to Transparency		
Criterion 1.1:		
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
1.1.1	<p>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.</p> <p>- Minor compliance -</p>	<p>Annual inspection by DOSH was conducted on 5/8/16. No major issue was raised by DOSH officer.</p> <p>Based on Guidelines on Mechanism for Information Requests by Stakeholders; Doc. Ref. no.: E/006/05/2014; Doc. Date: 29/8/2014</p> <p>SOP on Mechanisms for Communication and Consultation; Doc. Ref. No.: E/004-07/2015' Doc. Date: 8/9/2015</p> <p>The external stakeholder meeting conducted on 24/10/2016 involved estate group, school, local communities, statutory bodies, contractors, FFB supplies, visitors, neighbouring plantations and NGOs.</p>
1.1.2	<p>Records of requests for information and responses shall be maintained.</p> <p>-Major compliance</p>	<p>Melewar Production Unit (MPU) has established the Guideline on Mechanism for Information Requests by Stakeholders to deal with stakeholder's request for information on environment, social and legal issues.</p> <p>The Melewar POM & estates maintains ' Stakeholder Requests Register' record all requests made and actions taken to address the request. A file containing the original request documents (letter & form) and summary register is maintained.</p> <p>Requests by stakeholders are made through JCC meetings, verbally, written by using letter or Complaint/Suggestion/Request Form.</p> <p>Stakeholder Request Record Book is utilized to record complaint made by any of the stakeholders & action taken following complaints made by the stakeholders.</p> <p>List of stakeholders:</p> <ul style="list-style-type: none"> - Statutory Bodies - Internal Stakeholder - Local Communities - NGO - FFB suppliers - Neighbouring Properties - Sister Estate & Mills - Suppliers of Material & Services <p>Record of request and complaints clearly stated in the RSPO 1.1: Record of Request/ Responses</p>
Criterion 1.2:		
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.		

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Criterion / Indicator	Assessment Findings	Compliance	
1.2.1	<p>Publicly available documents shall include, but are not necessary limited to:</p> <ul style="list-style-type: none"> • 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). <p>- Major compliance –</p>	<p>6.1.3: Social & Human Rights Policy sighted available that JC Chang Group embraced responsibility in social. Policy was signed by Mill Director Mr. Tay Chwee Leong on 1/9/2016.</p>	Complied
<p>Criteria 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.</p>			
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>Sighted the Corruption Prevention Policy that declared JC Chang decision to communicate the way it prevents corruption. This policy applies to all entities within the company included contracted third parties and consultants in relation to their work with/for the group. Policy was signed by Mill Director on 4/9/2015. Policy available in English and Malay language.</p>	Complied
<p>Principle 2: Compliance with applicable laws and regulations</p>			
<p>Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.</p>			

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Criterion / Indicator	Assessment Findings	Compliance																								
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. - Major compliance -</p>	<p>Melewar Production Unit has obtained and renewed license and permits as required by the law. Amongst the licenses or permit viewed were:</p> <p>Competent person:</p> <table border="1" data-bbox="660 524 1299 963"> <thead> <tr> <th>Series No</th> <th>Competency</th> <th>Grade</th> </tr> </thead> <tbody> <tr> <td>044/ 89</td> <td>Stim Engineer</td> <td>1</td> </tr> <tr> <td>SB/14/EIS/01/18</td> <td>Dandang Stim & Enjin Stim</td> <td>1</td> </tr> <tr> <td>H/ED/08/94</td> <td>ICE</td> <td>1</td> </tr> <tr> <td>PJ-T-4-B-0521-2015</td> <td>A4</td> <td>-</td> </tr> <tr> <td>NW-NSDK-AGT-0073-L</td> <td>AGT</td> <td>-</td> </tr> <tr> <td>NW-NSDK-AE-R-0610-M</td> <td>AESP</td> <td>-</td> </tr> <tr> <td>NW-NSDK-AE-R-0601-M</td> <td>AESP</td> <td>-</td> </tr> </tbody> </table> <p>a) MPOB license: 500106704000 (validity period 1/12/2015 - 30/11/2016) for 384,000MT</p> <p>b) DOE License/<i>Jadual Pematuhan</i>: JPKKS/12/004849 (validity period 1/7/2016 - 30/6/2017) for 100MT/hr and method of POME discharge is land application and composting BOD limit is < 20 mg/l.</p> <p>c) Energy commission license under review of upgrading of generating capacity to 5000 kW. Submitted to Energy Commission on 24/10/16, refer to application# OAS/ELC1/00179/2016.</p> <p>d) Poison License, Permit to purchase, store and use of sodium hydroxide, permit# 039915, register# SC0133/2016. Valid until December 2016.</p> <p>e) Renewal of Diesel permit, applied under Melewar Properties Sdn Bhd, submission# BL2016030866 dated 13/6/16.</p> <p>f) h) Permit from Labour Department for salary deduction, serial# 11(0226)KBN [approved deductions: Transport documents processing fees and personal loan) and valid until 1/11/17.</p> <p>h) Permit from Labour Department for night shift women, serial# 11(0226)KBN [approved duration: 1000 pm to 500 am) and valid until 1/11/17.</p> <p>i) Environmental competent person, CePPOME & CePSWaM. CePSWaM personnel nomination, mill assistant and will be registered for next year. CePSWaM: serial# CePSWaM/15763 valid until 1/12/16. FTR submitted 30/10/16.</p>	Series No	Competency	Grade	044/ 89	Stim Engineer	1	SB/14/EIS/01/18	Dandang Stim & Enjin Stim	1	H/ED/08/94	ICE	1	PJ-T-4-B-0521-2015	A4	-	NW-NSDK-AGT-0073-L	AGT	-	NW-NSDK-AE-R-0610-M	AESP	-	NW-NSDK-AE-R-0601-M	AESP	-	<p>Major nonconformance</p>
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Criterion / Indicator	Assessment Findings	Compliance	
	<p>j) "Aku Janji" under Section 12E(1), Enactment Environmental Protection 2002, ref# JPAS/PP/06/600-1/11/1/205 dated 6 January 2015. Project " Oil Palm Replanting Project of 278.97 Ha on part of Lot CL.095310400 (field PR15) at Melewar Estate Division 1, Kinabatangan, Sabah. PMM to be submitted every 6 monthly (31/8 and 28/2) until completion of project.</p> <p>k) MPOB license, license# 502061402000 valid until 31/12/16 (Main division) and 50348870200 valid until 31/3/17 (Sungai Tenegang-Koyah Division)</p> <p>l)Renewal of Diesel permit, applied under Gerola Estates Sdn Bhd, submission# BL2016061934 dated 21/10/16.</p> <p>m)MPOB license for Gerola Estate, license# 502542002000, valid until 31/7/17</p> <p>n) "Aku Janji" under Section 12E(1), Enactment Environmental Protection 2002, ref# JPAS/PP/06/600-1/11/1/241 dated 22 July 2016. Project " Oil Palm Replanting Project of 195.69 Ha on part of Lot CL.095310900 Pekopa Division (PM86P) of Gerola Estate Kinabatangan, Sabah. PMM to be submitted every 6 monthly (31/8 and 28/2) until completion of project</p> <p><u>Melewar Palm Oil Mill</u></p> <p>Lesen untuk menggaji pekerja bukan pemastautin (Seksyen 118, Ordinan Buruh (Sabah Bab 67) No. lesen: JTK.H.KBN.600-4/1/1/10401/0056; Tempoh sah 20/3/2016 – 19/3/2017; Pekerja yang diliputi: Indonesia: 89; Philippines: 10</p> <p>Employment of workers is not according to Immigration Act 1959/63, Section 55B, subsection (1) observed in Melewar Estate Div. 1. Out of a total 174 foreign workers employment contract and payslip observed, it was found that 171 workers employed have valid passport and permit except for 3 workers as following:</p> <ol style="list-style-type: none"> 1) Worker ID: ME 10203 (Social Visit Pass Multiple Entry Visa expired on 31/5/2015) 2) Worker ID: ME 10284 (Social Visit Pass Multiple Entry Visa expired on 19/8/2017 and registered with different name than insured in insurance policy; old work permit expired since 19/2/2013) 3) Worker ID: ME 10328 (No evidence of work permit and no passport copy in personnel file) <p>It was found that no evidence of valid work permit/visa as required under the Immigration Act 1959/63 for above 3 workers sampled. Hence, a major nonconformity has been raised.</p>		
2.1.2	<p>A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -</p>	<p>Documented (softcopy) List of Laws Applicable to Oil Palm Industry was made available at visited operating units.</p>	<p>Complied</p>
2.1.3	<p>A mechanism for ensuring compliance shall be implemented. - Minor compliance -</p>	<p>Mill Manager has been appointed as Person Responsible for Legal Changes based on letter from Mill Director dated 28/9/2015.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance	
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance -	Based on the SOP on Mechanism to Trace Changes in Legal Requirements (Doc. Ref. No.: E/005-06/2016; Subject Trace chages in legal requirements; Doc. date: 29/3/2016) through the Law Changes Register (Softcopy).	Complied
Criterion 2.2: The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land was made available during assessment. Sighted available for Melewar Palm Oil Mill (POM): - Land Title (Melewar 1 Estate Title no. CL 095310400) - Form 9 (Certificate of Incorporation of Private Company no.: 157/1956) - Form 24 (Return of Allotment of Shares Company no.: 3817/74) Form 49 (Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes of Particulars Company no.: 021462P) <u>Melewar Estate Div 1</u> Country lease land title# 095310400, 095311185, 095321592, 095321609, 095321582 under Melewar Properties Sdn Bhd. (1/1/1979 to 31/12/2077) for total of 2341.37 Ha. Type of land use: Cultivation of agricultural crop of economic value. <u>Gerola Estate</u> 4 land titles - # 095310919, 095310928, 095310900, 095310759 for total of 1587.41 Ha Country lease land period : 01/01/1979 -31/12/2077 Type of land use: Cultivation of agricultural crop of economic value.	Complied
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	Boundary stone was sighted at field PM13 (663/887). The management demarcated the boundary with the smallholder using planting the Jati trees and constructing trenches.	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 -	Review on land ownership records and interview with relevant stakeholders confirmed there are no conflict or dispute over the land within legal boundary of Melewar and Gerola Estate as well as other estates within MPOM complex.	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 MPOM complex at the time of audit. The land belongs to JC Chang and land ownership documents verified.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute in the MPOM complex at the time of audit. The land belongs to JC Chang 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 MPOM complex at the time of audit. The land belongs to JC Chang and land ownership documents verified.	Complied
Criterion 2.3: 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.			
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 -	There is no land dispute in the MPOM complex at the time of audit. The land belongs to JC Chang and land ownership documents verified.	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 -	There is no land dispute in the MPOM complex at the time of audit. The land belongs to JC Chang and land ownership documents verified.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance	There is no land dispute in the MPOM complex at the time of audit. The land belongs to JC Chang and land ownership documents verified.	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	There is no land dispute in the MPOM complex at the time of audit. The land belongs to JC Chang and land ownership documents verified.	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.

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>Melewar Production Unit has gazetted OPEX for 2016-2020 (plant processing machinery upkeep, general overhead, general overhead, forwarding cost, cees and taxes, general charges, depreciation)</p> <p>CAPEX allocation for the next financial year was sighted. i.e new building (housing, sports utility), machinery & equipment etc</p>	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 Melewar Estate 1, 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>Melewar</td> <td>100</td> </tr> <tr> <td>2017</td> <td>Estate 1</td> <td>-</td> </tr> <tr> <td>2018</td> <td></td> <td>-</td> </tr> <tr> <td>2019</td> <td></td> <td>-</td> </tr> <tr> <td>2020</td> <td></td> <td>218</td> </tr> <tr> <td>2021</td> <td></td> <td>206</td> </tr> <tr> <td>2022</td> <td></td> <td>154</td> </tr> <tr> <td>2016</td> <td>Gerola</td> <td>175</td> </tr> <tr> <td>2017</td> <td>Estate</td> <td>-</td> </tr> <tr> <td>2018</td> <td></td> <td>146</td> </tr> <tr> <td>2019</td> <td></td> <td>184</td> </tr> <tr> <td>2020</td> <td></td> <td>-</td> </tr> </tbody> </table>	Year	Estate	Ha	2016	Melewar	100	2017	Estate 1	-	2018		-	2019		-	2020		218	2021		206	2022		154	2016	Gerola	175	2017	Estate	-	2018		146	2019		184	2020		-	Complied
Year	Estate	Ha																																							
2016	Melewar	100																																							
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2020		-																																							

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
4.1.1 Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	<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"> a) Road and Terrace construction for New Planting and Replanting (A/005-01/2008) b) Nursery Establishment and Practices (A/006-01/2008) c) Replanting (A/007-02/2011) d) Pruning and Frond stacking (B/001-01/2008) e) Weeding Regime & Practices ((B/004-01/2008) f) Riparian Buffer Zone (C/001-02/2009) g) Justifications for Pesticide Usage under IPM (Insecticide, Fungicide & Rodenticide) (B/008-14/2016) h) Justifications for Pesticide Usage under IPM (Weedicides) (B/009-10/2015) i) FFB Evacuation with MTG (D/003-01/2008) j) FFB Harvesting and Evacuation (D/004-04/2015) k) Fertiliser receipts, management and application (H/001-03/2016) l) Buffalo Management (K/001-01/2008) m) Buffaloes Assist Harvesting (K/002-01/2011) n) Integrated Pest & Disease Management (L/001-05/2014) o) Rat control and baiting (L/002-07/2016) <p>The Standard Operation Procedure (SOP) for Melewar POM contains the procedures for all activities as below:</p> <ul style="list-style-type: none"> 1) Reception Station (Q/040-03/2015) 2) Grading Station (Q/041-03/2015) 3) Fruit Handling Station (Q/042-02/2015) 4) Sterilizer Station (Q/043-02/2015) 5) Threshing Station (Q/045-03/2015) 6) Press Station (Q/046-03/2015) 7) Clarification Station (Q/047-02/2015) 8) Depericarper Station (Q/048-02/2015) 9) Nut & Kernel Station (Q/049-02/2015) 10) Boiler Station (Q/050-02/2015) 11) Engine Room Station (Q/051-06/2015) 12) Water Treatment Plant (Q/052-02/2015) 13) Turner Station (compost plantr) (Q/060-01/2014) 14) Digestion Station (Biogas Plant) (Q/202-01/2016) 15) Gas Engine Station 	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
	<p>The Mill Safety (Machinery) Operation Procedure, Safety Operation Procedure and Standard Operation Procedure include procedures at the following stations :</p> <ul style="list-style-type: none"> 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, Workshop station, working at height (U/020-01/2015), confined space etc. <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>4.1.2</p>	<p>A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -</p>	<p>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 were verified. The Internal RSPO visit was conducted by Sustainability Department. The inspection/internal audit was covered all activities related to palm oil mill and oil palm agriculture practices.</p> <p><u>Melewar POM</u> Latest visit by Mill Director was on 10/5/2016. The internal audit was conducted on 13-14/9/2016 by Sustainability Department. There are 42 findings raised during the audit and the action plan was established thereafter.</p> <p><u>Melewar Estate 1</u> Latest visit by Plantation Director visit was on 5-6/10/2016. The internal audit was conducted on 13-14/9/2016 by Sustainability Department. There are 42 findings raised during the audit and the action plan was established thereafter.</p> <p><u>Gerola Estate</u> Latest visit by Visiting Sr. Mgr (VSM) visit was on 12 /10/2016. The internal audit was conducted on 26/9/16by Sustainability Department. There are 53 findings raised during the audit and the action plan was established thereafter.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
<p>4.1.3</p> <p>Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -</p>	<p>Records of monitoring with regards to environmental compliance monitoring under DOE and EPD as follows:</p> <p><u>Melewar POM</u></p> <p>Quarterly return to DOE, refer to first schedule Regulation 10 (2), file reference ASSH/SDK(B)/152/000/057.</p> <p>Latest quarter (July – September 2016) submitted on 5/10/16.</p> <p><u>Melewar Estate Div 1</u></p> <p>“Aku Janji” under Section 12E(1), Enactment Environmental Protection 2002, ref# JPAS/PP/06/600-1/11/1/205 dated 6 January 2015. Project “ Oil Palm Replanting Project of 278.97 Ha on part of Lot CL.095310400 (field PR15) at Melewar Estate Division 1, Kinabatangan, Sabah. PMM to be submitted every 6 monthly (31/8 and 28/2) until completion of project.</p> <p>Proposal for mitigation measures (PMM) reports verified:</p> <p><u>2014</u></p> <p>1st half: Report conducted by EPD approved consultant, Sinoh Environment, ref# 397/14 dated 11/7/14.</p> <p>2nd half: Report conducted by EPD approved consultant, Sinoh Environment, ref# 397/14 dated 12/9/14.</p> <p>For 2015, the reporting has been delayed and Melewar Estate Div1 decided to terminate the consultant Sinoh Environmental Sdn Bhd and change to North Borneo Environmental Services Sdn Bhd. Refer to appointment letter dated 25/9/16.</p> <p><u>Gerola Estate</u></p> <p>“Aku Janji” under Section 12E(1), Enactment Environmental Protection 2002, ref# JPAS/PP/06/600-1/11/1/241 dated 22 July 2016. Project “ Oil Palm Replanting Project of 195.69 Ha on part of Lot CL.095310900 Pekopa Division (PM86P) of Gerola Estate Kinabatangan, Sabah. PMM to be submitted every 6 monthly (31/8 and 28/2) until completion of project.</p> <p>Proposal for mitigation measures (PMM) reports verified:</p> <p><u>2015</u></p> <p>Report conducted by EPD approved consultant, Sinoh Environment, ref# 414/15 dated 13/11/15</p> <p><u>2016</u></p> <p>2nd half: Report conducted by EPD approved consultant, Sinoh Environment, ref# 414/15 dated 4/3/16</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	The mill records the origins of all third-party sourced Fresh Fruit Bunches (FFB). The records are maintained beginning at the weigh bridge tickets and delivery notes. (i.e. Jayatas Sdn Bhd : 502334602000; Kebaco: 522052002000). List of third party supplier is available and verified under list of MPOB license outsiders. The FFB supplier contract requires the supplier to declare the origin of FFB. Sample of sale and purchase agreement dated 1/7/12 for Kebaco Sdn Bhd	Complied
Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	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
4.2.2	Records of fertiliser inputs shall be maintained. - Minor compliance -	Manuring programme and stock input was available and maintained accordingly by the management Melewar Estate 1 & Gerola Estate for FY 2016/2017. Fertilizers are applied as per research conductor recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators. <u>Melewar Estate 1</u> Fertilizer recommendation by research team for 2016 was sighted (NK Mix: 420.6mt, Granulated compound (10/5/25/3+0.5):214.8 mt and Granulated compound (10/6/22/4+0.5B): 261.8mt). The summary of fertilizer usage (until Oct 16) are as follow: 1. NK Mix: 420.6mt 2. Granulated compound(10/5/25/3+0.5): 214.8mt 3. Granulated compound(10/6/22/4+0.5B):261.8mt <u>Gerola Estate</u> Fertilizer recommendation by research team for 2016 was sighted (NK Mix: 279.8mt, Granulated compound (10/5/25/3+0.5): 173.6 mt and Granulated compound (10/6/22/4+0.5B): 58 mt). The summary of fertilizer usage (until Oct 16) are as follow: 4. NK Mix: 279.8 mt 5. Granulated compound(10/5/25/3+0.5): 173.6 mt 6. Granulated compound(10/6/22/4+0.5B): 58 mt	Complied

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Criterion / Indicator	Assessment Findings	Compliance												
4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -	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 conducted for every year. The foliar sampling (yield/foliar nutrient/fertilizing records) was established and had carried out by Research Team, Melewar Properties Sdn Bhd. <u>Melewar Estate</u> Soil and Foliar analysis was conducted on 11/12/15 and the samples were sent to KDC Laboratory (KL-Kepong (Sabah) Sdn Bhd) for tested. The analysis report (R16/1/38) dated 8/1/16 was sighted. <u>Gerola Estate</u> Soil and Foliar analysis was conducted on 16/12/15 and the samples were sent to KDC Laboratory (KL-Kepong (Sabah) Sdn Bhd) for tested. The analysis report (R16/1/40) dated 12/1/16 was sighted.	Complied												
4.2.4 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 -	The compost application was carried out in Hwa Li Estate and the records were available during the audit. Procedure for Semi decomposts application (B/020-01/2016) and compost application (B/019-01/2016) was sighted. EFB was applied at the rate of 100kg/palm on selected area. <table border="1" data-bbox="662 1167 1233 1317"> <thead> <tr> <th>Month</th> <th>Tonnage</th> <th>Type</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>Oct 16</td> <td>365.84mt</td> <td>compost</td> <td>Melewar Estate 1</td> </tr> <tr> <td>Aug 16</td> <td>123.83 mt</td> <td>Compost</td> <td>Gerola Estate</td> </tr> </tbody> </table>	Month	Tonnage	Type	Estate	Oct 16	365.84mt	compost	Melewar Estate 1	Aug 16	123.83 mt	Compost	Gerola Estate	Complied
Month	Tonnage	Type	Estate											
Oct 16	365.84mt	compost	Melewar Estate 1											
Aug 16	123.83 mt	Compost	Gerola Estate											
Criterion 4.3: Practices minimise and control erosion and degradation of soils.														
4.3.1 Maps of any fragile soils shall be available. - Major compliance -	Soil series map available for both estates visited. No other soil categorised as problematic or fragile soil. Sighted the type of soil available at Melewar Estate 1 and Gerola Estate. <table border="1" data-bbox="662 1496 1295 1619"> <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>Kretam</td> </tr> <tr> <td>3</td> <td>Lungmanis</td> </tr> </tbody> </table>	No.	Type of Soil	1	Kinabatangan	2	Kretam	3	Lungmanis	Complied				
No.	Type of Soil													
1	Kinabatangan													
2	Kretam													
3	Lungmanis													
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 legume cover crop 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 inter-rows 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												

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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 -	Not applicable	Not applicable									
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									
Criterion 4.4:												
Practices maintain the quality and availability of surface and ground water.												
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	Water management plan, for Melewar POM available. Next review will be on November 2017. i) Efficiency of usage ii)Renewability of sources iii)Impact of water used iv) Surface and ground water availability v)Obstruction of waterway vi) Outgoing water analysis vii)Monitoring of rainfall viii)Water drainage SOP, Water management plans, C/021-03/2014 version:3 dated 30/3/14 is referred to. Melewar Estate 1 Water management plan reviewed on 12/1/16.	Complied									
		<table border="1"> <thead> <tr> <th>Aspect</th> <th>Impact</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>Catchment area/ water intake point</td> <td>Polluted water</td> <td>Prohibited of spraying at riparian and catchment area.</td> </tr> <tr> <td>Water usage/availability of water</td> <td>Drought season</td> <td>Metered for usage monitoring</td> </tr> </tbody> </table>	Aspect	Impact	Action Plan	Catchment area/ water intake point	Polluted water	Prohibited of spraying at riparian and catchment area.	Water usage/availability of water	Drought season	Metered for usage monitoring	
Aspect	Impact	Action Plan										
Catchment area/ water intake point	Polluted water	Prohibited of spraying at riparian and catchment area.										
Water usage/availability of water	Drought season	Metered for usage monitoring										

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Criterion / Indicator	Assessment Findings	Compliance
<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>For management of water courses and wetlands, The SOP : Guidelines of Establishment of Buffer zone (ref: C/001-02/2009) will be referred.</p> <p>It was noted that natural water courses within the estates assessed are maintained, river buffer zone marked and restored. In Gerola Estate there are no identified rivers that flow through the estate. The waterways sighted in the field were man-made drains for flood mitigation during the monsoon season. Some of the major drains were considered buffer zone and MPU will mark the palms or place stakes along the bufferzone to inform workers to avoid spraying or applying fertiliser.</p> <p>Domestic water monitoing, once per year. Refer to SOP, Water management plans, C/021-03/2014 version:3 dated 30/3/14.</p> <p>Latest domestic water analysis, refer to test report# 20161007/12 dated 14/10/16 & certificate# 20161007-12-0 under Dynakey Laboratories Sdn Bhd. Results found to be incompliance with Malaysia's Drinking Water Quality Standard (DWQS). No E-coli and total coliform detected/present in water.</p> <p><u>Melewar Estate 1</u> River water monitoring carried out once per year and sampled at selected points. Refer to water sampling point map dated 3/10/11. 5 selected sampling points located at entrance point of Sg Koyah, Sg Tenegang Koyah, Middle Point Sg Koyah, Middle Point Sg Tenegang and exit point Sg Koyah. Refer to Certificate of Analysis, R16/3/22 dated 24/2/16. List of parameter tested (BOD, AN, COD, DO, PH, TSS and WQI) and result is within Class II standard of INWQS.</p> <p><u>Gerola Estate</u> River water monitoring carried out once per year and sampled at selected points. Refer to water sampling point plan 18/8/16. 12 selected sampling points located at a few field stream (upstream, midstream and downstream) Refer to Certificate of Analysis, R16/9/173 dated 19/9/16. List of parameter tested (BOD, AN, COD, DO, PH, TSS and WQI) and to be incompliance with Class II standard of INWQS. Noted that one of the sampling point tested (K1, Kinakulture Div) was slightly polluted. Investigation was done and found out water pollution was flowing from nearby mill. Discussion and site visit with representative from nearby mill (Haranky POM) was conducted on 20/8/16. Immediate action was done to prevent further pollution.</p> <p>Latest domestic water analysis, refer to test report# 20161105/06 dated 14/11/16 & certificate# 20161105-06-0 under Dynakey Laboratories Sdn Bhd. Results found to be incompliance with Malaysia's Drinking Water Quality Standard (DWQS). No E-coli and total coliform detected/present in water.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance									
<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>Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD) was monitored regularly as per mill compliance schedule conditions. Sample of analysis reports checked during audit:</p> <p>Effluent test report, by KDC laboratory (KL-Kepong Sabah Sdn Bhd)</p> <p>Refer to report# R16/7/152 dated 16/7/16 (E7/200: Final Discharge, E7/201- Upstream Water, E7/202 – Downstream Water)</p> <p>Refer to report# R16/8/96 dated 9/8/16 (E8/76: Final Discharge, E8/77- Upstream Water, E8/78 – Downstream Water)</p> <p>Refer to report# R16/9/166 dated 5/9/16 (E9/203: Final Discharge, E9/204- Upstream Water, E9/205 – Downstream Water)</p> <p>Paramater tested pH, BOD, COD, TN, AN, TS, SS and O&G.</p> <p>All parameter tested as within the stipulated limit under mill’s compliance schedule.</p>	<p>Complied</p>									
<p>4.4.4</p> <p>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -</p>	<p>Mill water use per tonne of Fresh Fruit Bunches (FFB) was monitored and incorporated in the Quarterly Return report to DOE. Water usage: July 2015-June 2016 -1.55 m3 per tonne FFB</p> <p>To date average consumption: 1.26 m3 per tonne FFB (July – Oct 16). Decending trend was observed due to increase of FFB production during peak season @ 3rd quarter.</p>	<p>Complied</p>									
<p>Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>											
<p>4.5.1</p> <p>Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -</p>	<p>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.</p> <p>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.</p> <table border="1" data-bbox="660 1787 1297 1872"> <thead> <tr> <th></th> <th>Distance</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>Beneficial Plant</td> <td>2283.77 chain</td> <td>Melewar Estate 1</td> </tr> <tr> <td></td> <td>1870.45 chain</td> <td>Gerola Estate</td> </tr> </tbody> </table>		Distance	Estate	Beneficial Plant	2283.77 chain	Melewar Estate 1		1870.45 chain	Gerola Estate	<p>Complied</p>
	Distance	Estate									
Beneficial Plant	2283.77 chain	Melewar Estate 1									
	1870.45 chain	Gerola Estate									

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Criterion / Indicator		Assessment Findings	Compliance												
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	<p>Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>9/2/16</td> <td>IPM</td> <td>Mgr</td> <td>Melewar Estate 1</td> </tr> <tr> <td>17 & 18/2/16</td> <td>IPM</td> <td>Sr Ast</td> <td>Gerola Estate</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	9/2/16	IPM	Mgr	Melewar Estate 1	17 & 18/2/16	IPM	Sr Ast	Gerola Estate	Complied
Date	Training Topic	Trainer	Estate												
9/2/16	IPM	Mgr	Melewar Estate 1												
17 & 18/2/16	IPM	Sr Ast	Gerola Estate												
Criterion 4.6:															
Pesticides are used in ways that do not endanger health or the environment															
4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	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 (Insecticide, Fungicide & Rodenticide) (B/008-14/2016) and Justifications for Pesticide Usage under IPM (Weedicides) (B/009-10/2015)). The use of pesticide is specific to the target pest, weed and disease. Justification takes consideration to minimize effect on non-target species.	Complied												
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 -	<p>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.</p> <table border="1"> <thead> <tr> <th></th> <th>FY15/16</th> <th>FY16/17</th> </tr> </thead> <tbody> <tr> <td>Melewar Estate 1</td> <td>0.6 a.i/ha</td> <td>0.0026 a.i/ha</td> </tr> <tr> <td>Gerola Estate</td> <td>1.3 a.i/ha</td> <td>0.6375 a.i/ha</td> </tr> </tbody> </table>		FY15/16	FY16/17	Melewar Estate 1	0.6 a.i/ha	0.0026 a.i/ha	Gerola Estate	1.3 a.i/ha	0.6375 a.i/ha	Complied			
	FY15/16	FY16/17													
Melewar Estate 1	0.6 a.i/ha	0.0026 a.i/ha													
Gerola Estate	1.3 a.i/ha	0.6375 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 Melewar Estate 1 and Gerola Estate during this assessment.	Complied												

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Criterion / Indicator		Assessment Findings	Compliance												
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 -	<p>Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>9/2/16</td> <td>IPM</td> <td>Mgr</td> <td>Melewar Estate 1</td> </tr> <tr> <td>17 & 18/2/16</td> <td>IPM</td> <td>Sr Ast</td> <td>Gerola Estate</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	9/2/16	IPM	Mgr	Melewar Estate 1	17 & 18/2/16	IPM	Sr Ast	Gerola Estate	Complied
Date	Training Topic	Trainer	Estate												
9/2/16	IPM	Mgr	Melewar Estate 1												
17 & 18/2/16	IPM	Sr Ast	Gerola Estate												
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												
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 no outbreak of 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 at Melewar Production Unit.	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 -	<p>There is no associated smallholder at Melewar POM CU. Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>9/2/16</td> <td>IPM</td> <td>Mgr</td> <td>Melewar Estate 1</td> </tr> <tr> <td>17 & 18/2/16</td> <td>IPM</td> <td>Sr Ast</td> <td>Gerola Estate</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	9/2/16	IPM	Mgr	Melewar Estate 1	17 & 18/2/16	IPM	Sr Ast	Gerola Estate	Complied
Date	Training Topic	Trainer	Estate												
9/2/16	IPM	Mgr	Melewar Estate 1												
17 & 18/2/16	IPM	Sr Ast	Gerola Estate												
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												

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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"> <thead> <tr> <th>ID No</th> <th>Date of Medical check up</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>AT252003</td> <td rowspan="3">12/8/16</td> <td>Fit</td> <td rowspan="3">Melewar Estate 1</td> </tr> <tr> <td>AR327929</td> <td>Fit</td> </tr> <tr> <td>AR327945</td> <td>Fit</td> </tr> <tr> <td>AR327924</td> <td rowspan="3">6/9/16</td> <td>Fit</td> <td rowspan="3">Gerola Estate</td> </tr> <tr> <td>AT244740</td> <td>Fit</td> </tr> <tr> <td>AR349670</td> <td>Fit</td> </tr> </tbody> </table>	ID No	Date of Medical check up	Result	Estate	AT252003	12/8/16	Fit	Melewar Estate 1	AR327929	Fit	AR327945	Fit	AR327924	6/9/16	Fit	Gerola Estate	AT244740	Fit	AR349670	Fit	Complied
ID No	Date of Medical check up	Result	Estate																				
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AR327924	6/9/16	Fit	Gerola Estate																				
AT244740		Fit																					
AR349670		Fit																					
4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -	The test was carried out by Medical Assistant of estate for the female workers. <table border="1"> <thead> <tr> <th>Employee No</th> <th>Last test</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>AT252003</td> <td>22/10/16</td> <td rowspan="3">Not pregnant</td> <td rowspan="3">Melewar Estate 1</td> </tr> <tr> <td>AR327929</td> <td>22/10/16</td> </tr> <tr> <td>AR327945</td> <td>22/10/16</td> </tr> <tr> <td>AR327924</td> <td rowspan="3">8/11/16</td> <td rowspan="3">Not pregnant</td> <td rowspan="3">Gerola Estate</td> </tr> <tr> <td>AT244740</td> </tr> <tr> <td>AR349670</td> </tr> </tbody> </table>	Employee No	Last test	Result	Estate	AT252003	22/10/16	Not pregnant	Melewar Estate 1	AR327929	22/10/16	AR327945	22/10/16	AR327924	8/11/16	Not pregnant	Gerola Estate	AT244740	AR349670	Complied		
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AR327924	8/11/16	Not pregnant	Gerola Estate																				
AT244740																							
AR349670																							
Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:																							

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Criterion / Indicator	Assessment Findings	Compliance
<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 1st 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 staffs accordingly through Safety & Health Policy Briefing .Safety and Health (OSH) Plan and Improvement for Mill and Estates was established, dated 9/11/2015 (MPOM), 12/11/16 (ME1)</p> <p>Chemical Health Risk Assessment (CHRA) The CHRA was conducted on 19/12/2012 at MPOM by Klinik Mansor Sdn Bhd (JKKP HIE 127/171-2(289)). The action plan (dated:14/1/16) was established to capture all the recommendation from the assessor. The re-assessment for CHRA will be conducted on 30/12/16 to include the Biogass and Solvent Plant since the CHRA will be expired.</p> <p>The CHRA was conducted on 28/8/13 and 14/7/2016 at Melewar Estate 1 by CHRA Industrial Hygiene Services Sdn Bhd (JKKP HIE 127/171-2(319)). The action plan (dated:12/11/16) was established through the recommendation from the assessor.</p> <p>The CHRA was conducted on 27/8/13 at Gerola Estate by CHRA Industrial Hygiene Services Sdn Bhd (JKKP HIE 127/171-2(319)). The action plan (dated:9/11/16) was established through the recommendation from the assessor.</p> <p>Medical Surveillance 67 workers were sent for medical surveillance on 23/9/2016 for those who are involved with chemical, refer to medical surveillance report by registered OHD, HQ/08/DOC/00/695 under Klinik Mansor Sdn Bhd. All the lab operators, solvent plant operators, kernel operators, water treatment operators and workshop operators were found fit.</p> <p>Audiometric Testing Baseline audiometric testing and annual audiometric testing was conducted on 9/8/2016 by Klinik Mansor Sdn Bhd (HQ/08/DOC/00/695). Total workers tested 36. Only 3 workers were found hearing impairment STS. JKKP 7 yet to be sent to DOSH. Workers ID (781205125224, 520720125469 and AR348927)</p> <p>LEV inspection The inspection was conducted on 17/10/2015 for 2 units of Fume hood (Milivest Sdn Bad-IHT (II)/2015/1003/MPOM). The assessors recommend inspecting the system not more than 1 year and the latest 20/9/2016 by Dynakey Laboratories Sdn Bad (IHT (II)/2016/0901/MPOM). The report had been received on 15/11/16 by the management. The result shown met the recommended value.</p>	<p>Complied</p>

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	<p>Personal Chemical Exposure Monitoring Refer letter dated 10/11/2014:MLWM/CHRA/V.1-179/11 by Klinik Mansor Sdn Bhd. The PCEM not recommended since there is no chemical exposure expose to the operators. The management need to conduct the LEV monitoring for the fume hood.</p> <p>The Initial Personal Chemical Exposure Monitoring was conducted for welder on 6/5/16 at Melewar Estate 1 and 28/4/16 at Gerola Estate by ESI Sampling Sdn Bhd (JKKP HIE 127/171-3/1(201)). The result shown that the worker in the workshop was not subjected to exposure of welding fume.</p>	
4.7.2	<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. - Major compliance -</p> <p>The management adapt and documented the guidelines from DOSH as their procedure namely "Garis Panduan bagi Pengenalpastian Hazard, Penaksiran Risiko dan Kawalan Risiko (HIRARC)" and made available at Melewar POM and both estates.</p> <p>At Melewar 1 Estate and Gorola estate, HIRADC was established and all the activities were registered in the HIRADC which was updated on 27/4/16 and 1/7/16.</p> <p>The HIRARC was established and all the activities were registered and reviewed in the HIRARC on 25/10/2016 by Melewar 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, solvent plant, spraying, chemical mixing, triple rinse , Drainage and irrigation, Harvesting,loose fruit picking Pruning and raking, roads and bridges, selective weeding and manuring, compost application, buffalo assisted harvesting, workshop etc.</p>	Complied
4.7.3	<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. - 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>	Complied

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		Date	Training Topic	Trainer	Remarks	
		17/6/16	Oil Room, Kernel Plant, Press Station,	Staff	MPOM	
		17/7/16	Sterilizer	Staff		
		16/6/16	Boiler	Staff		
		11/9/16	Laboratory	Lab Asst.		
		9/10/16	Compost Plant	Ast. Mgr		
		11/11/16	Effluent	Ast. Mgr		
		11/11/16	Fire Dril (Housing)	AO		
		2/11/16	Human Right	AO		
		21/10/16	First Aid	Mebello Clinic		
		14/10/16	Fire Drill (Mill)	OSH Committee		
		13/10/16	Scheduled waste	Sr. Ast. Mgr		
		19/8/16	Chemical Handling	Milivest		
		9/11/16	Chemical/Oil Trap	Sr. Ast	Melewar Estate 1	
		9/11/16	Buffer Zone	Ast Mgr		
		12/10/16	Open burning	Sr. Ast		
		28/9/16	Manuring	Ast Mgr		
		14/9/16	P&D-rat	Ast Mgr		
		17/8/16	Triple Rinse	Ast Mgr		
		10/8/16	Spraying	Ast. Mgr		
		3/8/16	Pre-mix	Ast Mgr		
		8/11/16	First Aid	VMO		
		17 & 18/2/16	IPM	Sr Ast	Gerola Estate	
		25/10/16	WTP	Sr Ast.		
		24/10/16	Tractor Handling	Sr Ast.		
		29/9/16	Creche	AO		
		7/9/16	Recycle	Sr Ast		
		29/8/16	First Aid	HA		
		25/8/16	Emergency Drill	Sr. Ast		
		24/8/16	HCV	Mgr		
		16/8/16	Scheduled Waste	Sr Ast		
		8/11/16	Chemical Handling	Sr. Ast		
		6/11/16	Riparian/ Buffer Zone	Sr Ast		
		13/1/16	Harvesting	Sr Ast		
		15/6/16	Manuring	Sr Ast		

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Criterion / Indicator	Assessment Findings	Compliance																											
<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>Melewar Palm Oil Mill SHC organization chart for 2016 i) Chairman – Sr. Mill Manager ii) Secretary – Estate assitant (#4:12/10/16, #3: 22/7/16, #2: 20/4/16)</p> <p>Melewar Estate 1 SHC organization chart for 2016 i) Chairman – Estate Manager ii) Secretary – Estate assitant (#3:6/9/16, #2: 14/6/16, #1: 20/4/16)</p> <p>Gerola Estate SHC organization chart for 2016 i) Chairman – Estate Manager ii) Secretary – Estate assitant (#3:16/8/16, #2: 25/5/16, #1: 15/2/16)</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 14/10/2016 (MPOM) to test the state of readiness during emergency situation.</p> <p>The first aider was available during the site visit at PM94H4 (harvesting), OOD3 (spraying), and Biogas Plant, Sterilizer station, Boiler Station and workshop.</p> <p>There is 4 accidents for 2015 at MPOM. The internal investigations were conducted accordingly by OSH committee. The JKPP 6 was sent to DOSH accordingly.</p> <table border="1" data-bbox="660 1534 1273 1776"> <thead> <tr> <th>Date of accident</th> <th>Station</th> <th>MC</th> <th>JKKP6</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>9/11/15</td> <td>Compost Plant</td> <td>7</td> <td>9/11/15</td> <td rowspan="4">MPOM</td> </tr> <tr> <td>1/8/15</td> <td>Boiler</td> <td>77</td> <td>1/8/15</td> </tr> <tr> <td>26/7/15</td> <td>Workshop</td> <td>41</td> <td>27/7/15</td> </tr> <tr> <td>12/2/15</td> <td>Sterilizer</td> <td>38</td> <td>13/2/15</td> </tr> <tr> <td>27/4/16</td> <td>Harvesting</td> <td>52</td> <td>6/5/16</td> <td>ME1</td> </tr> </tbody> </table> <p>JKKP7 for those who are found hearing impairments (3 workers) were sent to DOSH accordingly on 9/8/16 by OHD, Klinik Mansor Sdn Bhd.</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 15/1/2016 by Melewar POM, 23/1/16 by ME1 and 4/1/16 by Gerola Estate.</p>	Date of accident	Station	MC	JKKP6	Remarks	9/11/15	Compost Plant	7	9/11/15	MPOM	1/8/15	Boiler	77	1/8/15	26/7/15	Workshop	41	27/7/15	12/2/15	Sterilizer	38	13/2/15	27/4/16	Harvesting	52	6/5/16	ME1	<p>Complied</p>
Date of accident	Station	MC	JKKP6	Remarks																									
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27/4/16	Harvesting	52	6/5/16	ME1																									

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Criterion / Indicator		Assessment Findings	Compliance																					
4.7.6	All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -	<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"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>LONPAC Insurance Bad (J/16/WF00/04366 1/JHR-44)</td> <td>1/9/16- 31/8/17</td> <td>MPOM</td> </tr> <tr> <td>SOCSO</td> <td>Oct 16, Sept 16</td> <td></td> </tr> <tr> <td>LONPAC Insurance Bad (J/16/WF00/04366 6/JHR-47)</td> <td>1/9/16 – 31/8/17</td> <td>ME1</td> </tr> <tr> <td>SOCSO</td> <td>Oct 16</td> <td></td> </tr> <tr> <td>LONPAC Insurance Bad (J/16/WF00/04380 1/JHR-43)</td> <td>1/10/16 – 30/9/17</td> <td>Gerola Estate</td> </tr> <tr> <td>SOCSO</td> <td>Oct 16, Sept 16, Aug 16</td> <td></td> </tr> </tbody> </table>	Insurance	Period	Remark	LONPAC Insurance Bad (J/16/WF00/04366 1/JHR-44)	1/9/16- 31/8/17	MPOM	SOCSO	Oct 16, Sept 16		LONPAC Insurance Bad (J/16/WF00/04366 6/JHR-47)	1/9/16 – 31/8/17	ME1	SOCSO	Oct 16		LONPAC Insurance Bad (J/16/WF00/04380 1/JHR-43)	1/10/16 – 30/9/17	Gerola Estate	SOCSO	Oct 16, Sept 16, Aug 16		Complied
Insurance	Period	Remark																						
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SOCSO	Oct 16, Sept 16, Aug 16																							
4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -	<p>All the injuries were recorded in the Total Accident/Incidents with and without lost days report.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>MPOM</th> <th>ME1</th> <th>Gerola Estate</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>163</td> <td>21</td> <td>23</td> </tr> <tr> <td>2016 (as at Oct 16)</td> <td>0</td> <td>52</td> <td>0</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days</p>	Year	MPOM	ME1	Gerola Estate	2015	163	21	23	2016 (as at Oct 16)	0	52	0	Complied									
Year	MPOM	ME1	Gerola Estate																					
2015	163	21	23																					
2016 (as at Oct 16)	0	52	0																					
Criterion 4.8:																								
All staff, workers, smallholders and contract workers are appropriately trained.																								
4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance -	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, all activities, safe working practices and the correct use of PPE, aspects of RSPO and etc.	Complied																					
4.8.2	Records of training for each employee shall be maintained. - Minor compliance -	Records of training for each employee were available during assessment. Cross refer 4.7.3.	Complied																					
Principle 5: Environmental responsibility and conservation of natural resources and biodiversity																								
Criterion 5.1:																								
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.																								

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<p>5.1.1 An environmental impact assessment (EIA) shall be documented. - Major compliance -</p>	<p>Environmental impact assessment for 2016 available. Last review was done on 20/8/16. List of aspect and impact identified and documented for Melewar POM:</p> <p>i)Water quality and water availability – Conservation of water resources.</p> <p>ii)Eutrophication of aquatic environments – Reduction oxygen availability</p> <p>iii)Air Pollution – Dust and particulate emissions</p> <p>Environmental risk assessment, MOM-ERA-V2-11-RSPO.doc ,version 2 dated 2/4/15.</p> <p>EPD Approval, JPAS/PP/06/600-1/11/1/205 dated 6/1/15</p> <p>Identification environmental aspect and impact at Melewar Production Unit was done by management team at respective operating unit. Environmental impact assessment Melewar Estate 1 replanting project was done by engaging a consultant (Sinoh Environmental Sdn Bhd, EPD registered consultant) to carry out Proposed Mitigation Measure (PMM) on 30/9/14 which entitled "Oil Palm Replanting Project of 278.97 hectares on part of lot CL.095310400 (Field PR15) at Melewar Estate Division 1, Kinabatangan, Sabah was sighted.</p> <p>The report has been approved by the Sabah's EPD on 6/1/15 [(ref.: JPAS/PP/06/600-1/11/1/205)]. Among the environmental aspect and impact identified are:</p> <ol style="list-style-type: none"> 1) Soil erosion and water pollution 2) Biomass disposal and air pollution 3) Impact on water use of local rivers 4) Impact form transportation activity 5) Impact form usage of agro-chemicals 6) Pollution for waste disposal 7) Ecological impact 8) Socio-economic impact 9) Impact under abandonment <p>The mitigation measures for the above environmental aspects were recommended by the consultant and can be seen in the PMM report. The recommendation then translated onto the estate's management action plan and reviewed during meeting from time to time. Most of the action plans were adequately implemented. The same consultant was appointed to conduct the evaluation of compliance against the conditions stipulated in the approval letter of the PMM once in every 6 months. ECR has yet to be carried out and in the process for changing the consultant.</p> <p>PMM for Gerola Estate was made available. Refer to Aku Janji" under Section 12E(1), Enactment Environmental Protection 2002, ref# JPAS/PP/06/600-1/11/1/241 dated 22 July 2016. Project "Oil Palm Replanting Project of 195.69 Ha on part of Lot CL.095310900 Pekopa Division of Gerola Estate Kinabatangan, Sabah. PMM to be submitted every 6 monthly (31/8 and 28/2) until completion of project.</p>	<p>Complied</p>

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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. - Minor compliance -</p> <p>Environmental improvement plan, last reviewed on 20/8/16. (Implementation period Sept 16-Aug 17) Doc ref: N/005-06/2016 EIP dated 19/8/16. The appointed responsible person is estate assistant to monitor overall compliance of the management plan as well as under PMM and ECR @ environmental compliance monitoring to Environmental Protection Department.</p> <p><u>Melewar 1 Estate</u></p> <p>Improvement plan : F/009-05/2014, dated 23/7/16</p> <p>River and field drains silted resulting to high SS after middle stream. Action: frequent maintenance of spit (6 monthly</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. - Minor compliance -</p> <p>Monitoring protocol is based on the established plan, environmental improvement plan, last reviewed on 20/8/16. (Implementation period Sept 16-Aug 17) Doc ref: N/005-06/2016 EIP dated 19/8/16. PMM approval conditions @ "aku janji" has been incorporated in the plan as to ensure compliance to the requirements. As for other environmental monitoring, GSR @ "guided self regulation" was initiated in 2016 based on current directive from DOE for the online reporting system for POME (Online Environmental Reporting), air emission (CEMS) and scheduled waste via E-sWis.</p>	Complied
<p>Criterion 5.2: 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 operations managed to best ensure that they are maintained and/or enhanced.</p>		

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<p>5.2.1</p> <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><u>HCV identification and management plan, C/019-06/2016 dated 19/8/16</u></p> <p>Initial assessment by Wildasia on 13 July 2011 Social & Environmental Impact Assessment including a preliminary management review is available in the file. The report clearly stated the environment management assessment. Meanwhile, the conclusion (pg. 26) states that "there is limited HCV found within the site". The Unit has on their initiative identified areas of potential HCV based on the findings from the report.</p> <p>Management has established a document: Doc. Ref.No. C/007-01/2009 : Guidelines of Biodiversity conservation Management plan for estate –Sabah.</p> <p>It list out the objectives of the plan, how the plan needs to be carried out in phases.</p> <p>For post-Phase 2 which identifies works to be carried out after March 2011, it is mentioned that SOP on management and continuous preservation of conservation areas identified shall be developed in tandem with the development of the management of the biodiversity plan and that the implementation of the conservation programme shall be documented .</p> <p>'No Hunting' and 'No fishing' signs are erected at the gates of the estates as well at some of the boundaries in the individual estates.</p> <p>Riparian zones are maintained and maintaining of soft grasses and no any human activities along the riparian zone are evident within those buffer zones areas</p>	<p>Complied</p>
<p>5.2.2</p> <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>List of animals (Species recorded during site survey) is available and conservation areas are clearly stated. Management has a plan to enhance the conservation and protection of the species identified.</p> <p>The WildAsia study in July 2011 included a section known as 'Biodiversity Report'. Birds were the principal biodiversity indicators used in the assessment, with supplementary data provided from the species of mammals and reptiles observed and reported.</p>	<p>Complied</p>
<p>5.2.3</p> <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>Programme to regularly educate the workforce about the status of these RTE species was planned and carried out as part of on-going awareness programme. For example training was carried out at Melewar POM on HCV awareness on 12/11/15 and Gerola Estate on 24/8/16 for bio-D training.</p>	<p>Complied</p>

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5.2.4 Where a management plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -	<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 Melewar Estate 1 & Gerola Estate, 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 Melewar Estate 1 & Gerola Estate, 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 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -	There was no HCV set-aside that needs any negotiation process with the local communities.	Complied
Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.		

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<p>5.3.1</p> <p>All waste products and sources of pollution shall be identified and documented. - Major compliance -</p>	<p>Waste and Waste Product Identification and Disposal Plan for Estates and Mills. Doc ref# F/007-05/2016 dated 18/8/16</p> <p>Additional risk environmental risk updated for some of the operation. SOP reference:</p> <p>i) General guidelines on waste management plan, F/001-04/2015 dated 23/7/15</p> <p>ii) Guidelines on scheduled waste labelling and storage, F/014-02/2016 dated 6/1/16</p> <p><u>Melewar POM</u></p> <p>Waste identification is based on the notification to DOE, Scheduled waste notification @ 2nd schedule</p> <p>Notification# 2016111418NJS36Y dated 14/11/16. 8 categories of scheduled waste generated namely SW109, SW110, SW306, SW322, SW408, SW409, SW417 and SW 429.</p> <p>5th Schedule @ inventory of scheduled waste updated on 14/11/16. Refer to inventory# 1223H12144531112016.</p> <p><u>Gerola Estate</u></p> <p>Scheduled waste notification @ 2nd schedule</p> <p>Notification# 2016090120CI2JL7 dated 2/9/16. 5 categories of scheduled waste generated namely SW410, SW305, SW409, SW102 and SW418</p> <p>5th Schedule @ inventory of scheduled waste updated on 13/11/16. Refer to inventory# 20160441509NAY04J112016.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
<p>5.3.2 All chemicals and their containers shall be disposed of responsibly. - Major compliance -</p>	<p>All chemicals and their containers were disposed in accordance with legal requirements and the established waste management procedure.</p> <p><u>Melewar POM</u></p> <p>Scheduled waste disposal was done by license contractor, Lagenda Bumimas Sdb Bhd on 15-16/8/16.</p> <p>Refer to consignment notes (CN) submitted on 8/9/16.</p> <p>i)CN# 2016090815CYMX3J for SW102, weight: 0.1 tonne ii)CN# 20160909107CVZSQ for SW305 weight: 2.66 tonne iii) CN# 2016090812SZBM9 for SW410 weight: 0.13 tonne iv) CN# 201609081486TZSR for SW409 weight: 0.5 tonne</p> <p><u>Melewar Estate Div1</u></p> <p>Scheduled waste disposal was done by license contractor, Lagenda Bumimas Sdn Bhd on 16/8/16. Manual consignment was used. License for transportation facilities, 003442 valid until 30/4/17.</p> <p>Refer to consignment# A016040 (SW305), A016042 (SW102) and A0160044 (SW410).</p> <p>Empty chemical container was no longer categorized as SW 409 after triple rinsed and piercing. Disposal made by appointed DOA recycler, New Gates Industries (Borneo) Sdn Bhd. Refer to JP KRP(SBH)207/12/467/(19) dated 18/3/11.</p> <p>Last disposal was made on 25/2/16 by Newgates Industries (Borneo) Sdn Bhd. Total 449 empty chemical containers @ 0.20 mt.</p> <p>Landfill for domestic waste disposal located at PR12B03. It was noted that site is located far from water source and housing area as per guidelines (500 m away from residence site, 200m away from flooding area, 200m away from watercourse)</p> <p><u>Gerola Estate</u></p> <p>Scheduled waste disposal was done by license contractor, Lagenda Bumimas Sdn Bhd on 16/8/16. Manual consignment was used. License for transportation facilities, 003442 valid until 30/4/17.</p> <p>Refer to consignment notes recorded in ESWiS, Submission date 17/9/16:</p> <p>i)CN# 2016091714PX7TA5 for SW418, weight: 0.001 mt ii)CN# 2016091714OXF6DE for SW410 weight: 0.030 mt iii)CN# 20160917143W4ST0 for SW409 weight: 0.02 mt iv)CN# 201609171498FL56 for SW305 weight: 0.2 mt v)CN# 20160917139376D5 for SW102 weight: 0.01 mt</p> <p>Landfill for domestic waste disposal located at PM13A1. It was noted that site is located far from water source and housing area.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -	Waste and Waste Product Identification and Disposal Plan for Estates and Mills, document ref# F/007- 05/2016 dated 18/8/16 did not clearly explained on scheduled and non-scheduled waste management related to : i) Waste disposal method and handling for all scheduled waste including clinical waste and expired drugs. ii) Disposal of non-scheduled (empty chemical container and domestic @ other type of waste) iii) Scheduled waste records (2nd Schedule @ notification, 5th Schedule @ inventory, 6th Schedule @ consignment note) Thus, a minor non-conformity was issued.	Minor nonconformance
Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimised.		
5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -	Monitoring of fibre and shell use per tonne of CPO for 2015/2016. Total ratio of fibre and shell used: Shell per CPO: 0.297 Fibre per CPO : 0.683	Complied
Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	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 No evidence of open burning was observed during onsite visit to the line site as well as the areas surrounding the office.	Complied
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
Criterion 5.6: 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 -	An assessment of all polluting activities was carried out for gaseous emissions and particulate/soot emissions. Particulate monitoring, for stack 2 & 3. 1 st report for 2016 (ref: CK MO407/063-1/2016) dated 1/10/16 Stack#2 : 0.055 g/Nm ³ , dry @ 12% CO ₂ Stack#3 : 0.051 g/Nm ³ , dry @ 12% CO ₂ Chemsain Sdn Bhd. 2 nd half (to be carried out by end of 2016) refer to acceptance of work (job ref: CK/MO407/291P/16(1121)dated 9/11/16.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
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 ₄) emission through POME treatment. Other less significant GHG emissions identified including CO _x , SO _x and NO _x 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. Final Report for Palm GHG Calculator and email dated 3 Nov 2016, version 2.1.1 submitted to RSPO was sighted.	Complied
Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.			
Criterion 6.1: Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	Social & Environmental Impact Assessment including a Preliminary Management Review report dated 26 May 2011 done by Wild Asia (Malaysia) for study conducted from 3 rd to 10 th April 2011. Report ref/ 26-May-11/Draft_P112_2011_Carotino_SEIA_26 th May 2011. Based on the preliminary study, annual review was conducted to establish Social Improvement Plan (Doc. Ref. no.: N/006-06/2016; Date: 19/8/2016). Latest group review was done on 19/8/2016 where Asia and Melewar Production Unit 5 Years Social Improvement Plan has been updated. Melewar Production Unit has been established based on the review on group Social Improvement Plan dated 20/8/2016 for the period of September 2016 to August 2017.	Complied
6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	Stakeholder meeting was conducted on 24/10/2016 at Pahang Oil Palm Estate Div. 2. All representatives from each Melewar Production Unit including Melewar Palm Oil Mill, Melewar Estate Div. 1, Gerola Estate, Pahang Estate Div. 2 and etc. attended the meeting with local stakeholders. Among stakeholders attended the meeting are local community/village representative, neighbouring companies/premises, vendors/suppliers and government agencies representatives including school teachers. Record of meeting with attendance list and minute of meeting were recorded. There was no negative issue raised during the stakeholders meeting. Most discussions were closed and on-going. Discussions were recorded in the Management Plan on Social Impact Assessment.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
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 -	The meeting was attended by internal stakeholders (staffs and workers) and external stakeholders (contractors, neighbouring estates, and local village representatives). A 5 Years Social Improvement Plan; Doc. Ref. No.: N/006-01/2011 dated 19/8/2016 has been developed as the outcome of the meeting. Person responsible and targeted completion dates were monitored accordingly.	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 -	As above.	Complied
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	No smallholder schemes included within the certified Melewar Production Unit.	Not applicable
Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.			
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	The management has implemented SOP on Mechanism for Communication and Consultation (Doc. Ref. No. E/004 07/2015) dated 08/09/2015 for the reference of consultation with employees and relevant stakeholders. There are 3 types of communication are designed as such: <ul style="list-style-type: none"> • Consultation with employees and other stakeholders – JCC, Complaints and Grievance Procedure and Suggestion Box • Gender group (female) consultation • Free prior informed consent Based on SOP Mechanism for Complaints and Grievances; Doc. Ref. No.: E/001-05/2015; Doc. date 11/9/2015. The procedure specifies the mechanism of complaints and grievances.	Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	For Mill: Nominated responsible person is Mr. Mr. Victor Nakey, Technical Assistant.	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 -	The stakeholder list for Melewar POM is updated on 26/10/2016 which included: <ul style="list-style-type: none"> • Suppliers of materials and services • FFB suppliers (Outsider) • Local NGO's and statutory bodies • Local communities 	Complied
Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.			

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Criterion / Indicator	Assessment Findings	Compliance	
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 -	Based on SOP Mechanism for Complaints and Grievances; Doc. Ref. No.: E/001-05/2015; dated 8/9/2015 which found effective, timely, appropriate and open to any affected parties. The complaint and grievances is open to effected parties including internal and external stakeholders.	Complied
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance –	Both mill and estate management maintained the list for local communities and other relevant stakeholders. The SOP was briefed by the management to the internal stakeholders. Sampled request examples are sighted: <ul style="list-style-type: none"> • Mohd. Rusli requested 50 trips of crusher run for repair of slope in staff and workers housing area on 22/10/2016. • Humana Child Aid Society Kinabatangan Zon 2 has requested on 8/10/2016 contribution for the Graduation and Recognition Day Year 2016 programs to be conducted on 3/11/2016. 	Complied
Criterion 6.4: Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.			
6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance -	SOP for Identifying Legal and Customary Rights and Identifying People Entitled to Compensation; Doc. Ref. no.: E/002-03/2015; Doc. date: 8/9/2015. There have been no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders sighted at time of audit.	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 -	The SOP (Identifying Legal and Customary Rights and Identifying People Entitled to Compensation) were being implemented and fully endorsed by the top management of company.	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 -	No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders sighted at time of audit.	Complied
Criterion 6.5: Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			

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Criterion / Indicator	Assessment Findings	Compliance
<p>6.5.1</p> <p>Documentation of pay and conditions shall be available. - Major compliance -</p>	<p>Salary payment rate was based on Guideline Rates for Field Operation in Gerola Estate (Panduan Harga Bagi Pelbagai Jenis Kerja Di Ladang Gerola bagi Tahun 2016/2017)</p> <p>Interview with employees and workers from local and foreign country reveal that they understand details and deductions outlined on their pay slips. Payroll checks confirm that correct remuneration was paid for standard hours as well as for any overtime hours worked.</p> <p>Employee's payslip reviewed;</p> <ol style="list-style-type: none"> 1. Worker ID: G 0102, Melewar mill 2. Worker ID: G 0233, Melewar mill 3. Worker ID: G 0344, Melewar mill 4. Worker ID: G 0374, Melewar mill 5. Worker ID: S0045, Melewar Estate Div. 1 6. Worker ID: S0045, Melewar Estate Div. 1 7. Worker ID: S0045, Melewar Estate Div. 1 8. Worker ID: S0045, Gerola Estate 9. Worker ID: S0045, Gerola Estate 10. Worker ID: S0045, Gerola Estate 	<p>Complied</p>
<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. - Major compliance -</p>	<p>Pay and conditions are documented and complies with Minimum Wage Order 2016 for Sabah.</p> <p>Extended contract of foreign workers who extended their services were available for review. Sample checked;</p> <ol style="list-style-type: none"> 1. Worker ID: G 0102, Melewar mill 2. Worker ID: S0045, Melewar Estate Div. 1 3. Worker ID: S0045, Gerola Estate <p>Extension of contracts was reviewed on a 12 months basis upon completion of the 3 year contract period. There were no expired contracts sighted from the sampled interviewed employees during the audit at mill and estates. Further verification for insurance coverage indicated that all local and migrant workers were insured. For the local employees, SOCSO was paid and for the migrant workers, FWCS was paid. Insurance payments were made by Sime Darby management. Insurance coverage period were valid at time of audit.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
6.5.3 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. - Minor compliance –	<p>The standard of housing provided for workers and their families meets government regulations, Act 446 Workers’ Minimum Standards Of Housing And Amenities Act 1990. MPOM complex has continued implementing the plan for replacing housing.</p> <p>Electricity is subsidized and water is supplied at no charge. Water to housing was self-treated water where the treated water undergoes monitoring by the mill management on at least half yearly basis. Free medical treatment and medication was provided for workers and their dependents by the clinic operated by Estate Health Medical Assistant. Free transport is provided for children to attend a local school. This was verified with the workers during interviews at sites.</p> <p>A Child Care Centre is available for children of staff and Workers called Creche’. The children at the Care Centre are provided with milk drinks and biscuits by the operating units at no cost.</p> <p>The Humana School is operating in Melewar Estate to support children from surrounding estates and the mill. Estate has provided infrastructure, furniture and education material such as books, teaching material for the class rooms and also accommodation for the teachers.</p>	Complied
6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food. - Minor compliance –	Access to food for the workers are considered adequately and sufficiently provided through provision shops available in each estate and mill line site. Sighted canteens and shops at all estates and mill.	Complied
<p>Criterion 6.6: The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
6.6.1 A published statement in local languages recognising freedom of association shall be available. - Major compliance -	Statement was sighted published as announcement dated on 1/10/2009.	Complied
6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	Meetings between the management and workers representative were done through Joint Consultative Committee meeting – latest was done on 12/10/2016.	Complied
<p>Criterion 6.7: Children are not employed or exploited.</p>		

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Criterion / Indicator	Assessment Findings	Compliance
6.7.1 There shall be documentary evidence that minimum age requirements are met. - Major compliance -	The minimum working age is 16 under the National Labour Law has been complied where a policy has been established i.e. Social & Human Right policy dated 22/12/2014 signed by Mill Director, Mr. Tay Chwee Leong and for the estate, the policy dated 05/11/2015 signed by Plantation Director, Mr. Tee Swee Kee stated that no employment of minors i.e. to only hire workers over the age of 18. Malaysian workers have to provide ID card - foreign workers provided passports except for findings above (2.1.1). Inspection of employment records confirmed checks are made of staff and worker age before hiring. During field visit, children were not seen at any of the working place at both mill and estates. Interview with workers confirmed the understanding of company policy on children workers.	Complied
Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	The mill management has established an equal opportunities policy dated 01/07/2012 signed by Mill Director, Mr. Tay Chwee Leong and for the estate management, the policy dated on 01/07/2012 is signed by Plantation Director, Mr. Tee Swee Kee. Briefing was routinely carried out during workers general assembly and 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 -	No discrimination against on the benefits and job descriptions based on races, gender, caste, national origin and etc. All are treated equal and fair. They have the same basic daily wages, similar allowance given, same working hours and etc.	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 company has established a Social & Human Rights policy which publicly available indicates that no discrimination being practice. Through interviewed with few workers, they understand about the equal opportunities and they explained that there is no discrimination happened on job distribution, benefits, wages and etc.	Complied
Criterion 6.9: 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 -	A policy has been established i.e. Sexual Harassment Policy and signed on 1/7/2012 by Mill Director, Mr. Tay Chwee Leong. Explanation of Policy of reproductive rights also given to the female workers with photo evidence is verified. Selection of the committee is through election among workers.	Complied
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 -	Based on SOP on Reproductive Gights Doc. no.: E/015/-02/2015 dated 5/11/2015. Gender committee meeting was planned to be conducted on six monthly bases. Latest meeting was done on 23/9/2016. Latest communication of human rights was done on 1/10/2016 as evidence on signature record.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
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 -	A guideline on reproductive rights dated 05/11/2015 with doc. Ref. No. E/015-02/2015 is implemented. Explanation of policy of reproductive rights also given to the female workers with photo evident verified.	Complied
Criterion 6.10: 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 -	Melewar POM has established Sales and Purchase Agreement as the mechanism on FFB pricing. FFB pricing is based on Malaysian Palm Oil Board (MPOB) published prices updated regularly (monthly basis) and displayed at the weighbridge location. MPOM maintains records of FFB prices, including the payment.	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 -	Pricing mechanism is under control of HQ, Account Department. FFB pricing is based on Malaysian Palm Oil Board (MPOB) published prices updated regularly (monthly basis) and displayed at the weighbridge location. MPOM maintains records of FFB prices, including the payment.	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 -	All parties having contractual agreements with operating units and had entered their contracts with adequate understanding of the terms and conditions set between both parties. On site stakeholder interviews and consultation carried out with the various contractors further confirmed their understanding of the contents of contracts entered.	Complied
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Review on payment records found all payment was made in timely manner. This was further verified during interviews with the respective stakeholders that were contractors, replanters, transportations, spare-parts, hardware. Evidence was obtained during the review; <u>At Melewar Estate Div. 1:</u> 1) Vendor: Crop Master Sdn. Bhd. Job scope: Service and spare parts for tractor; Invoice #IV-1609012 dated 1/9/2016. Payment processing was completed and done on 25/10/2016. 2) Vendor: SW 2020 Sdn. Bhd. Job scope: Diesel supply 12,000L; Invoice # 205617750 dated 26/9/2016. Payment processing was completed and done on 25/10/2016.	Complied
Criterion 6.11: Growers and millers contribute to local sustainable development where appropriate.			
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance -	Contributions to local communities included: - Donation to school (SK Paris 3 – RM300) on 25/10/2016 - Donation to Pertubuhan Sahabat Alam Sekitar Malaysia for Tajaan Ruang Iklan Buletin Alam Sekitar (DOE Environmental Club Bulletin – RM500) on 14/10/2016 - Donation for Kastam Diraja Malaysia Sabah for Majalah Keluarga Bekas Kastam Diraja Malaysia Sabah – RM500 on 24/6/2016	Complied

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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 –	No scheme smallholders included within certified MPOM complex.	Not applicable
Criterion 6.12: No forms of forced or trafficked labour are used.			
6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -	Workers, staff and stakeholder interview confirm that there is no form of forced labour or trafficked labour in the operating units (Mills and estates). All employees have employment contract and paid to the agreed national minimum wages.	Complied
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance –	No contract substitution was noted.	Complied
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	Equal opportunity and non-discriminatory policy is Implemented. No temporary workers were sighted during the audit. Migrant workers are treated equally as per the locals.	Complied
Criterion 6.13: Growers and millers respect human rights.			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	J.C. Chang group has implemented Social & Human Rights Policy dated 22/12/2014 is publicly available. Briefing was routinely carried out during workers general assembly and muster call.	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.	MPOM complex certification unit has set up the HUMANA school within the estates compound for foreign workers children. Contribution to the HUMANA head office is consistent on a monthly basis.	Complied
Principle 7: Responsible development of new plantings Melewar 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.			
Principle 8: Commitment to continual improvement in key areas of activity			
Criterion 8.1: Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

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<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"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); <ul style="list-style-type: none"> • Optimising the yield of the supply base. <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 (OPEX and CAPEX) has been approved and the management will completed all the improvement plan by end of the financial year on June 2017.</p>	<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	Asia Palm Oil Mill		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	Melewar Palm Oil Mill		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			

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	iv) Melewar Estate 1	Lahad Datu, Sabah			
	v) Tye Yang Estate	Lahad Datu, Sabah			
3	Carotino Palm Oil Mill		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	Takon Palm Oil Mill		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
Melewar Palm Oil Mill
(Melewar Production Unit)
Locked Bag No. 11
91109 Lahad Datu
Sabah, Malaysia
RSPO membership number: 2-0029-06-000-00

BSI RSPO Certificate No. : RSPO 651276
Date of Initial Certificate Issued: 07/02/2014
Date of Expiry: 06/02/2019
Applicable Standards: RSPO P&C MYNI-2014; RSPO Supply Chain Certification Standard November 2014 Module E
– CPO Mills: Mass Balance)

Melewar Palm Oil Mill and Supply Base					
Location Address	Locked Bag No. 11 91109 Lahad Datu, Sabah, Malaysia				
GPS Location	118° 03' 12.4" E ; 5° 16' 20" N				
CPO Tonnage Total	48,395.55				
PK Tonnage Total	11,522.75				
CPO Claimed for Certification*	48,395.55				
PK Claimed for Certification *	11,522.75				
Own estates FFB Tonnage	230,455.03				
Scheme Smallholder FFB Tonnage	-				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Melewar Estate 1	1,344.60	646.77	350.00	2341.37	35,617.94
Gerola Estate	1,225.43	174.94	187.03	1587.40	27,645.14
Pahang Oil Palm Estate 2	1,565.04	821.96	284.8	2,671.80	38,962.80
Pahang Oil Palm Estate 3	2392.83	0	226.47	2619.30	66,766.80
Tye Yang Estate	2596.25	756.37	407.28	3759.90	61,462.34
TOTAL	9,124.15	2,400.04	1455.58	12,979.77	230,455.03

Appendix D: Assessment Plan

Date	Time	Subjects	Hidhir	Hafiz	Hafri
Monday 14/11/2016	AM	Audit Team traveling to Lahad Datu via MH2610 & MH3016 (ETA 1345) Stakeholder meeting with government agencies in Lahad datu Check in hotel in Lahad Datu	√	√	√
Tuesday 15/11/2016	0730	Traveling to Melewar POM	√	√	√
Melewar Palm Oil Mill	0830 - 0900	Opening Meeting <ul style="list-style-type: none"> • Opening presentation by Audit Team Leader • Confirmation of assessment scope and finalize audit plan (including stakeholder's consultation) 			
	0900 - 1200	Melewar Palm Oil Mill 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.	√	√	√
	1200 -1300	Lunch	√	√	√
	1300 - 1630	Melewar Palm Oil Mill 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 16/11/2016		Melewar Estate 1 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	√	√	√
Melewar Estate 1	1000 - 1200	Meeting with stakeholders (Government, village rep, workers leader, contractor etc.)	-	-	√
	1200 -1300	Lunch	√	√	√
	1300 - 1630	Melewar Estate 1 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	Hidhir	Hafiz	Hafri
Thursday 17/11/2016 Gerola Estate	0830 - 1300	Gerola Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	1200 - 1300	Lunch	√	√	√
	1400 - 1530	Gerola Estate 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	Verify any aoutstanding issues & preparation for closing meeting	√	√	√
	1630 - 1700	Closing meeting & presentation of findings	√	√	√
Friday 18/11/2016	AM	Traveling back to KL via MH3011 & MH2613	√	√	√

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

<p>Government Departments/ NGOs and others</p> Labour Department, Kinabatangan Environmental Department, Sandakan Wildlife Department Forestry Department

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Appendix F: CPO Mill Supply Chain Assessment Report (Module E: Mass Balance)

Requirements	Compliance
E.1. Definition	
<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>Melewar Palm Oil Mill receives and process certified and non- certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During this recertification assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and sales volume of RSPO certified palm products through RSPO IT System.</p>
E.2. Explanation	
<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&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. Actual production recorded in Section 1.</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).</p> <p>Shipping announcement Palm Kernel (volume: 767.66mt, program :MB) Contract# MP/2363/09/16, buyer LDEO Sdn Bhd(Wilmar International Ltd Transaction ID: TR-1ee886ae-169f dated 14/10/16</p> <p>CPO (volume: 2084.05 mt, program: MB) Contract# MP/A0571/09/16, buyer LDEO Sdn Bhd(Wilmar International Ltd Transaction ID: TR-760a8bda-1a8b dated 14/10/16</p>
E.3. Documented Procedure	
<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> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>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</p>	<p>Latest written documented procedures (SOP-Reception Station: CCP/01-04/2015-MOM) for the chain of custody is with Mass Balance (MB) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and noncertified FFB. This developed based on the RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The MB model is used because certified and non-certified FFB is received and processed at Melewar Palm Oil Mill.</p> <p>The mill manager and assistant manager 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>

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E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs	Melewar 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
E.4. Purchasing and Goods In	
E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received	<p>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.</p> <p>FFB diversion records for March 16 Hwa Li 3 Estate : Ticket# FFB16003094W, field 1997, lorry: SD1033D,weight: 12.36 Mt</p> <p>Asia Estate 2 : Ticket# FFB16003598W, field 1991 & 1996, lorry: SA6603V ,weight: 22.24 Mt</p> <p>Melewar Estate 2 : Ticket# FFB16004391W, field 1995, lorry: SD1487K,weight: 11.7 Mt</p>
E.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	The facilities aware of this procedure.
E.5 Record Keeping	
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.) For further details refer to Module C.	<p>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.</p> <p>Computerized system in place with the delivery deducted accordingly. Verified records of physical delivery for the month of September 2016: Palm Kernel: Dispatch Slip, DO# 10046 dated 30/9/16 product ID: PK MB, weight: 25.23 mt ,lorry: ST3645E CPO: Dispatch Slip, DO# 10046 dated 30/9/16 product ID: CPO/RSPO MB, weight: 25.23 mt ,lorry: ST3645E</p>
E.5.2 In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of	No outsourcing activities.

Actual Certified Palm Production – November 15 – Oct 16 (ASA3)

Mill	Processing Capacity	CPO	PK
Melewar Palm Oil Mill	80 mt/hr	39,999.811	9,389.055

Actual Sales of Certified Palm Products – November 15 – Oct 16 (ASA3)

Mill	CPO (Certified)	Remarks	PK (Certified)	Remarks
Melewar Palm Oil Mill	0	No physical sales	0	No physical sales **B&C: 1975 certificates

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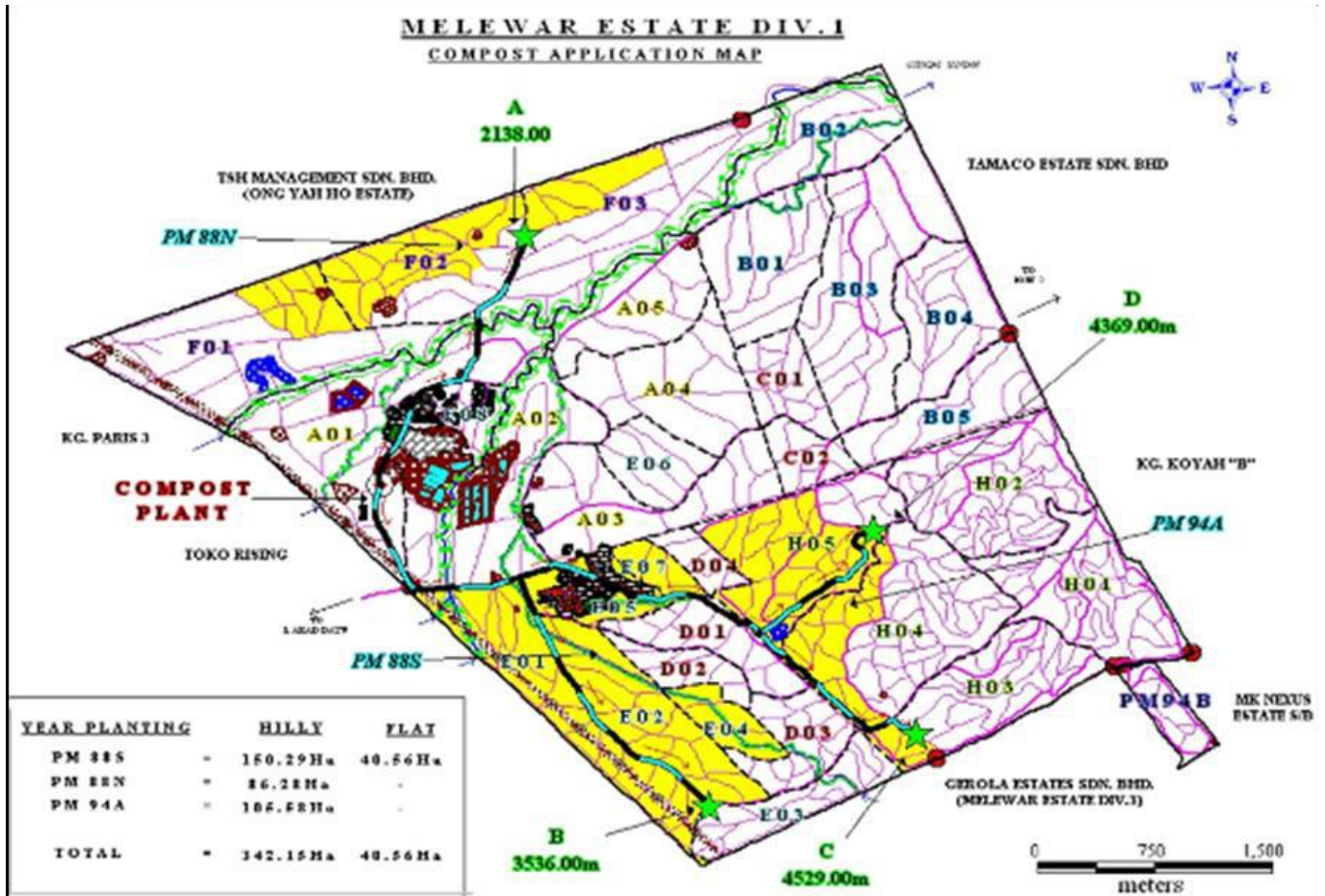
Month	Certified Supply Base (from own certificate scope) (mt)								Total FFB/Month (mt)
	Melewar Estate	Gerola Estate	Pahang Oil Palm Estate 2	Pahang Oil Palm Estate 3	Tye Yang Estate	Melewar Estate 2	Hwa Li Estate 3	Asia Oil Palm 2 Estate	
Nov 2015	2,085.16	1,945.12	4,214.45	6,150.10	6,072.34	457.27	0	0	20,924.44
Dec 2015	1,643.95	1,579.75	3,354.23	5,083.70	4,744.97	527.74	0	0	16,934.34
Jan 2016	1,196.46	1,304.66	2,657.79	4,169.45	3,440.28	245.21	0	0	13,013.85
Feb 2016	1,024.34	1,100.66	2,070.06	2,736.44	2,846.74	440.55	649.77	268.17	14,136.73
Mar 2016	1,192.62	1,238.85	1,936.46	2,989.48	3,363.71	828.95	1631.78	641.34	13,823.19
Apr 2016	1,504.39	1,263.60	1,999.35	3,522.31	3,585.91	397.54	0	0	12,273.1
May 2016	1,898.53	1,723.82	3,120.86	4,937.76	4,145.77	64.39	0	0	15,891.13
June 2016	2,364.08	1,950.75	4,164.28	5,702.91	4,511.22	401.69	48.94	0	19,143.87
July 2016	2,130.34	1,945.17	3,985.83	4,741.07	5,020.23	158.38	0	0	17,981.02
Aug 2016	2,374.71	2,177.36	3,945.42	4,892.53	4,901.57	112.33	0	0	18,403.92
Sept 2016	2,072.57	1,960.77	3,856.87	5,479.29	4,282.57	75.5	84.89	0	17,812.46
Oct 2016	2,066.66	2,013.93	3,614.43	5,011.77	4,719.30	635.53	142.63	0	18,204.25
Total	21,553.81	20,204.44	38,920.03	55,416.81	51,634.61	4345.08	2558.01	909.51	195,542.30

Diversion crop received from other certified estates under Asia Production Unit (APU), RSPO 651278 valid until 30/1/18

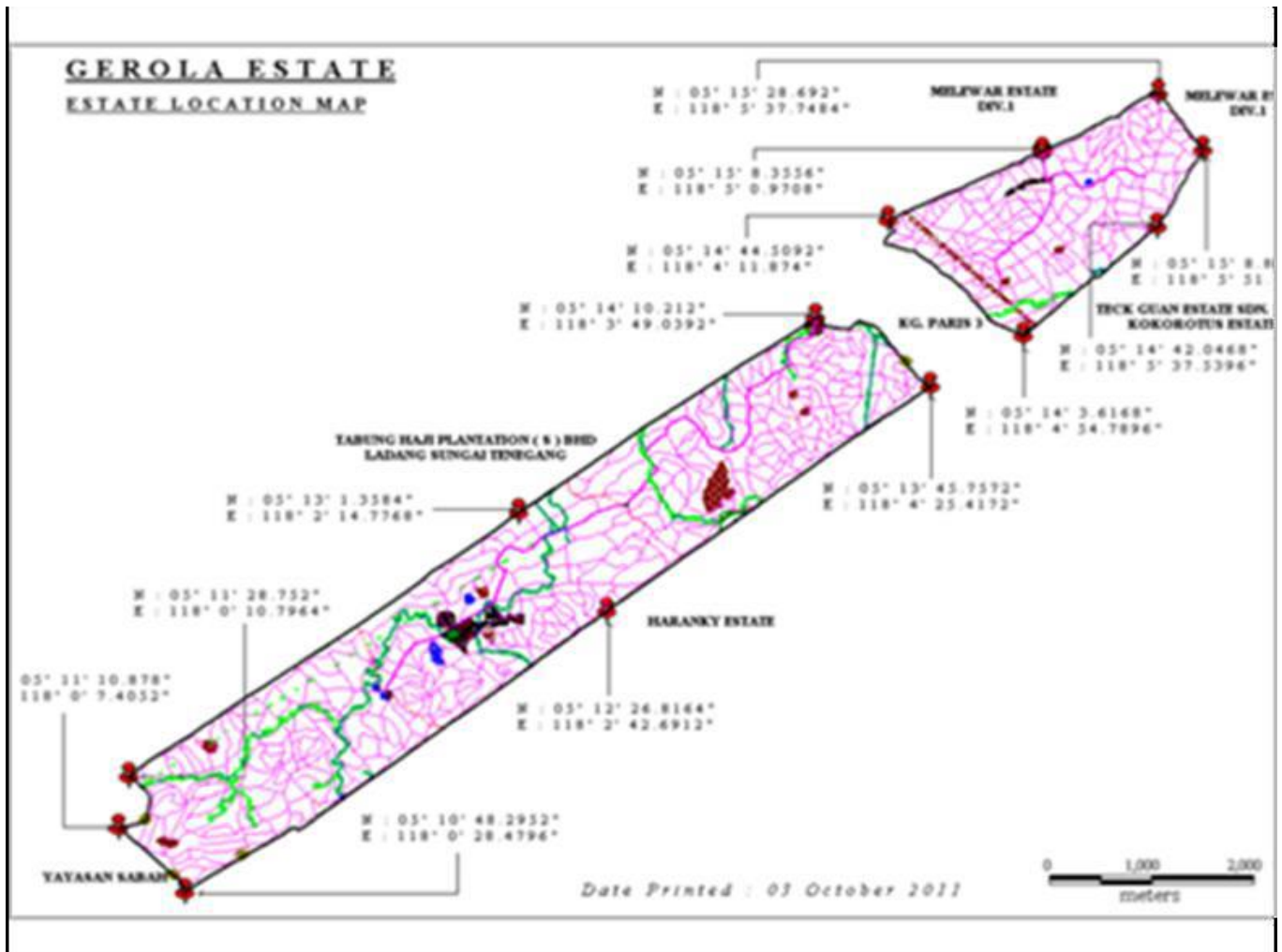
Appendix G: Location Map of Melewar Palm Oil Mill Certification Unit and Supply bases



Appendix H: Melewar Estate 1 Field Map



Appendix I: Gerola Estate Field Map



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
MPOM	Melewar Palm Oil Mill
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