



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

File Ref. : EH04760001

**RSPO PUBLIC SUMMARY REPORT**

**CLIENT : JEROCO PLANTATIONS SDN. BHD. – JEROCO PALM OIL MILL 1**

**PARENT COMPANY : HAP SENG PLANTATIONS HOLDINGS BERHAD**

**RSPO MEMBERSHIP No.: 1-0098-11-000-00**

**LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):**  
(In the case of multisite certification, list additional sites in attachments) :

Certification Unit	Mill / Supply Base	GPS Location		Location
		Latitude	Longitude	
Jeroco	Jeroco Palm Oil Mill 1	N 5° 25' 52"	E 118° 25' 02.0"	Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia
	Batangan Estate	N 5° 24' 43.7"	E 118° 26' 59.8"	Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia
	Lutong Estate	N 5° 21' 55.6"	E 118° 26' 26.2"	Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia
	Lokan Estate	N 5° 25' 51.8"	E 118° 22' 57.8"	Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia
	Lungmanis Estate	N 5° 28' 46.3"	E 118° 24' 11.3"	Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia

**MAP :** See Attachment 1

**AUDIT DATE :** 26 - 29 July 2016

**DURATION :** 12 auditor days

**TYPE OF AUDIT :**

☒

**Annual Surveillance Audit  
No. 03**



**Recertification Audit**

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

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

**VALIDITY OF RSPO CERTIFICATE :** 27/09/2013 – 26/09/2018

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

Non-conformity Report(s)

☒

List of additional site(s)



**Report by Audit Team Leader**

**Acknowledgement by Client's Representative**

Name : KHAIRUL NAJWAN

Name :

KEE KEE W CHONG

Signature :

Signature :

Date : 26 OCTOBER 2016

Date :

27.10.2016

## RSPO PUBLIC SUMMARY REPORT

### SUMMARY OF AUDITS

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

Annual Surveillance Audit 1				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

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

## RSPO PUBLIC SUMMARY REPORT

Annual Surveillance Audit 3				
On-site audit date	:	26-29 July 2016	No. of auditor days :	12 days
Audit team	:	Khairul Najwan Ahmad Jahari, Selvasingam T. Kandiah, S. Jagathesan and Ismail Ibrahim		
No. of major NCR	:	1	Indicator: 4.7.3	Closing date: 26 August 2016
No. of minor NCR	:	1	Indicator: 5.2.4	
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Villagers
		X		
		Contract workers	NGOs	Govt. agency
			X	X
		Indigenous people	Contractor	Others (Please specify)
		X		
Supply base sampled	:	Batangan Estate and Lutong Estate		
Changes since the last audit	:	No changes		

Annual Surveillance Audit 4				
On-site audit date	:		No. of auditor days :	
Audit team	:			
No. of major NCR	:		Indicator:	Closing date :
No. of minor NCR	:		Indicator :	
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Villagers
		Contract workers	NGOs	Govt. agency
		Indigenous people	Contractors	Others (Please specify)
Supply base sampled	:			
Changes since the last audit	:			

## RSPO PUBLIC SUMMARY REPORT

### SUMMARY OF INFORMATION

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period				July 2016 to June 2017	
Certified Area (Ha)				11,437.00	
Production Area(Ha)				8,639.00	
HCV Area (Ha)				386.34	
Certified FFB Processed (MT)				175,477.00	
Production of Certified CPO (MT)				39,131.00	
Production of Certified PK (MT)				8,777.00	
REMARKS				-	

## **1.0 AUDIT PROCESS**

### **1.1 Certification Body**

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

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

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

<b>Member of the Audit Team</b>	<b>Role/area of RSPO requirements</b>	<b>Qualifications</b>
Khairul Najwan bin Ahmad Jahari	Lead Auditor/ HCV and Social Issues	<ul style="list-style-type: none"> <li>Possessed B.Sc. Forestry from Universiti Putra Malaysia with more than 16 years of working experience in the Forest Management, forest inventories, forest harvesting, Remote Sensing &amp; GIS. He has been trained as a RSPO P&amp;C lead auditor.</li> </ul>
Selvasingam T. Kandiah	Auditor/ Good agricultural practices	<ul style="list-style-type: none"> <li>Holds a B. Sc. (Hons) Agriculture. Had work as a planter with Kumpulan Guthrie Berhad for more than 10 years including one year in Liberia and 2 years in Estate Department in Guthrie head quarters</li> </ul>
S. Jagathesan	Auditor / Occupational Safety & Health and Environment	<ul style="list-style-type: none"> <li>Possess a Bachelor of Chemical Science &amp; Minor in Management (Hons). Had carried out audits for various scheme such as ISO 9001, ISO 14001 and OHSAS 18001 for the past 15 years.</li> </ul>
Ismail Ibrahim	Auditor/ Supply Chain	<ul style="list-style-type: none"> <li>Holds a Diploma in Industry and BBA in Management. He is a qualified Lead Auditor for RSPO SC and Chain of Custody. He had also successfully passed the Lead Auditor Course on ISO 9001 and ISO 14001.</li> </ul>

### **1.3 Audit methodology**

The audit covered the Jeroco Palm Oil Mill 1 and two of its supply base. The number of supply base sampled was based on the formula of  $0.8\sqrt{y}$ . The two supply base covered during the audit are Batangan Estate and Lutong Estate. The audit included on-site audit to the estates, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

## RSPO PUBLIC SUMMARY REPORT

### 1.4 Stakeholder Consultation

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

### 1.5 Audit plan : Refer to Attachment 2

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

## 2.0 SCOPE OF CERTIFICATION AUDIT

### 2.1 Description of the certification unit

Jeroco Palm Oil Mill 1 certification unit (hereafter refer to JPOM1 CU) is one of the business unit under the Hap Seng Plantation Holdings Berhad (HSPHB). Located at Off 40 KM, Jalan Jeroco, Lahad Datu, Sabah, Malaysia, the CU consists of one mill (JPOM 1) and 4 supply base i.e. Batangan, Lutong, Lokan and Lungmanis.

The Jeroco Palm Oil Mill 1 has a processing capacity of 60 metric tonnes of fresh fruit bunches (FFB) per hour. The mill only receives and processes crops HSPHB's certified.

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

The FFB is sourced from company owned estates that are certified. Noted that there were some diversion of FFB from HSPHB's estates certified under different CU. Details of the FFB contribution from each source to the Jeroco Palm Oil Mill 1 are shown in the following tables:

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

Estates	FFB Production	
	Tonnes	Percentage (%)
Batangan Estate	49,473.34	24.33
Lutong Estate	27,181.97	13.37
Lokan Estate	46,155.02	22.69
Lungmanis Estate	39,571.15	19.46
Kapis Estate*	20,660.06	10.16
Litang Estate*	2,003.46	0.99
Tagas Estate*	2,920.54	1.44
Tomanggong Estate*	2,195.90	1.08
Bukit Mas Estate**	7,525.56	3.70
Sungai Segama 1 Estate**	2,577.37	1.27
Sungai Segama 2 Estate**	3,109.13	1.53
Total	203,373.50	100.00

\*Certified with SIRIM QAS Intl. \*\* Certified with TUV Rheinland

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

CU own estate	FFB Contribution	
	Tonnes	Percentage (%)
Batangan Estate	55,780.00	31.79
Lutong Estate	29,910.00	17.04
Lokan Estate	48,200.00	27.47
Lungmanis Estate	41,587.00	23.70
<b>Total</b>	<b>175,477.00</b>	<b>100.00</b>

## RSPO PUBLIC SUMMARY REPORT

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

	Total (MT)
FFB Received	203,373.50
FFB Processed	203,373.50
CPO Production	43,781.83
PK Production	9,972.46
CPO delivered as IP	39,125.94
PK delivered as IP	2,273.39

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

	Total (MT)
FFB Received	175,477.00
Certified FFB Processed	175,477.00
CPO Production	39,131.00
PK Production	8,777.00
CPO delivered as IP	39,131.00
PK delivered as IP	8,777.00

Table 5: Planted and certified area of the CU

Estate	Planted (ha)	Certified (ha)
Batangan Estate	3,394	3,633
Lutong Estate	2,194	2,448
Lokan Estate	2,837	3,156
Lungmanis Estate	1,955	2,200
<b>Total</b>	<b>10,380</b>	<b>11,437</b>

Table 6: Planting profile for Jeroco CU

<u>Estate</u>	<u>Mature (Ha)</u>	<u>Immature (Ha)</u>	<u>Planted area</u>	<u>% of planted area mature</u>	<u>% of planted area immature</u>
Batangan Estate	2,963	431	3,394	87	13
Lutong Estate	1,573	621	2,194	72	28
Lokan Estate	2,148	689	2,837	76	24
Lungmanis Estate	1,955	-	1,955	100	-
<b>Total</b>	<b>8,639</b>	<b>1,741</b>	<b>10,380</b>	<b>87</b>	<b>17</b>

Table 7(a): Planting profile for Batangan Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
2004	2nd	Mature	450	13
2006	2nd	Mature	388	11
2008	2nd	Mature	151	4
2009	2nd	Mature	148	4
2010	2nd	Mature	280	8
2011	2nd	Mature	682	20
2012	2nd	Mature	458	13
2013	2nd	Mature	406	12
2014	2nd	Immature	151	4
2015	2nd	Immature	280	8
<b>Total</b>			<b>3,394</b>	<b>100</b>

## RSPO PUBLIC SUMMARY REPORT

Table 7(b): Planting profile for Lutong Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1989	1st	Mature	150	7
1999	1st	Mature	157	7
2004	2nd	Mature	42	2
2006	2nd	Mature	456	21
2007	2nd	Mature	159	7
2011	2nd	Mature	157	7
2012	2nd	Mature	146	7
2013	2nd	Mature	306	14
2014	2nd	Immature	318	14
2015	2nd	Immature	303	14
Total			2,194	100

Table 7(c): Planting profile for Lokan Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1989	1st	Mature	161	6
1995	1st	Mature	239	8
1998	1st	Mature	439	15
1999	1st	Mature	1,309	46
2014	2nd	Immature	244	9
2015	2nd	Immature	149	5
2016	2nd	Immature	296	11
Total			2,837	100

Table 7(d): Planting profile for Lungmanis Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1995	1st	Mature	1,032	53
1996	1st	Mature	923	47
Total			1,955	100

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

The details of the contact person is as shown below:

Name	:	Mr. Kee Keow Chong
Position	:	Chief Agronomist
Address	:	1) MDLD 7073-7074, Ground Floor, Bandar Sri Perdana, Jalan Silam, 91100 Lahad Datu, Sabah, Malaysia. 2) Off 40 KM, Jalan Jeroco, Lahad Datu, Sabah, Malaysia
Phone no.	:	+6089 278183,+6089 278138
Fax no.	:	+6089278168/186
Email	:	<a href="mailto:keekc@hapseng.com.my">keekc@hapseng.com.my</a>



## RSPO PUBLIC SUMMARY REPORT

### 3.0 AUDIT FINDINGS

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

There was no changes to the certified products since last assessment.

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

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

3.3 Overall comment in terms of acceptance or non-acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed )  
There is no changes to the time-bound plan.

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

If no, please state reasons N/A as there is no associated smallholders supplying FFB to the CU.

3.5 Any new acquisition which has replaced primary forests or HCV areas ☐ Yes ☒ No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)  
There is no changes since last year.

3.7 Status of previous non-conformities \*

Closed ☒ Not closed ☐

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

3.8. Complaint received from stakeholder (if any)

There were various stakeholders interviewed during the conduct of this audit. These include workers, surrounding villagers, contractors and suppliers. In general, all the interviewed stakeholders had given positive feedback on the CU.

### 4.0 DETAILS OF NON-CONFORMITY REPORT

4.1 For P&C (Details checklist refer to Attachment 3) :

Total no. of minor NCR(s)  
(details refer to Attachment 4 ) List : 1 KN01/2016

Total no. of major NCR(s)  
(details refer to Attachment 4 ) List : 1 STK01/2016

4.2 For SC (Details checklist refer to Attachment 5) :

Total no. of minor NCR(s) List : 0 NA

Total no. of major NCR(s) List : 0 NA

## RSPO PUBLIC SUMMARY REPORT

### 5.0 AUDIT CONCLUSION

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

### 6.0 RECOMMENDATION

☐

No NCR recorded. Recommended to continue certification.

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

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

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

☒

Recommended to continue certification.

☐

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

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

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

Audit Team Leader :

KHAIRUL NAJWAN AHMAD  
JAHARI

\_\_\_\_\_  
(Name)

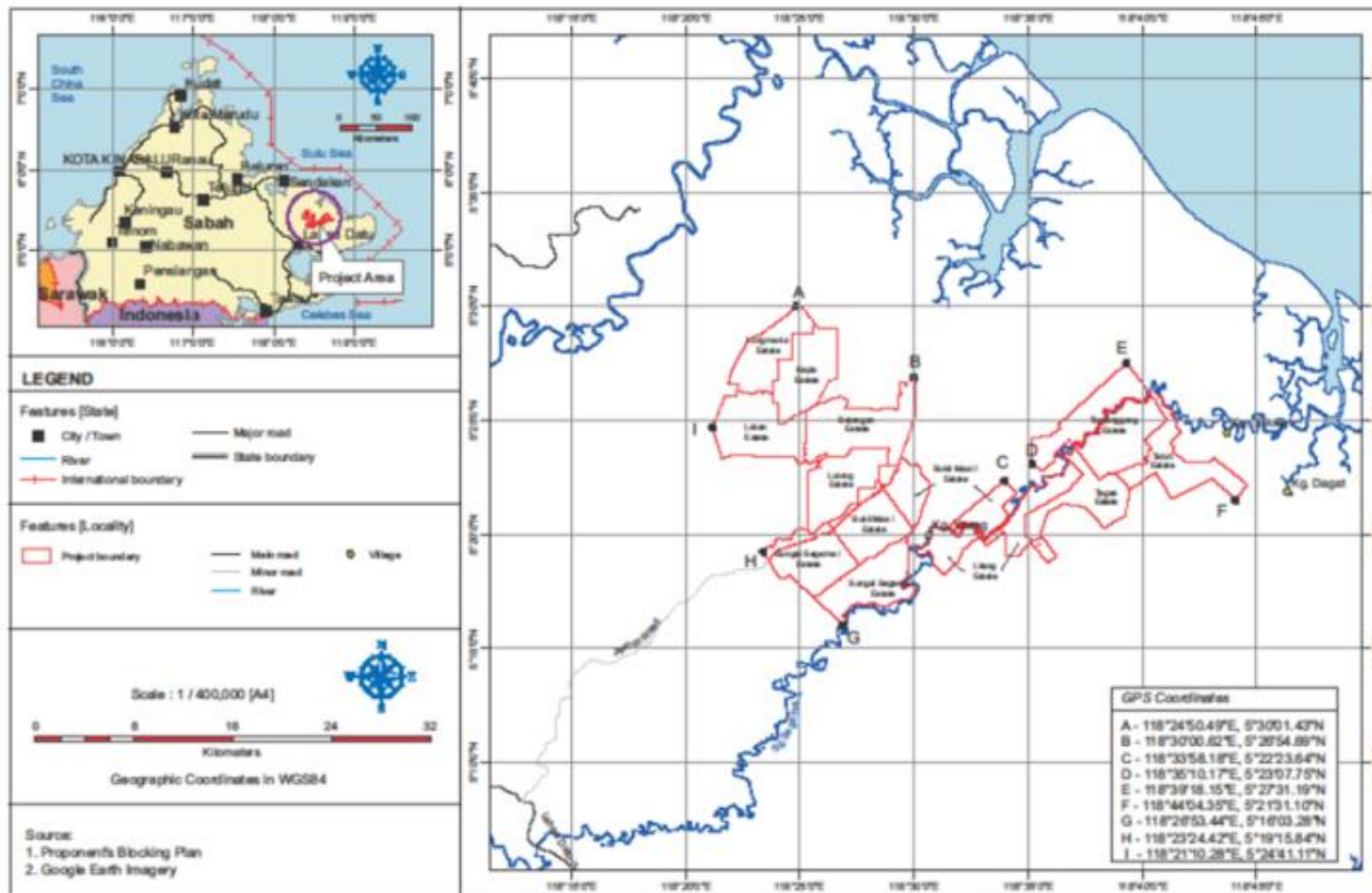


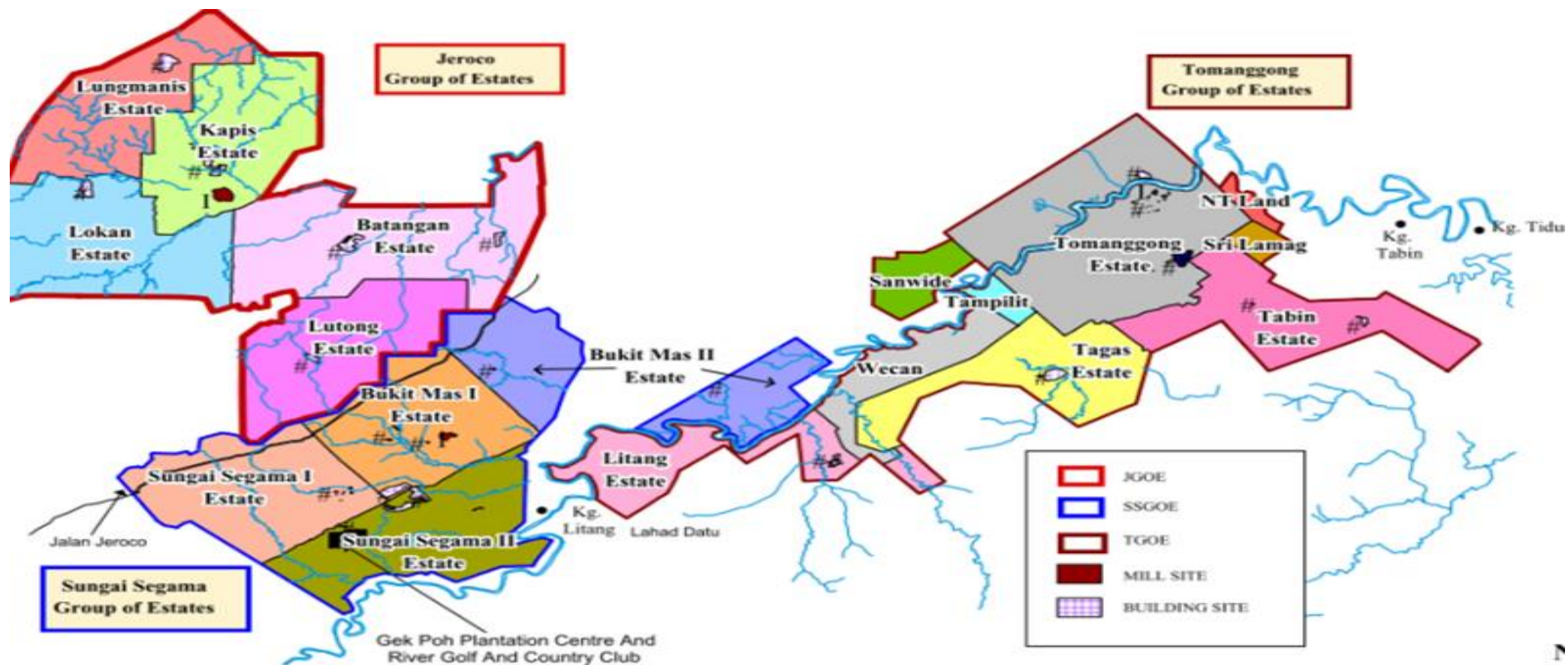
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26/08/2016

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(Date)

Map of Jeroco 1 CU





# RSPO PUBLIC SUMMARY REPORT

## Attachment 2

### RSPO SURVEILLANCE AUDIT PLAN

Day 1: 26 July 2016 (Tuesday)					
Time	Activities / areas to be visited				
8.30 – 9.00 am	<b>Opening meeting</b> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes <b>Organization Representative to brief on the following:</b> 1) RSPO implementation at Jeroco 1 Certification Unit (i.e. mill & supply base) including changes 2) Time bound plan 3) Significant changes on organization activities, machinery, supply bases capacity etc.				Top mgmt. & Committee Member
9:00 – 12:00 pm	<b>Najwan</b>	<b>Ismail</b>	<b>Jagathesan</b>	<b>Selvasingam</b>	Guide(s) for each assessor
	<b><u>Jeroco POM 1</u></b>  Coverage of assessment: <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Land titles user rights</li><li>• Social Impact Assessment (SIA), management plan &amp; implementation</li><li>• Complaints and grievances</li><li>• Consultation with relevant government agencies</li><li>• Interview workers, gender committee, local communities and stakeholders</li><li>• Inspection of protected sites with HCV attributes</li><li>• Forested area, plantation boundary, adjacent and neighbouring land use</li><li>• Continuous improvement</li></ul>	<b><u>Jeroco POM 1</u></b>  RSPO Supply Chain implementation including the model used <ul style="list-style-type: none"><li>• General Chain of Custody System Requirements for the supply chain</li><li>• Documented procedures</li><li>• Purchasing and goods in</li><li>• Outsourcing activity</li><li>• Sales and goods out</li><li>• Processing</li><li>• Records keeping</li><li>• Registration</li><li>• Training</li><li>• Claims</li><li>• RSPO P&amp;C requirement related to laws and regulations</li></ul>	<b><u>Lutong Estate</u></b>  Coverage of assessment: <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Occupational safety &amp; health practice – witness activities at site</li><li>• Environmental management – witness activities at site</li><li>• Waste &amp; chemical management</li><li>• Interview with workers, safety committee and contractors</li><li>• Facilities at workplace</li><li>• Training and skill development programmes</li><li>• Continuous improvement</li></ul>	<b><u>Batangan Estate</u></b>  Coverage of assessment: <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Commitment to long-term economic and financial viability</li><li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc.)</li><li>• EFB mulching, POME application</li><li>• Nursery (if any)</li><li>• Chemical store/fertilizer</li><li>• Plantation on hilly/swampy area</li><li>• IPM implementation, training and safe use of agro-chemicals.</li><li>• New planting</li><li>• Continuous improvement</li></ul>	
12.00 – 1.00 pm	Break				
1.00 – 5.00 pm	Continue assessment				

## RSPO PUBLIC SUMMARY REPORT

Day 2: 27 July 2016 (Wednesday)				
Time	Najwan	Jagathesan	Selvasingam	
8.00 – 12.00 pm	<u>Lutong Estate</u>  Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Commitments to transparency</li> <li>• Laws and regulations</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area</li> <li>• Plantation boundary, adjacent and neighbouring land use</li> <li>• Line site</li> <li>• Source of water supply</li> <li>• Interview with stakeholders</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Interview local communities, gender committee, workers and stakeholders</li> <li>• Continuous improvement</li> </ul>	<u>Batangan Estate</u>  Coverage of assessment: P1, P2, P4, P5, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u>Batangan Estate</u>  Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc.)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• Buffer zone</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
12.00 – 1.00pm	Break			
1.00 – 5.00m	Continue assessment			Guide(s) for each assessor

## RSPO PUBLIC SUMMARY REPORT

Day 3: 28 July 2016 (Thursday)				
Time	Najwan	Jagathesan	Selvasingam	
	<b><u>Batangan Estate</u></b>	<b><u>Jeroco Palm Oil Mill 1</u></b>	<b><u>Lutong Estate</u></b>	
8.00 – 12.00 pm	Coverage of assessment: P1, P2, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Interview contractors, workers and stakeholders</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Continuous improvement</li> </ul>	Coverage of assessment: P1, P2, P4, P5, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
12.00– 1.00 pm	Break			
1.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

## RSPO PUBLIC SUMMARY REPORT

Day 4: 29 July 2016 (Friday)				
	Najwan	Jagathesan	Selvasingam	
	<u>Batangan Estate</u>	<u>Jeroco Palm Oil Mill 1</u>	<u>Lutong Estate</u>	
8.00 – 12.00 pm	Coverage of assessment: P1, P2, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Interview contractors, workers and stakeholders</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Continuous improvement</li> </ul>	Coverage of assessment: P1, P2, P4, P5, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc.)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
12.00–1.00 pm	Break			
1.00 – 3.00 pm	<ul style="list-style-type: none"> <li>• Continue assessment</li> <li>• Verification on outstanding issues</li> <li>• Audit Team discussion, preparation on audit findings and issuance of NCR (if any)</li> </ul>			Guide(s) for each assessor
3.00 – 4.00 pm	Closing meeting			Top mgmt & Comm. member
4.00 pm	Travel to Lahad Datu, Flight MH3023 from LDU to BKI			



## RSPO PUBLIC SUMMARY REPORT

Attachment 3

### RSPO P&C AUDIT CHECKLIST AND FINDINGS

#### Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision -making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major	YES	HSPHB is committed to transparency by allowing all information pertaining to environmental, social and legal issues to be publicly available upon request. The procedure included the internal and external consultation. For any request of information, the requestor is required to fill in a form. However, the method of requesting information was not limited to filling up the form. The procedure had included other means such as verbal or writing which would also be entertained. Review of records revealed that there were no requests for information from related stakeholders.
	1.1.2	Records of requests for information and responses shall be maintained. Major	YES	The estate and mill maintain records of communication and consultation with external and internal parties. These includes communication with DOSH, Labour Department, Immigration Department, Department of Environment, suppliers and their own workers. Comments by DOSH and DOE on mill and estate operation were recorded in the respective DOSH and DOE inspection book.
C 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.	1.2.1	Land titles/user rights (Criterion 2.2);	YES	The right to use the land at Jeroco 1 CU can be demonstrated and not disputed by any party. Documents related to land ownership were sighted at the respective visited offices.
		Occupational health and safety plans (Criterion 4.7);	YES	Safety and health plan was made available at the CU.
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	YES	The SIA action plans were updated and each of issues were identified for each of the estates and POM. Jeroco 1 CU had conducted social assessment titled 'Social Impact Assessment, Management Action Plans and Continuous Improvement Plans' dated in October 2012. The plan was reviewed in June 2016. The environment impact assessment management action plan was also updated in June 2015 by the Sustainability Department. Each of the issues were identified for each of the estates and POM.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	The JPOM 1 CU has made publicly available the 'HCV's documentation summary' at the notice boards at Lutong and Batangan Estate, as well as Jeroco POM 1. Therefore, previous Major NCR MRS 01 2015 was satisfactorily closed.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Action plans to mitigate pollution are available for public. Cross refer to C5.6.
		Details of complaints and grievances (Criterion 6.3);	YES	The details of complaints and grievances were recorded in "Buku Aduan". The complaints and their outcomes were recorded and filed. Review of grievances book had to be with permission of estate/POM Manager.
		Negotiation procedures (Criterion 6.4);	YES	HSPHB has developed procedures to deal with land disputes, squatter disputes, and loss of legal and customary rights. In the case of boundary disputes, the procedure requires the estate management and the disputing party to negotiate, first, failing which the case will have to be referred to the Headquarters for further negotiation. If negotiation fails, the case will be brought to court of

## RSPO PUBLIC SUMMARY REPORT

				arbitration. The Land Dispute Management procedure was made available at the visited estate and POM offices. Hence, major NCR MRS 01 2015 was closed
		Continual improvement plans (Criterion 8.1);	YES	HSPHB is committed to utilize the established system to regularly monitor and review their key activities at the mill and estate. The CU initiated relevant action plans for continuous improvement in its key areas of operations on environmental, safety, health and welfare as well as social contribution to workers and community. Details of the CU continual improvement plans has been reported in the indicator 8.1. The continuous improvement plans related to environment was established and updated accordingly by the Executives from the Sustainability Department.
		Public summary of certification assessment report;	YES	The surveillance 2 audit public summary has made publicly available at website. The report can be assess through this link: <a href="http://www.sirim-qas.com.my/attachments/article/364/PS%20%20Jeroco%20ASA%201.pdf">http://www.sirim-qas.com.my/attachments/article/364/PS%20%20Jeroco%20ASA%201.pdf</a>
		Human Rights Policy (Criterion 6.13).	YES	Human Rights policy is available at Jeroco 1 CU. The policy was posted at office notice boards of the estates and mill.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor	YES	The CU has documented policy committing to a code of ethical conduct and integrity of the company. The CU had communicated the policy to their staffs including foreign workers during the induction course.

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

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major	Yes	<p>Jeroco 1 CU continued to comply with most of the applicable local, national and ratified international laws and regulations. Relevant licenses and permits were verified at Jeroco POM1, Batangan Estate and Lutong Estate, as below:</p> <p><u>Jeroco – POM1</u></p> <ul style="list-style-type: none"> <li>i) DOE License &amp; Jadual Pematuhan</li> <li>ii) Fire Certificate</li> <li>iii) MPOB License</li> <li>iv) Diesel storage permit</li> <li>v) Fired &amp; unfired vessels</li> </ul> <p><u>Lutong Estate</u></p> <ul style="list-style-type: none"> <li>i) MPOB license</li> <li>ii) Fired &amp; unfired vessels</li> </ul> <p><u>Batangan Estate</u></p> <ul style="list-style-type: none"> <li>i) MPOB license</li> <li>ii) Permit to store diesel</li> <li>iii) DOE Written Approval for genset</li> </ul>

## RSPO PUBLIC SUMMARY REPORT

	2.1.2	A documented system, which includes written information on legal requirements shall be maintained Minor	Yes	The CU continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to the CU operations. The Legal and Other Requirements Register was prepared by the Sustainability Department. Each office has its own Legal and Other Requirements Register and were evaluated individually annually for its compliance. Legal Register for Lutong & Batangan estates and Jeroco POM 1 were established detailing applicable legal and other requirements – with the latest review in June 2016 by the Sustainability Unit.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor	Yes	The CU had established mechanism for ensuring all the applicable legal requirements are implemented. The mechanism included internal checking by its Assistant In-Charge through evaluation of compliance exercise against the legal register. The latest evaluation was carried out in June 2016.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor	Yes	HSPHB has established a mechanism for identifying and tracking the updates of the legal requirements through various media such as LawNet, internet, newsletter, etc. The management had been update legal register accordingly. All the new amendment regulations were included in the legal register.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognized NCR land) and the actual legal use of the land shall be available. Major	Yes	The right to use the land at Jeroco 1 CU can be demonstrated and not disputed by any party. Auditor sighted that there were clear land ownership documents. Land titles were available in the documents. The original copies of the documents were kept in Plantation Central Office, Sg. Segama. Copies of land titles for all estates were sighted. All the estates were under the jurisdiction of Kinabatangan District. Review of documents confirmed that the terms of the land title for all the estates are for the cultivation of agricultural crop of economic value which had been complied with.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor	Yes	The perimeter boundaries of the estates were visibly maintained by erecting white painted pegs along the boundary, especially the ones that adjacent to other plantations and forest reserves. During the site review, the boundary pegs adjacent to Alamania Plantation were available and maintained at Lutong Estate. At the Batangan Estate, boundaries stones and signboards were sighted to demarcate the boundaries with the Sg Simpan Forest Reserve.
	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 FPIC. Minor	Yes	There were no local communities surrounding the CU. This was also stated in the Social Impact Assessment dated 2012. The Social Action Plan which was reviewed on 6 June 2016 has also confirmed that there were no any stakeholder nearby. Therefore, no land is encumbered by customary rights or dispute from any stakeholder at the CU.

## RSPO PUBLIC SUMMARY REPORT

	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major	Yes	There were no land conflicts sighted during the audit, as explained in indicator 2.2.3
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor	Yes	There were no land conflicts sighted during the audit, as explained in indicator 2.2.3
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major	Yes	Auditor had verified the Stakeholders Meeting and interview with management and other oil palm plantation companies that there was no conflict raised due to violence action taken by the CU to maintaining peace and order in their current and planned operations. In addition, the CU had employed watchmen in order to guard of their workers, staffs, children's life, their belongings and company's property.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognized legal, customary or user rights shall be developed through participatory mapping involving affected parties. Major	Yes	This requirement is not applicable to the CU since there has been no land encumbered by customary rights or dispute from any stakeholder. There were no land conflicts sighted during the audit, as explained in indicator 2.2.3
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) 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,	Yes	There were no land conflicts sighted during the audit, as explained in indicator 2.2.3

## RSPO PUBLIC SUMMARY REPORT

		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		
	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	Yes	There were no land conflicts sighted during the audit, as explained in indicator 2.2.3
	2.3.4	Evidence shall be available to show that communities are represented through institutions/representatives of their own choosing, including legal counsel. Major	Yes	There were no land conflicts sighted during the audit, as explained in indicator 2.2.3

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (min.3years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major	Yes	Both estates continued to make commitment to a long term economic and financial viability. The annual budgets for 2016 to 2020 were reviewed. The budget provisions covered activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, etc. The budget included projections on yield/ha, and total cost of production per m ton & per ha.
	3.1.2	An annual replanting program projected for a minimum of five years with yearly review, shall be available. Minor	Yes	The replanting programmes until 2028 were sighted for both estates. This programme is reviewed once a year and is incorporated in their annual financial budget.

### **Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented,	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major	Yes	Safety and Standard Operating Procedure dated 2011 was available at each sites. The SOPs covered the safe working practices of all the field operation such as harvesting, manuring, herbicides & pesticides application, workshop, genset operation, maintenance

## RSPO PUBLIC SUMMARY REPORT

consistently implemented and monitored				of oil trap and handling of scheduled wastes. At the mill, the SOPs covered the safe operation related to the oil palm processing, boiler operation, effluent treatment plant, laboratory, workshop activity and the handling of chemicals and wastes. The permit to work procedure has been established to monitor in-house and contractors working in the premise.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor	Yes	A mechanism to check consistent implementation of procedures was in place. The internal audit has been carried out by the Sustainability Unit as follows: Lutong Estate and Batangan Estate - in May & June 2016. Jeroco POM1 - Sustainability Unit in June & July 2016. Findings have been acted upon.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor	Yes	Management has established and implemented action plans based on the findings reported from the mechanisms mentioned in Indicator 2.1.4. Through field visit, the auditor confirmed that actions had been taken in accordance to the plan. Furthermore, Internal Audit has been carried out by the Sustainability Unit, recommendation provided which has been acted upon and records of these audits are being maintained.
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major	Yes	Jeroco POM 1 did not received any FFB from third-party.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in SOPs, are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor	Yes	Both estates continued to practice the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention (pruned fronds left to decompose in the fields) and some EFB and compost application. Fertiliser application, which was of paramount importance for maintenance of soil fertility, was carried based on the recommendation made by the Agronomist. Annual fertiliser recommendations were made based on annual foliar sampling and while soil sampling was carried out yearly in fields on a 5-year cycle basis.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor	Yes	Fertiliser inputs were based on recommendation by the Hap Seng's Agronomy Department. The application programs had been monitored using records like program sheets, bin cards, Field Cost book and Manuring program sheets. Records of programs and applications of fertilisers were made available to auditors.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor	Yes	From the Agronomist reports it was established that both estates carried out periodic foliar and soil sampling to monitor changes in nutrient status. Annual foliar sampling for the nutrients N, P, K, Mg, Ca & B had been carried out by KDC laboratory, KL-Kepong (Sabah) Sdn Bhd and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. The latest foliar sampling in Batangan Estate was carried out May 2016 which will form the basis for the 2018 fertiliser recommendation, while in Lutong Estate it was in November 2015, which will form the basis for formulation of the fertiliser recommendation for the 2017.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME and palm	Yes	Both estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose and EFB and Bunch Ash applied. EFB was applied only in the immature oil palm area (replants). The rate of application recommended was 25 tons/Ha.

## RSPO PUBLIC SUMMARY REPORT

		residues. Minor		However, the actual rate applied varied depending upon availability of EFB, transport and labour.
C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major	Yes	Based on the soil maps provided, there was no fragile/marginal soils in both estates visited. The soils series in Batangan Estate were: Kertam (81.90%), Kinabatangan (12.97%), Lungmanis (5.06%) and Rumidi (0.08%). In Lutong Estate, it was totally Kertam series.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor	Yes	The CU had a management strategy in place for planting on slopes and to minimise and control erosion and degradation of soils. The plantings on slopes was guided by its Oil Palm Agriculture Policy dated October 2014. Among the methods recommended were construction of conservation terraces, cambered roads & side drains, roads to bisect the terraces, construction of sump at the downslope and cover crop establishment. It was observed in both mature and immature areas that slopes were terraced. The terrain in both estates was mainly flat and undulating with no slopes above 25°. Slopes maps were available. It was also observed that practices to minimise and control erosion and degradation of soils were in place through proper stacking of fronds, EFB application, avoidance of blanket spraying, construction terraces, road maintenance and maintenance of soft vegetation in interlines. No bare ground was sighted during the visit.
	4.3.3	A road maintenance program shall be in place. Minor	Yes	During the field visit, it was noted roads were well maintained in both estates. Regular road maintenance programmes was in place to ensure accessibility to the estates. Budgets were allocated for this purpose. Heaps of this was sighted at strategy points in both estates. Surface run off water from roads is directed to the fields and drains with well cambered roads and road sided drains.
	4.3.4	Subsidence of peat soils shall be minimized and monitored. A documented water and ground cover management program shall be in place. Major	Yes	There were no peat soils in both Batangan and Lutong estates as evident from the soil maps provided.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor	Yes	Not applicable as there were no peat soils in both estates visited.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor	Yes	Not applicable as there were no fragile and problem soils in both estates visited
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor	Yes	Both Batangan and Lutong Estates continued to be guided by the CU Water Management Plan which was developed in order to maintain the quality and availability of natural water resources. The plan included practicing efficient water consumption through various methods such as minimising wastage of treated water and pollution prevention to the natural water sources. In the Water Management Plan, the CU had also identified actions to be taken in the event of water supply shortage (e.g. drought seasons).

## RSPO PUBLIC SUMMARY REPORT

				<p>Workers quarters were provided with separate tanks for rain water harvesting. This water is used for washing. Treated water for drinking is supplied to a separate tank and the amount used was monitored.</p> <p>Water from rinsing of pesticide containers was reused for spraying.</p> <p>Records of rainfall data to assist in the water management plans were sighted from 2007.</p>
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated. Major	Yes	No construction of bunds/weirs/dams across the main rivers or waterways. This was confirmed during the visit to the Sg Kertam and Sg Kumambu in both of the estates.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor	Yes	ETP is available at JPOM 1 to treat the POME. According to DOE's license, the disposal method of the final discharge is through land irrigation. The ETP is regularly maintained by desludging of the ponds to ensure its efficiency. Final discharge samples were taken on monthly basis and sent to an accredited laboratory for analysis.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor	Yes	JPOM 1 had continued to monitor its water usage per tonne of FFB processed. The usage was recorded in the Summary of Process and Boiler Water Consumption.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate IPM techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major	Yes	<p>Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by Pests and Diseases. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, Rhinoceros Beetles and ganoderma. For bagworm control the program includes the planting of nectariferous beneficial plants such as <i>Cassia cobanensis</i>, <i>Antigonon leptopus</i> and <i>Turnera subulata</i> and for rhino beetles is by using pheromone traps.</p> <p>In order to minimize the use of insecticides for leaf-eating pest, the estates had planted beneficial plants such as <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> along some of the roadsides. Pheromone traps to trap Rhinoceros Beetles were sighted at the replanting area. Rat damage and leaf-eating pest census was regularly carried out to obtain information about threshold level and action to be taken thereafter. The records of census were available for verification. Rat baiting campaigns were carried out as when required. Ganoderma census was conducted as per program and infected palms were bowled out and shredded.</p>
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor	Yes	Training related to IPM implementation "Pest and Disease" was last conducted in May 2016 by the Chief Agronomist. The training was attended by executive and non-executive staffs. Records of training were available for verification.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major	Yes	The use of all agrochemicals by the estates was guided by its Upkeep of Mature oil palm procedure. The manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.



## RSPO PUBLIC SUMMARY REPORT

	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	Yes	Both visited estates maintained records to show the types of pesticides used with active ingredients and their LD50 and where these pesticides had been used. The total quantity used, number of applications and active ingredients (ai) per Ha were also recorded. Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. Records of pesticides used were available for verification. Both estates had documented programs for spraying pesticides.
	4.6.3	Any use of pesticides shall be min. as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major	Yes	As part of the IPM plans, management of both estates had established nectariferous beneficial plants ( <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera sublata</i> ) nurseries for continuous planting in order to attract natural predators and thus to reduce use of insecticides. During the visit it was observed a number of Beneficial Plants had been planted and both estates had plants ready for planting at the Nurseries. Pheromone traps to trap Rhinoceros Beetles were sighted in the estates' replanting area.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor	Yes	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). There was no evidence of pesticides that are categorised by World Health Organisation as Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used in 2014 & 2015. However, both estates had the class 1b chemical Methamidophos in stock for the use in case of bag worm outbreaks.
	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	Yes	Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS of the pesticide. The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were trained. Random interviews conducted showed that they understood the hazards involved and the usage and handling of chemicals in a safe manner. The trade and generic names of the chemicals were made known to the workers through the CSDS training. It was also noted that CSDS are available at all sites. The training on spraying was carried out in May and April 2016 at Batangan and Lutong Estate respectively. Both training was carried out by the respective Estate Assistant

## RSPO PUBLIC SUMMARY REPORT

		products shall be properly observed, applied, and understood by workers. Major		Manager. The training included the safety aspects and usage of PPE when handling with pesticides. Record of training was available for verification
	4.6.6	Storage of all pesticides shall be according to recognize best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Reg. Major	Yes	Based on site observations, the chemicals at the estates were stored in accordance with the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Only authorized personnel has the access to the chemical store.
	4.6.7	Application of pesticides shall be by proven methods that minimize risk and impacts. Minor	Yes	Pesticide applications were guided by HSPHB's OPAP manual, SSOP, CHRA and by MSDS supplied by the manufacturer. The CHRA for both estates was reviewed in December 2015.
	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	Yes	Aerial spraying was not practiced by HSPHB. There were no evidence that this activity had been carried out at both estates.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. Minor	Yes	The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat bait were continuously trained. The training were regularly conducted by the estate management to enhance knowledge and skills of employees. The training included the safety aspects and usage of PPE. Records of training were maintained for verification. Random interviews with the workers showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor	Yes	The CU had the procedure for triple rinsing of all its empty agrochemical containers as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. After triple rinsing is done, the containers were punctured and kept in the store, which later are sent to recycling vendors. The wastewater from the triple rinsing is reused in chemical mixture. Noted that in Batangan and Lutong Estate, no outbreaks of pest and disease occurred. Therefore, no waste material of pesticides at the Batangan and Lutong Estate. For chemical drum, the management dispose as a recycle waste.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented	Yes	Annual medical surveillance for manuring and pesticide spraying operators have been conducted at both Lutong and Batangan Estates.

## RSPO PUBLIC SUMMARY REPORT

		action to treat related health conditions, shall be demonstrated. Major		The medical surveillance was tested for Hemoglobin (Hb), Liver Functional Test (LFT), Renal Function Test (RFT), Spirometry (Functional Test of the Lungs) and Urinalysis. Review of the results indicated that the conditions of the workers were normal. Pesticide handling & Manuring operators were certified fit to work with controlled exposure to pesticides.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major	Yes	Pregnant and breast-feeding women are not allowed to work with Pesticides & Hazardous Chemicals. Checking of pregnancy status is done by Medical Assistant (MA) on monthly basis. Through inspection of the checking records, it was confirmed that no pregnant or breast-feeding workers were assigned to jobs involving hazardous pesticides.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy in place. An OSH plan covering all actvt shall be documented and implemented, and its effectiveness monitored. Major	Yes	Occupational Safety and Health Policy was established and signed by the Chief Executive-Group Plantation. The policy was dated 31 <sup>st</sup> Dec, 2014. The OHS plan had been established and monitored by the respective Estate Manager and Mill Manager. All the operation related to safety and environments had been identified in the OHS plan which is updated on yearly basis.
	4.7.2	All ops where health and safety is an issue shall be risk assessed, and procs and actions documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major	Yes	HIRARC has been established with the latest review carried out in June 2016 for Lutong estate (by Senior Estate Assistant), in Feb 2016 for Batangan estate (by the Sustainability Executive) and May 2016 for Jeroco POM 1 (by the Asst. Manager). Relevant operations have been risk assessed and documented no new risks have been identified.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major	No	Communication on chemical hazards had been carried out through awareness and training program to all workers involved in handling of dangerous chemicals. The training includes understanding of the CSDS, safe working practices and the correct use of PPE. Those trained included sprayers, manure spreaders, laboratory personnel and boiler-man and store clerk. Field inspection and observation of spraying tasks confirmed chemicals applied were in accordance with the product safety precautions. CSDS were made available at the point of use, for example, at mill's water each estate treatment plant, boiler chemical dosing area and chemical mixing area and at the chemical store.  SOP for Safety Operating Procedures have been established for both Lutong and Batangan Estate. The workers have been provided with the necessary safe working practices. Personal Protective Equipment is identified in the respective SOP. PPE issuance are carried out based on SOPs concerned. Appropriate PPEs have been identified through the HIRARC exercise and have been provided to the affected workers. PPE issuance records have been maintained. The usage of issuance records for 2015 and 2016 was verified. The PPE provided includes safety boots, safety harness, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks (dusk mask and cartridge type respirator). During the site tour, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places.

## RSPO PUBLIC SUMMARY REPORT

				<p>Interviewed with the workers revealed that they understood the reasons and importance why they were required to wear the PPE.</p> <p>During the audit at Lutong Estate, it was found that the recommendation for use of boots for harvesters, made in the SSOP, was not complied with. Three (3) harvesters carrying out harvesting in block 46 &amp; 52 were found not wearing boots. Furthermore, there were no records available to show that they had been provided with the boots. Hence, Major NCR STK1/2016 was raised.</p>
	4.7.4	<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.</p> <p>Major</p>	Yes	<p>Occupational Safety and Health Policy dated 1<sup>st</sup> April, 2015 had been established at the CU. The policy was also translated into Bahasa Malaysia. The policy was signed by Mr. Au Yong Siew Fah, the Chief Executive of Group Plantations.</p> <p>The Safety &amp; Health Committee has been established. The OSH safety committee organisation chart for 2016 was verified during the audit. The committee comprises of balance representatives from the employer and the employees. The committee is chaired by the respective estate or mill manager. Periodic meeting to discuss issues related to Health and Safety were carried out. Relevant records related to Health and Safety were maintained. The responsible persons had been identified and records of regular meetings between the person-in charged and workers about health, safety and welfare was recorded.</p>
	4.7.5	<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</p>	Yes	<p>Trained first aiders were available at all work area both in the estate and mill. Cross checked with training records found that most of the estate mandore and department head has been trained on first aid.</p>
	4.7.6	<p>All workers shall be provided with medical care, and covered by accident insurance. Minor</p>	Yes	<p>The CU continues to ensure all workers working in the premise (both mill and estate) are covered by insurance. Local workers were covered by SOCSO as required under Employee's Social Security Act 1969, while foreign workers were covered by insurance as per Workmen Compensation Act 1952. Sample of foreign workers under Jeroco Plantations Sdn Bhd found that all had been covered by a valid insurance. The CU is also providing medical care to the workers via Batangan Centralized Clinic, i.e. 5 km (10 minutes) from the CU's premises. The clinic is manned by 1 Hospital Assistant, 1 Mid-Wife &amp; 3 nurses. For serious cases, the clinic will refer to Hospital Lahad Datu which is about 60 km away from the CU sites. Jeroco 1 CU had one ambulance that service for Clinic Batangan to Hospital Lahad Datu.</p>

## RSPO PUBLIC SUMMARY REPORT

	4.7.7	Occupational injuries shall be recorded using LTA metrics. Minor	Yes	<p>Accident statistics are being maintained and periodically reviewed during safety and health committee meeting. DOSH will be notified if there is an accident with more than 4 days of MC using JKPP 6 form and annual accident statistic using JKPP 8 form. Accident statistic for Jeroco 1 CU were as follow:</p> <p><u>JPOM1</u></p> <ul style="list-style-type: none"> <li>○ Accident statistics are being maintained and reviewed on quarterly basis during 'Health and Safety' committee meeting. This was evident in the minutes of the meeting.</li> <li>○ Last accident incident: 28<sup>th</sup> August, 2012</li> <li>○ No accident and poisoning incidents for 2013, 2014, 2015 and to date 2016.</li> <li>○ JKPP 8 for 2015 was submitted in Jan, 2016.</li> <li>○ Accident statistics are being maintained in a satisfactory manner.</li> </ul> <p><u>Lutong Estate</u></p> <ul style="list-style-type: none"> <li>○ Accident statistics are being maintained and reviewed on quarterly basis during the 'Health and Safety' committee meeting. This was evident in the minutes of the meeting.</li> <li>○ JKPP 8 for 2015 has been submitted to JKPP in Jan, 2016</li> <li>○ To date 2016 – no accidents recorded, 2 accidents were recorded for 2015.</li> </ul> <p><u>Batangan Estate</u></p> <ul style="list-style-type: none"> <li>○ Accident statistics are being maintained and reviewed on quarterly basis during the 'Health and Safety' committee meeting. This was evident in the minutes of the meeting.</li> <li>○ JKPP 8 for 2015 was submitted to JKPP in Jan 2016</li> <li>○ To date 2016 – 5 accidents were recorded and 17 accidents recorded for 2015.</li> <li>○ For 2016 – 1 accident resulted in JKPP 6. No JKPP 7 raised.</li> </ul>
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training program 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 program. Major	Yes	<p>Formal training program which cover all aspects of RSPO P&amp;C was available for year 2016. It was established based on training needs identification. Regular assessments of the effectiveness training were mainly done to routine supervision by the management. Training plan for 2016 has been established with target dates for the training identified. The training program includes:</p> <ul style="list-style-type: none"> <li>• MSDS / CSDS understanding – August, 2016</li> <li>• Fire Extinguisher – August, 2016</li> <li>• First Aid – September, 2016</li> <li>• Fire Drill &amp; Fire Extinguisher – September, 2016</li> <li>• Chemical Spraying – October, 2016</li> <li>• Risk Assessment – October, 2016</li> <li>• Genset Safety – December, 2016</li> </ul>
	4.8.2	Records of training for each employee shall be maintained. Minor	Yes	<p>All training records for each employee involved in the estate operations such as weeding, fertiliser application, pest &amp; disease, harvesting and replanting were available for verification.</p>

## RSPO PUBLIC SUMMARY REPORT

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

Clause	Indicators		Comply Yes/No	Findings
C 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.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major	Yes	<p>The CU had established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) which covers from upstream activities such as FFB reception until downstream processes was sighted during the audit.</p> <p>Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the boiler stack emission which associated with air emission, palm oil mill effluent (POME) discharge and land contamination which related to managing the scheduled waste and also general waste. For the estate operation, the environmental aspects associated with activities from harvesting, pest and disease, upkeep programme until delivery to mill have been identified.</p> <p><u>Air pollution:</u></p> <ul style="list-style-type: none"> <li>• Dark smoke and dust emissions from boiler.</li> <li>• Stack Sampling Report.</li> <li>• The dust emission measurements for both the chimneys' exhaust were well within the limit of 0.400 g/Nm<sup>3</sup></li> <li>• Smoke from generator set. Mitigation: preventive maintenance on engine room.</li> <li>• GHG emission from ETP. Monitoring mechanism in place. Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plans.</li> </ul> <p><u>Water pollution:</u></p> <ul style="list-style-type: none"> <li>• Accidental spillage of scheduled wastes.</li> <li>• Leachate from EFB stockyard.</li> <li>• Accidental overflow Wastewater from ETP.</li> </ul> <p><u>Soil contamination:</u></p> <p>Scheduled wastes generation. The following scheduled wastes are being generated and disposed: SW 110, SW 102, SW 305, SW 410MT. The disposal records were verified. Submission of scheduled waste disposal report to Jabatan Alam Sekitar Negeri Sabah was carried out accordingly. Scheduled wastes were disposed to approved contractor.</p>
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be dev. and implemented within a comprehensive action. The action plan shall identify the PIC. Minor	Yes	The Environment Impact Assessment Management Action Plans and Continuous Improvement Plans for 2016 had been reviewed on June 2016. The Sustainability Executives had monitored the progress of the action plans.
	5.1.3	This plan shall incorporate a monitoring protocol,	Yes	Pollution Identification & Environmental improvement action plan' are being proposed via 'Environmental Impact Assessment Management Action Plans and Continuous Improvement

## RSPO PUBLIC SUMMARY REPORT

		adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a min. 2 years to reflect the results of monitoring and where there are op. changes that may have +ve and -ve env. impacts. Minor		Plans' to monitor the effectiveness of the mitigation measures taken. The 2015 performance have been verified and found to be satisfactory. For 2016, the plan is in the process of implementation.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a HCV assessment that includes both the planted area itself, relevant wider landscape-level considerations. Major	Yes	The report of "Potential High Conservation Value Area Assessment Report of Jeroco 1 CU, Hap Seng Sdn Bhd, Sabah" was available. The report was prepared by the Chief Agronomist in October 2012 and updated in June 2016. The report covered all the High Conservation Value (HCV) within and adjacent to the CU. The HCV assessment had identified the rare, threatened and endangered species (RTEs) for Lutong Estate, Lungmanis Estate, Batangan Estate, and Lokan Estate, including the management and action plan.
	5.2.2	Where RTE species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major	Yes	Jeroco 1 CU had identified potential RTE species, listed as Endangered in the IUCN List, which is Orang Utan and Crocodiles. An appropriate action plan had been made to protect these RTE species.
	5.2.3	There shall be a program to regularly educate the wforce about the status of these RTE species, and disciplinary measures instituted in accordance with co. rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor	Yes	During 2015 audit, Lungmanis Estate had not established appropriate disciplinary measures on capturing, harming, collecting or killing the RTE species as required by the indicator. Thus, a Minor NCR MRS 02 2015 was raised by auditor. It has been confirmed that these actions were taken appropriately, hence the NCR was closed. <ul style="list-style-type: none"> <li>• Lokan Estate and Lungmanis Estate have conducted training on RTE for the staffs and field workers.</li> <li>• Training awareness HCV.</li> <li>• General awareness, morning briefing book verified.</li> <li>• Training on HCV at Batangan Estate.</li> </ul>
	5.2.4	Where an action plan has been created there shall be ongoing monitoring:	No	Jeroco 1 CU committed to discourage any illegal or inappropriate hunting, fishing or collecting activities. Signages to prohibit hunting were erected at guard and forest border. CCTV 24 monitoring was placed at strategic area surrounding the estate to control everything including

## RSPO PUBLIC SUMMARY REPORT

		<ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes monitoring shall be fed back into the action plan.</li> </ul> <p>Minor</p>		controlling the illegal activities. Weekly monitoring of the HCV area (Sg Simpang Forest Reserve and Sg Simpang Kanan river) had been conducted by Lutong and Batangan Estates person in-charge. The monitoring activities was recorded in the HCV patrolling book record. However, the reported HCV and RTE species that were found during the monitoring activities, were not fed back into the action plan. Therefore, Minor NCR KN01/2016 was raised.
	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	Yes	There were no local communities living nearby the CU.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major	Yes	<p>The CU has documented all waste product and the sources of pollution. The environmental management plan was then established to manage the identified wastes and source of pollution. Among the significant environmental receptors for the estates and mill operations were:</p> <ul style="list-style-type: none"> <li>Air: source from boiler stack (smoke and particulate), vehicle &amp; generator (smoke and gases), anaerobic processes (ETP, EFB dumping – biogas emission),</li> <li>Water: cleaning water/run-off/process station waters (hydrocyclone /sterilizer condensate/clarification waste) &amp; boiler quenching water and blowdown.</li> <li>Land: scheduled waste, domestic waste and industrial/process waste.</li> </ul> <p>Identified recyclable wastes are glass, plastic (from household, inner-layer of fertilizer bags), paper (from office &amp; household) and metal (from workshop &amp; household) sent to recycle center.</p>
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major	Yes	Chemical containers were rinsed three times, punched with holes and disposed through approved licensed contractors.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor	Yes	<p>For the identified waste and pollutants, procedures and guideline were established to guide the waste disposal activities and to reduce pollution on the routine operation. Mill process wastes were disposed as follows; EFB sent for mulching in the field, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler.</p> <p>On the monitoring of water and effluent discharge, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval. Effluent quality monitoring was also done on the monthly basis. Sample taken at final discharge point was sent for analysis. Effluent Treatment Plant in place with final discharge leading to land Irrigation. Results of analysis</p>



## RSPO PUBLIC SUMMARY REPORT

				were found satisfactory. On the scheduled waste management, a procedure - Handling of Scheduled Waste. Scheduled Waste was established. The scheduled wastes were disposed to the approved contractor. The storage, management and disposal of the following scheduled wastes were reviewed, noted to be satisfactory.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimized.	5.4.1	A plan for improving efficiency of the use of ff and to optimize renewable energy be in place and monitored. Minor	Yes	The CU has established plan on efficient use of fossil fuels. This was included in the Environmental Impact Assessment Management Action Plans and Continuous Improvement Plans. Fibre and shell were used as fuel in the boiler operation. The management monitors the consumption of diesel and its renewable energy on monthly basis.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003</i> . Major	Yes	Domestic waste landfill at Lutong and Batangan Estates was visited and no evidence of wastes being disposed by burning.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in <i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003</i> . Minor	Yes	There was no replanting carried out in 2016 on both estates visited.
C 5.6 Preamble Growers and millers commit to reporting on operational GHG emissions. However, it is recognized that these significant emissions cannot be monitored completely or measured accurately with current knowledge and meth. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent.	Yes	The identification of environmental impact assessment management action plans had been carried out at Lutong Estate, Batangan Estate and JPOM 1. An assessment of identified polluting activities was conducted and monitored. This included the gaseous emissions, particulate / soot emissions and effluent. 'Environmental Impact Assessment Management Action Plans and Continuous Improvement Plans' – are used to identify the waste products and sources of pollution and being reviewed accordingly, last reviewed in June, 2016. Among the significant environmental receptors for the estates and mill operations were: <ul style="list-style-type: none"> <li>• Air – source from boiler stack (smoke and particulate), vehicle &amp; generator (smoke and gases), anaerobic processes (ETP, EFB dumping – biogas emission),</li> <li>• Water – cleaning water/run-off/process station waters (hydrocyclone /sterilizer condensate/clarification waste) &amp; boiler quenching water and blowdown.</li> <li>• Land - scheduled waste, domestic waste and industrial/process waste.</li> </ul>

## RSPO PUBLIC SUMMARY REPORT

to an implementation period until the end of Dec 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other s/holder groups of the RSPO. Plans to reduce pollution and emissions, incl. GHG, are developed, implemented and monitored.	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major	Yes	Significant pollutants and GHG emissions environmental aspects for air pollution have been identified. Action plan and continuous improvement plan have been established via the 'Greenhouse Gases Management Plans', which was reviewed in Feb 2016. The environmental impact assessment and action plan was established and reviewed in June 2016. The POM mill is in the process of commissioning a biogas plant which is planned to be completed by Sept 2016. The Written Approval for the biogas plant and polishing plant from DOE was verified.
	5.6.3	A monitoring system shall be in place, with reporting on progress for these significant pollutants and emissions from est. and mill ops, using app. tools. Minor	Yes	The CU has used the RSPO's PalmGHG calculator for calculating its GHG emission. The CU has also submitted its calculation report to RSPO Secretariat for review by the Emission Reduction Working Group (ERWG). The PalmGHG Summary report' was submitted to RSPO in Feb 2016.

### Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the 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	Yes	The SIA report for the CU's estates and mill was established since Oct 2012 and updated in June 2016. The report covered all the four estates, namely, Batangan, Lokan, Longmanis, Lutong, and JPOM 1. The report presented the estates' and mill's background information, labour policies, grievance procedures (internal, external land owner issues), sexual harassment policies, facilities and amenities offered by the estates, and the social impact assessment procedures and results. List of stakeholders was updated in June 2016 at Lutong & Batangan Estate and Jeroco POM 1.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major	Yes	The latest stakeholder meeting was conducted in Dec 2015. Appendix 2 'List of Participation during the Stakeholder Consultation' of the report presents the comments made by the various stakeholders as well as the proposed mitigation plans by the estates and mill. Each of the issues raised by the participant was addressed in the action plan. Ex. of stakeholders were the suppliers, contractors, neighboring plantations, MPOA, Immigration Dept., IPD Lahad Datu, Wildlife Dept., and Sabah Forestry Dept.
	6.1.3	Plans for avoidance or mitigation of -ve impacts and promotion of the +ve ones, monitoring of impacts identified, developed in consultation with affected parties, documented timetabled, incl. resp for implementation. Major	Yes	A timetable with responsibilities for mitigation of negative impacts and promotion of the positive impacts and also monitoring were reviewed and updated as necessary. Identifying specific person in charge (PIC) responsible for taking actions on each of the mitigation measures with specific time intervals. The monitoring records were verified at Lutong Estate, Batangan Estate and JPOM 1.
	6.1.4	The plans shall be		The social action plan for Lutong Estate, Batangan Estate and JPOM 1 have been reviewed in

## RSPO PUBLIC SUMMARY REPORT

		reviewed as a min. every 2 years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There evidence that the review includes the participation of affected parties. Minor	Yes	June 2016. The stakeholders meeting has been conducted with participation of affected parties such as suppliers, contractors, neighbouring plantations, MPOA, Immigration Department, IPD Lahad Datu, Wildlife Department, and Sabah Forestry Department. The plans had also included issues raised during JCC and Gender Meetings.
	6.1.5	Particular attention be paid to the impacts of s/holder schemes. Minor	Yes	There was no smallholders scheme at the CU.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication proc shall be documented. Major	Yes	A documented Consultation and Communication Procedures, grievance procedures for internal and external parties have been made available during the audit. The estates and mill maintained records of communication and consultation with external and internal parties. Among the records included the communication with the government agencies, suppliers and their own workers.
	6.2.2	A management official responsible for these issues shall be nominated. Minor	Yes	As stated in the SIA report, the Lutong Estate and Batangan Estate manager are the nominated person to handle social issues. This was evident through the appointment letter dated 1 January 2016 and 31 July 2015 respectively. For the mill, the mill manager was appointed on 2 <sup>nd</sup> December 2014.
	6.2.3	A list of stakeholders, records of all comm, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to i/p from s/holders, shall be maintained. Minor	Yes	The lists of stakeholders were prepared by the CU's headquarters. The lists were updated and included government agencies, suppliers, contractors, schools, bus operators, traders, and neighboring estates.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where	Yes	The estates and mill have developed the procedures for reporting complaints and grievances for stakeholders, to handle grievances and disputes. The procedure covers issues pertaining to safety, health, cleanliness, environment, conflicts, thefts and other work matters. The procedures require the complainant to fill up a complaint form and forward it to the relevant officers of authority. Complaints from workers will first have to go to the <i>mandore</i> and, subsequently, to the assistant manager, manager and the higher authority for decisions, if necessary. Complaints from external parties, will need to go to the chief clerk or assistant manager and subsequently to the higher authority for decision.

## RSPO PUBLIC SUMMARY REPORT

		requested. Major		The system was open to all aggrieved parties and there is evidence that estate community as well neighboring community's use of the Grievances Book. The complaints and their outcomes were recorded and filed. The review of grievances book had to be with permission of estates or mill Manager.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major	Yes	From the review of the records, it was noted that most of the complaints received were on the housing conditions and other services. The records include the name of the person who complained, his address, date, and type of service required. Visits to the line sites at Lutong Estate, Batangan Estate and Jeroco POM 1 confirm that actions were taken on the complaints made by the workers.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major	Yes	The CU had developed procedure to deal with land disputes, squatter disputes, and loss of legal and customary rights. The procedure is titled as "Land Dispute Management" dated June 2016. In the case of boundary disputes, the procedure requires the estate management and the disputing party to negotiate, first, failing which the case will have to be referred to the Headquarters for further negotiation. If negotiation fails, the case will be brought to court for arbitration. Squatter disputes will be handled either by the Employee Relations Department or the Compliance Department depending on whether it involves on-land disputes or former workers staying in estate quarters. Actions will normally be in the form of negotiation or legal proceedings or both. Currently, there was no dispute on customary rights, boundaries or squatters. As such, the use of the procedure cannot be verified
	6.4.2	A procedure for calculating and distributing fair compensation shall be established, impl, monitored & 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 comm; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor	Yes	In terms of compensation, the procedure prescribe the determination of lawful owners, distribution of the compensation, time frame for compensation and calculation for various compensations. So far, there has been no compensation made to any disputing parties. In addition to the above procedures, the Sabah Land Ordinance (SLO) 1930 provides for ways which natives can have titles and rights to lands and who should be compensated if losses are incurred. Land titles can be awarded to natives under sections 9, 15, 76 and 78 of the SLO. Compensation can be paid under section 16 of the Ordinance. Therefore, there exists a legal framework against which the estates have to operate when it involves customary lands rights and determination of compensations.

## RSPO PUBLIC SUMMARY REPORT

	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	Yes	According to the estates' or mill's management and record, there was no dispute recorded in the CU.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major	Yes	Interviews with workers at Lutong Estate, Batangan Estate and Jeroco POM 1 showed that they were understand the information shown in the pay slips. The basic pay was revised with the implementation of the Minimum Wage Order (MWO) whereby each worker will get a minimum pay of RM800.00 per month.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment available in the languages understood by the workers or explained carefully to them by a management official. Major	Yes	Every staff or worker had signed a contract of employment upon joining the estates or mill. As required by the Sabah Labour Ordinance, pay and work conditions are spelled out in this contract which was signed by the workers or staffs. Among others, the contracts spelled out the period of employment, wage rate, work benefits, overtime, annual leave and public holidays. Details on monthly salary and deductions for every worker and staff were shown in their pay slips which were issued to the workers during pay day. Interviews revealed that the workers understood the terms of their employment.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor	Yes	The CU continues to provide free housing, water supply, free medical services, subsidized electricity and free education for foreign children. The conditions of the houses at the estates are good. The compounds were well kept. It was noted that there had been regular requests for repairs as shown in the " <i>borang aduan</i> ".
	6.5.4	Growers and millers shall make	Yes	The grocery shops at Lutong and Batangan Estates had been monitored to improve worker's access to affordable and sufficient food as stated in the social action plan. The prices of essentials

## RSPO PUBLIC SUMMARY REPORT

		demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor		goods were discussed in JCC meeting. No complaint or feedback from the workers regarding the sufficiency of the food.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognizing freedom of association shall be available. Major	Yes	The CU had published statements on freedom of association. The SIA report did mention that the company respects the right of workers to be unionized. Such statements are available in local languages as required by the standards. "Policy on Freedom of Association and Right to Collective Bargaining" dated 22 March 2016 in <i>Bahasa Melayu</i> was verified during the audit.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor	Yes	The workers in the estates and mill were not unionized. There was no formal organization formed among the workers to discuss related work or social matters. However, a Joint Consultative Committee (JCC) was formed to serve as a platform to discuss such issues. This JCC comprises of the estate management, field supervisors, <i>mandores</i> , drivers and clerk. Review of the minutes of the meeting revealed that the scope of issues discussed in the meeting was fairly wide covering work safety and housing matters. The meetings were attended by representative of the employer, local workers and foreign workers. Among the issues discussed were crime, security, basic amenities, sexual harassment, etc.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major	Yes	The CU Labour Policy does not allow children below 18 years old to work in the estates or mill. Visit to Lutong Estate, Batangan Estate and JPOM1 confirmed that no workers below age was found. This was verified through the Employee Master list at the estates and mill.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant groups in the local environment shall be documented. Major	Yes	The CU had published statements to the effect that the company does not practice discrimination in the recruitment of workers or staffs or in paying or promoting them. Such statements were written in the company's "Equal Opportunity Policy" dated 22 March 2016 and publicly available in Bahasa and English.
	6.8.2	Evidence provided that employees and groups including local comm, women, and migrant workers have not been discriminated against. Major	Yes	There were no evidences of discrimination based on race, gender or national origin or any other factors. From the review of the employment letter, it can be confirmed that there were no differences in the terms of employment between foreign and local workers or between male and female workers. These workers live in the same housing complex and enjoy similar benefits. Interviews also revealed that there is no discrimination on any bases in the estates or mill. However, due to government policies, education opportunities differ between local and foreign children.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and	Yes	The CU had advertised vacant position with specific requirement which based on skills, capabilities and working experiences. For employment of foreign workers, both estates had followed the SOP titled ' <i>Syarat-syarat Penggajian Pekerja Asing</i> '.

## RSPO PUBLIC SUMMARY REPORT

		promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor		
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major	Yes	The CU had published policy guidelines relating to sexual harassment. The policy emphasize that sexual harassment is a threat to basic human rights and offenders will be punished accordingly, including termination from work. Each of the estates in the CU had formed a Gender Committee which is responsible for organizing relevant activities and programmes. The committees have met quarterly to organize some activities for the members. Among the activities conducted including briefings on the subject of sexual harassment. The policy had been communicated to all women and men workers during the committee meeting, and during morning musters. During interview with the field workers, they were aware of the policy requirements.
	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	Yes	During this audit, the Policy to Protect Human Right, including 'Policy on Reproductive Rights / <i>Polisi Hak Reproduksi</i> ' dated 2 <sup>nd</sup> September 2015 was placed on notice board at Lutong Estate, Batangan Estate and JPOM 1. Thus a Major NCR MRS 03 2015 was raised by auditor.
	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	Yes	The guidelines prescribed among others, the procedures for reporting sexual harassment, assigning the responsibilities for action as well as the timelines involved. Appendix 1-3 of the guidelines shows the flow chart of reporting the sexual harassment cases. From the review of the records and interviewed with the members of the Gender Committee, it was noted that there was no report on sexual harassment in the estates/mill.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for FFB shall be publicly available. Minor	Yes	It was evident that the mill displayed current and past FFB prices at their notice boards.
	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. Major	Yes	The price of FFB followed the MPOB 'Monthly prices of palm oil products traded in June 2016 (RM/tonne)'.

## RSPO PUBLIC SUMMARY REPORT

	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	Yes	Interviews with suppliers and contractors reveals that the estates/mill treated them very well. The contracts are amenable to changes, particularly on the timing of the job completion. They usually received their payments in the form of cheques on the following month after the job was done.
	6.10.4	Agreed payments shall be made in a timely manner. Minor	Yes	Payments were made through cheques which were issued on the month following the completion of the works. All the interviewees mentioned that, payment has been made very promptly. The records of payments seen testify that the contractors/suppliers have been paid on time.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor	Yes	There was no local community lived nearby or within the CU estate area. However, the CU has built a primary school within the CU area. The primary school has now been officially managed by Ministry of Education and open to children from other estates.
	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	Yes	There were no scheme smallholders at the CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major	Yes	Based on interview with local and foreign workers, men and women (sprayers, harvesters and general workers), it was verified that there were no forms of forced or trafficked labour are used at the visited area. All the passport held by themselves at Jeroco POM 1, Lutong and Batangan Estate.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor	Yes	As verified through employment contract, passport, work permit and interview with foreign and local workers, there was no contract substitution occurred at the visited area.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major	Yes	It was noted the "Labour Policy for Foreign Workers" (dated 28 September 2016) and "Procedure for Hiring Foreign Workers" were available at all the visited sites. The policy had included statement on; <ul style="list-style-type: none"> <li>the non-discriminatory practices &amp; no contract substitution;</li> <li>Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; Decent living conditions to be provided.</li> </ul> Therefore, Major NCR MRS 04 2015 was closed.
C 6.13 Growers and millers respect	6.13.1	A policy to respect human rights shall be	Yes	"Human Rights Policy" was made available at the CU. The policy had been communicated to all staffs and workers during morning muster.



## RSPO PUBLIC SUMMARY REPORT

human rights		documented and communicated to all levels of the workforce and ops. Major		Auditor has verified through interview with workers at Lutong Estate, Batangan Estate and JPOM1.
	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. Minor	Yes	The CU had provided Humana School for foreign workers' children to take care their children while during working hours without any fee.

### Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Jeroco 1 CU has no plan for any new planting and no new development of area was observed during the visit. Thus Principle 7 is not applicable.

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major	-	-
	a)	Reduction in use of pesticides (Criterion 4.6);	Yes	The estates continued to be committed to reduce usage of pesticides. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows. This was to suppress growth of noxious weeds and thus reduce the use of pesticides for selective weeding. Herbicides spraying in both estates was mainly limited to palm circle and harvesting path. Occasionally, woody growth sprayings were carried out whenever necessary. Blanket spraying was not practiced. Both Batangan Estate and Lutong Estate continued to manage pests, disease and weeds using

## RSPO PUBLIC SUMMARY REPORT

			<p>appropriate IPM techniques. Pheromone traps to trap Rhinoceros Beetles were used in both estates' replants and treatment with the insecticide Furadan 3G was only carried when more than 10 Rhinoceros Beetles / week / trap were caught.</p> <p>In order to continuously minimize use of Insecticides, the estate had established nurseries for beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>. This was to establish continuity in the planting of beneficial plants.</p> <p>In the replants on both estates, application of EFB in circles around the palm base in addition to the other benefits was also to prevent/reduce weeds in the palm circles. Covers crops were also planted in the inter rows.</p>
b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	<p>Environmental Impact Assessment Management Action Plans and Continuous Improvement Plans, were established and had been reviewed in June 2016.</p> <p>The significant Environmental Impacts has been identified. Pollution Identification Environmental improvement action plan' has been established and is being monitored. The action plan consists of a general time table with the identification of the necessary function responsible.</p>
c)	Waste reduction (Criterion 5.3);	Yes	<p>Waste products and source of pollution had been identified in the 'List of Waste Generated for Estate and Mill' addressed in the Environmental Impact Assessment Management Action Plans and Continuous Improvement Plans. The action plans were used to identify the waste products and sources of pollution and were being reviewed accordingly.</p>
d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	<p>'Greenhouse Gases Management plans' is used to identify the waste products and sources of greenhouse gaseous is in place and is being reviewed accordingly. The report was using the 'PalmGHG Summary report'. It was noted that the report has been submitted to RSPO on 10<sup>th</sup> Feb 2016.</p>
e)	Social impacts (Criterion 6.1);	Yes	<p>A mechanism to highlight the performance in social aspects in CAPEX had been established. The activities listed in the Plans and the monitoring of the actions taken demonstrated the continuous improvement achieved in matters related to the social aspects. Among the planned developments included the construction of 2 labour quarters at Lutong Estate, maintenance of road condition, supply of treated water to Humana School and government primary school (SK Jeroco) and construction of new 2 blocks of Humana School including one housing block of Humana teacher at Batangan Estate.</p>
f)	Encourage optimising the yield of the supply base	Yes	<p>The CU is part of a well-established organization. Yield performance has always been the top priority in ensuring long-term economic and financial viability. Various efforts have been carried out to optimise the yield of the plantation. This included minimising crop losses, ensuring the soil fertility by timely and well monitored fertilizer application and biomass recycling. Roads and transportation vehicles well maintained to ensure timely and proper crop.</p> <p>Apart from that, the company has always keep itself updated with possible technological options especially in better planting material.</p>

## RSPO PUBLIC SUMMARY REPORT

Attachment 4

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

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator</p> <p><b>5.2.4</b></p> <p>NCR: KN1/2016</p>	<p><b>Minor</b></p>	<p>Where an action plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul>	<p>Estate management has informed the workers through morning muster on the RTE and the importance of feedback to management if RTE be sighted. However, the feedback from workers whenever they have seen the RTE within JGOE were not reported to the management for inclusion into action plan. This is due to the RTE were rarely sighted during office hours.</p> <p>Estate/mill management has incorporated feedback from the workers into action plan in the amended HCV Report (Attachment 1). In additions management will continue to educate the workers whenever they seen any RTE within JGOE and to immediately report to management for record purposes.</p> <p><u>Corrective action</u></p> <p>To continue provide the RTE training to the workers.</p>	<p>The corrective action taken by the CU had been accepted by the auditor. The effectiveness of the action taken will be verified during the next surveillance audit.</p>
<p>Indicator</p> <p><b>4.7.3</b></p> <p>NCR: STK1/2016</p>	<p><b>Major</b></p>	<p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>The recommendation for use of boots for harvesters, made in the SSOP, was not complied with. During site visit to Lutong Estate, three (3) harvesters carrying out harvesting were found not wearing boots. Furthermore, there were no records available to show that they had been provided with the boots.</p>	<p>Harvesters are used to wear their own comfortable shoe even though Lutong Estate has emphasized on safety measure of the importance of using rubber boots during harvesting operation.</p> <p>Lutong estate has immediately provided the rubber boots to the harvester with proper PPE issuance record. Training on safety and health was also immediately conducted for awareness on importance of rubber boots as per Lutong Estate yearly training program.</p> <p><u>Corrective action</u></p> <p>Lutong estate to continue the safety awareness training to the harvester and to ensure it to be implemented accordingly with spot check by the estate and sustainability team.</p>	<p>Training records including attendance list and training material conducted on 18<sup>th</sup> October 2016 at Lutong Estate was verified by the auditor.</p> <p>This was including issuance of PPE (rubber boots) to the harvesters. Pictorial report with acknowledgment of the workers had been verified.</p> <p>Status: Closed.</p>

## RSPO PUBLIC SUMMARY REPORT

Attachment 5

### RSPO Supply Chain at the Jeroco Palm Oil Mill – Identity Preserved – Module D

Item No	Requirement NOV 2014	Findings Standard Nov 2014												
D.1 D.1.1	<b>Definition</b> A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C), Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.	Jeroco Palm Oil Mill 1 (JPOM 1) had continued to receive only RSPO-certified FFBs from the Jeroco 1 Certification Unit (Jeroco 1 CU) supply bases namely the Batangan, Lutong, Lokan and Longmanis Estates. Jeroco POM 1 had also continued to implement the Identity Preserved (IP) model for its RSPO supply chain system. As such, it had not received and processed RSPO-certified FFBs originating from other supply sources (other RSPO-certified estates, out growers and smallholders) and non-certified FFBs.												
D.2 D.2.1	<b>Explanation</b> 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 products (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>For the period from 1 July 2015 to 30 June 2016, all the 203,373.50 MT of the RSPO-certified IP FFBs received were processed to produce a total of 43,781.83 MT of RSPO-certified IP crude palm oil (CPO) giving an oil extraction rate (OER) of 21.52%.</p> <p>During the same period, Jeroco POM 1 had produced a total of 9,972.46 MT of RSPO-certified IP PK. The production rate of PK from the total quantity of RSPO-certified FFB processed was 4.90%.</p> <p>Based on the actual RSPO-certified FFB it had received and processed and the RSPO-certified CPO and PK produced from 1 July 2015 to 30 June 2016, JPOM1 had made the following estimates on the quantity of RSPO-certified FFBs it would be receiving and processing as well as the RSPO-certified CPO and PK it would be producing and delivering (in MT) for the next reporting period from 1 July 2016 to 30 June 2017:</p> <table><tr><td>FFB (IP) Received</td><td>179,358.00</td></tr><tr><td>FFB (IP) Processed</td><td>179,358.00</td></tr><tr><td>Production of CPO (IP)</td><td>39,131.00</td></tr><tr><td>Production of PK (IP)</td><td>8,777.00</td></tr><tr><td>Dispatch/delivery of CPO (IP)</td><td>39,131.00</td></tr><tr><td>Dispatch/Delivery of PK (IP)</td><td>8,777.00</td></tr></table>	FFB (IP) Received	179,358.00	FFB (IP) Processed	179,358.00	Production of CPO (IP)	39,131.00	Production of PK (IP)	8,777.00	Dispatch/delivery of CPO (IP)	39,131.00	Dispatch/Delivery of PK (IP)	8,777.00
FFB (IP) Received	179,358.00													
FFB (IP) Processed	179,358.00													
Production of CPO (IP)	39,131.00													
Production of PK (IP)	8,777.00													
Dispatch/delivery of CPO (IP)	39,131.00													
Dispatch/Delivery of PK (IP)	8,777.00													
D.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).	JPOM1 had been a member of the RSPO and shared the same membership number 1-0098-11-000-00 with its parent company Hup Seng Plantations Holdings Berhad. JPOM1 had continued to hold the e-trace licence number RSPO_PO1000000936 which is valid until 26 September 2016. All sale announcements of RSPO-certified CPO and PK was made by the Sustainability Officer of Jeroco 1 CU.												

## RSPO PUBLIC SUMMARY REPORT

<b>D.3</b> <b>D.3.1</b>	<b>Documented procedures</b> The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	<p>(a) Jeroco POM 1 had revised its standard operation procedures (SOP) entitled <i>Standard Operating Procedures for Supply Chain</i> on the implementation of its supply chain system to be in line with the requirements of the revised RSPO Supply Chain Certification Standard, 21 November 2014 (RSPO Supply Chain Certification Standard). The SOP which was dated 30 November 2015 had incorporated the procedures to address the additional requirements of the RSPO Supply Chain Certification Standard.</p> <p>The SOP had prescribed the traceability system on the RSPO-certified FFBs, CPO and PK as well as the procedures on the harvesting and loading of RSPO-certified FFBs, delivery and reception of these FFBs at the mill, dispatch of the RSPO-certified CPO and PK and monitoring on the quantity of production and delivery of the RSPO certified CPO and PK.</p> <p>(b) The Administration Executive of JPOM1 was still the Management Representative (MR) responsible on the day-to day implementation and maintenance of the mill's RSPO supply chain system. He reported to the Sr. Mill Manager, who was still responsible on the overall supply chain system of JPOM1.</p> <p>Based on the discussions held with the PICs, it was found that they had a good working knowledge on the requirements of the revised RSPO Supply Chain Certification Standard and the implementation of the POM's supply chain system. The Sr. Mill Manager was responsible for writing the SOP on the supply chain system and its implementation since 2013 when the mill obtained its RSPO supply chain certification.</p>
<b>D.3.2</b>	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	JPOM 1 had continued to implement the same procedures as described in chapter 2 of the SOP on the receiving and processing of RSPO-certified certified and non-certified FFB SOP. However, the mill only processed the certified FFB.
<b>D.4</b> <b>D.4.1</b>	<b>Purchasing and goods in</b> The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	<p>An FFB dispatch note issued by the supplying estate still accompanied every lorry load of certified FFBs for delivery to JPOM1. A weighbridge ticket was then issued by the Weighbridge Clerk after each lorry load of RSPO certified FFBs has been weighed at the mill's weighbridge station. These weighbridge tickets were observed to have stated the name of the supplying estate and made references to the FFB dispatch note numbers issued by the supplying estates and the RSPO model 'IP'.</p> <p>During the intervening period since the last audit (1 July 2015 to 30 June 2016), JPOM 1 had received a total of 203,373.50 metric tonnes (MT) of RSPO-certified IP FFBs. All of these FFBs were sources from the Jeroco 1 CU supply base (4 RSPO-certified estates).</p>
D 4.2	The site shall inform the CB immediately if there is a projected overproduction.	There was no projected overproduction of FFBs. The Sr. Mill Manager was aware of the need to inform the certification body concerned if there is a projected overproduction of RSPO-certified FFBs.
<b>D.5D.5</b> .1	<b>Record keeping</b> The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-	JPOM1 had continued to maintain the Daily Production Record to keep an 'account' on the quantity of FFBs it received, processed and production of RSPO certified CPO and PK as well as the delivery and stocks of certified CPO and PK. The Daily Production Record ensures that the quantity of CPO and PK

## RSPO PUBLIC SUMMARY REPORT

	monthly basis.	<p>being delivered had not exceeded that produced by the mill. In addition, Jeroco POM 1 had continued to keep a monthly and quarterly (3-monthly) records on production and sales of RSPO-certified CPO and PK and their stocks.</p> <p>For the period from 1 July 2015 to 30 June 2016, JPOM1 had received a total of 203,373 MT of IP FFBs from the Jeroco 1 CU's supply base. The same quantity of FFBs had been processed during the same period.</p> <p>For the same period also, Jeroco POM 1 had dispatched a total of 39,125.94 MT and 2,273.39 MT of RSPO-certified CPO and PK respectively.</p>
<b>D.6</b>	<b>Processing</b>	
D.6.1	The site shall assure and verify through documented procedures and record keeping that the RSPO certified palm oil product is kept segregated from non-certified material including during transport and storage.	JPOM 1 had continued to process only RSPO-certified FFBs. As such, there was no risk of the CPO and PK produced being mixed with non-certified palm oil products during the processing, storage and transportation to the buyer.
D.6.2	The objective is for 100% segregated material to be reached	Technically, all the incoming RSPO-certified FFBs received and processed and the RSPO-certified CPO and PF produced by the POM were free from being contaminated,

## RSPO PUBLIC SUMMARY REPORT

Attachment 6

### Status of Non-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Assessors
Indicator 1.2.1  NCR: MRS 01 2015	Major	<ol style="list-style-type: none"> <li>HCV documentation summary was not made available to the public by Lungmanis Estate.</li> <li>Negotiation procedures (C6.4) was not made available to public by Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM <ol style="list-style-type: none"> <li>A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</li> <li>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.</li> </ol> </li> </ol>	<p>Auditor had received HCV documentation summary titled 'Summary of High Conservation Value (HCV) at Jeroco Group of Estates' and negotiation procedures. The procedure and request form has been made publicly at Jeroco POM 1 and estate's noticeboard.</p> <p>During this Surveillance Audit (2016), the CU have established the HCV's documentation summary, and posted at each notice boards at Lutong and Batangan estates, as well as Jeroco POM 1. It was also noted that the CU had established "Land Dispute Management". This procedure was distributed by Agronomy Department to all estates and POM on 2<sup>nd</sup> June 2016. This procedure had also been posted at notice board at Lutong Estate, Batangan Estate and Jeroco POM 1.</p> <p><b>Status: Closed</b></p>
Indicator 5.2.3  NCR: MRS 02 2015	Minor	Auditor did not found any evidence to show that Lungmanis Estate has established appropriate disciplinary measures as required by the indicator.	<p>An official memo from Jeroco 1 CU for disciplinary measures titled 'Disciplinary Measures Against Any Activities Involved with Rare Threatened &amp; Endangered Species (RTE)' dated 7 September 2015 was verified by auditor.</p> <p>The records below were verified;</p> <ul style="list-style-type: none"> <li>Lokan Estate and Lungmanis Estate have conducted training on RTE for the staffs and field workers.</li> <li>Training awareness HCV for specific workers that in-charge water catchment pond at Sg. Simpang Kiri, Lokan Estate.</li> <li>General awareness during the morning briefing.</li> <li>Morning briefing at Lutong Estate.</li> <li>Training on HCV at Batangan Estate.</li> </ul> <p><b>Status: Closed</b></p>

## RSPO PUBLIC SUMMARY REPORT

Indicator 6.9.2  NCR MRS 03 2015	Major	A policy to protect women reproductive rights was not available at Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM.	<p>The CU had established a policy to protect women reproductive rights titled 'Policy on Reproductive Rights'.</p> <p>The Policy to Protect Human Right dated 2<sup>nd</sup> September 2015 was placed on notice board at Lutong Estate, Batangan Estate and Jeroco POM 1.</p> <p><b>Status: Closed</b></p>
Indicator 6.12.3  NCR: MRS 04 2015	Major	<p>1. Labour policy for foreign workers was made available at Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM. However, the policy did not include statement as described by specific guidance in the indicator.</p> <p>2. Procedure for employment of foreign workers was not available Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM.</p>	<p>1. Jeroco 1 CU had revised their labour policy for foreign workers titled 'Labour Policy for Foreign Workers' by following specific guidance under this indicator.</p> <p>2. Jeroco 1 CU had established procedure for employment of foreign workers titled 'Procedure for Hiring Foreign Workers &amp; Recruitment of Fresh Workers from Indonesia'.</p> <p>The "Labour Policy for Foreign Workers" and "Procedure for Hiring Foreign Workers" were verified at the time of audit.</p> <p>Labour policy for foreign workers was made available at Lutong Estate, Batangan Estate and Jeroco POM 1. The policy had included statement as described by specific guidance in the indicator;</p> <ul style="list-style-type: none"> <li>• Statement of the non-discriminatory practices;</li> <li>• No contract substitution;</li> <li>• Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; Decent living conditions to be provided.</li> </ul> <p>Therefore, Major NCR MRS 04 2015 was closed.</p> <p><b>Status: Closed</b></p>