PUBLIC SUMMARY
2ND RSPO SURVEILLANCE ASSESSMENT

AUDIT DATE: 10th – 13th AUGUST 2015

HAP SENG PLANTATIONS HOLDINGS BERHAD,
JEROCO PALM OIL MILL 1 CERTIFICATION UNIT
LAHAD DATU, SABAH
MALAYSIA

Prepared by:

Food, Agriculture and Forestry Section
SIRIM QAS INTERNATIONAL SDN BHD
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri, Section 2,
P.O. Box 7035, 40700 Shah Alam, Selangor,
MALAYSIA
Tel : 603-5544 6440
Fax : 603-5544 6763
Website: www.sirim-qas.com.my

	SIRIM QAS INTERNATIONAL SDN. BHD. Building 4, SIRIM Complex, No. 1 ,Persiaran Dato' Menteri, Section 2, P.O. Box 7035, 40911 Shah Alam, Selangor, Malaysia.	**File Ref. : EH04760001**
	RSPO PRINCIPLES & CRITERIA MY-NI ANNUAL SURVEILLANCE ASSESSMENT (ASA2) REPORT	

CLIENT : HAP SENG PLANTATIONS HOLDINGS BERHAD
JEROCO PALM OIL MILL 1 CERTIFICATION UNIT

CERTIFICATION UNIT (MILL AND SUPPLY BASE INCLUDING SMALLHOLDER (if applicable)

1) **JEROCO PALM OIL MILL 1**
2) **BATANGAN ESTATE**
3) **LUTONG ESTATE**
4) **LOKAN ESTATE**
5) **LONGMANIS ESTATE**

AUDIT DATE : 10-13 AUGUST 2015 **DURATION : 12 auditor days**

STANDARD : RSPO P&C MYNI 2014 AND RSPO SUPPLY CHAIN STANDARD, 2014

SCOPE OF REGISTRATION (specify sites, tonnages and/or approved processes and model(s) :
PRODUCTION OF CRUDE PALM OIL AND PALM KERNEL USING IDENTITY PRESERVED MODEL

NO OF EMPLOYEES (Applicable to the scope of activities audited) : 1,181

The following attachments form part of this report:

Non-conformity Report(s)	√	List of additional site(s)	

Table of contents

List of Abbreviations..... 4

1.0 Scope of Surveillance Assessment Report
- 1.1 Introduction..... 6
- 1.2 Location of Mill and Supply Base..... 6
- 1.3 Production Volume of All Certified Products..... 7
- 1.4 Certification Details..... 8
- 1.5 Description of Fruit Supply Base..... 9
- 1.6 Organisational Information / Contact Person(s)..... 10

2.0 Assessment Process
- 2.1 Certification Body..... 10
- 2.2 Assessment Team Members..... 10
- 2.3 Assessment Methodology and Programme..... 11

3.0 Assessment Findings
- 3.1 Summary of Findings..... 12
- 3.2 Identified Non-conformities..... 59
- 3.3 Status of Non-conformities Previously Identified..... 59
- 3.4 Issues Raised by Stakeholders..... 59
- 3.5 Noteworthy Positive and Negative Observation..... 59

4.0 Assessment Recommendation and Date of Closing Non-conformities..... 59

5.0 Date of Next Surveillance Assessment..... 60

List of Appendix

Attachment 1	:	Location map of Jeroco POM 1, Lahad Datu, Sabah Malaysia.....	61
Attachment 2		Location map of Estates under supply base of Jeroco POM 1.....	62
Attachment 3		Assessment Programme.....	63
Attachment 4		Detail of Non-conformities and Corrective Actions Taken.....	67
Attachment 5		Verification Of Previous Audit Findings.....	69

List of Abbreviations

BOD	Biochemical Oxygen Demand
B.Sc.	Bachelor of Science
CA	Collective Agreement
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CU	Certification Units
DID	Drainage and Irrigation Department, Malaysia
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EB	Executive Board
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EPD	Environmental Protection Department (Sabah)
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory and Machinery Act
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organization for Standardization
JCC	Joint Consultative Committee
MSDS	Material Safety Data Sheet
MPOA	Malaysian Palm Oil Association

MPOB	Malaysia Palm Oil Board
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NADOOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NCR	Non-Conformity Report
NGO	Non-Governmental Organisation
OER	Oil Extraction Rate
OG	Oil & Grease
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
OHSAS	Occupational Health and Safety Assessment Series
Ph.D.	Doctor of Philosophy
PIC	Person-In-Charge
PK	Palm Kernel
PMM	Proposal of Mitigation Measure
PIR	Public Information Request
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PTW	Permit To Work
QMS	Quality Management System
RSPO	Roundtable on Sustainable Palm Oil
SIA	Social Impact Assessment
SOCSO	Social Security Organization
SOP	Standard Operating Procedure
UKAS	United Kingdom Accreditation Services
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

1.0 Scope of Surveillance Assessment Report

1.1 Introduction

The certification unit (CU) of Hap Seng Plantations Holdings Berhad (HSPHB), Jeroco Certification Unit, was assessed for certification against the RSPO Principles and Criteria for Sustainable Palm Oil Production, Malaysia National Interpretation Working Group (RSPO MYNI) and RSPO Supply Chain Certification System (SCCS) Requirements. The main assessment was conducted on 10th, 11th and 14th December 2012.

Hap Seng Plantations Holdings Berhad (HSPHB) is a member of RSPO since 2nd September 2005. HSPHB is one of the main divisions within Hap Seng Consolidated Berhad (HSCB) which consist of 6 business division ranging from plantation to automotive business. HSPHB was incorporated in Malaysia as a private limited company on 18th April 2007 as Hap Seng Plantations Holdings Sdn Bhd. It was subsequently converted into a public limited company on 3rd May 2007 and is now known as Hap Seng Plantations Holdings Berhad.

The certification unit (CU) of Jeroco POM 1 is one of the subsidiaries under HSPHB, located at Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia. At companywide, it is known as Jeroco Group of Estates.

JPOM1 consists of one mill and four fresh fruit bunches (FFB) supplying estates, i.e. Batangan, Lutong, Lokan and Lungmanis. It was first established in 1983. The milling capacity of Jeroco POM 1 was 60 mt/hr. Jeroco POM 1 only received and processed FFB from their own estates. The total combined land area of the four (4) estates is 11,436 hectares (Ha) of which **10,380** Ha had been planted with oil palm.

1.2 Location of Mill and Supply Base

The Jeroco CU covers one palm oil mill and four oil palm estates, all located at Off 40 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia. The locations and area details of the mill and estates are shown in Table 1.

Table 1: Location Coordinates and Area of Jeroco POM 1 (mill and estates)

Mill/Estate	Year of establishment	Area (Ha)		GPS Location (Office)	
		Titled	Planted	Latitude	Longitude
Jeroco 1 POM		NA	NA	N 5° 25’ 52”	E 118° 25’ 02”
Batangan	1983	3,633	3,394	N 5° 24’ 43.7”	E 118° 26’ 59.8”
Lutong	1983	2,448	2,194	N 5° 21’ 55.6”	E 118° 26’ 26.2”
Lokan	1985	3,155	2,837	N 5° 25’ 51.8”	E 118° 22’ 57.8”
Lungmanis	1995	2,200	1,955	N 5° 28’ 46.3”	E 118° 24’ 11.3”
Total		11,436	10,380		

The location map of the CU is shown as in Attachment 1 and 2.

1.3 Production Volume of All Certified Products

Table 2: Actual FFB contribution by each estates and other sources to JPOM1 of the last reporting period (June 2014 to July 2015)

Operating Unit	FFB Contribution	
	MT	%
Batangan Estate	42,652.97	18.89
Lutong Estate	32,389.76	14.35
Lokan Estate	62,844.36	27.84
Kapis Estate	4,988.20	2.21
Lungmanis Estate	44,589.28	19.75
SS1	1,621.26	0.72
BME	4,739.52	2.10
Tomanggong Estate	1,636.47	0.72
Tagas Estate	2,080.17	0.92
Litang Estate	1,426.87	0.63
Outsiders (non-certified)	26,801.51	11.87
Total	**225,770.37**	**100**

Table 3: Projected FFB Contribution by each Estate and other sources to JPOM1 for the next reporting period (August 2015 to July 2016)

Operating Unit	FFB Contribution	
	MT	%
Batangan Estate	48,730.00	25.88
Lutong Estate	28,640.00	15.21
Lokan Estate	52,930.00	28.11
Lungmanis Estate	44,830.00	23.80
*Kawa Estate	13,190.00	7.00
Outsiders (non-certified)	-	-
Total	**188,320.00**	**100**

*Kawa Estate has been certified by PT TUV Rheinland Indonesia in October 2015.

Table 4: Actual FFB received and CPO & PK dispatch by JPOM1 of the last reporting period (June 2014 – July 2015)

	Total (MT)
FFB Received	197,331.43
FFB Processed	197,331.43
CPO Production	43,906.51
PK Production	9,691.94
Certified CPO sold as Segregation	8,516.34
Certified PK sold as Segregation	4,769.81
Certified CPO sold as Mass Balance	4,858.01
Certified PK sold as Mass Balance	4,039.47
CPO sold as non-certified	28,317.76
PK sold as non-certified	819.14

Table 5: Projected FFB received and CPO & PK dispatch by Jeroco 1 POM for the next reporting (August 2015 – July 2016)

	Total (MT)
*Certified FFB Received	188,320.00
Total CPO Production	41,200.00
Total PK Production	9,394.00
Certified IP CPO production	41,200.00
Certified IP PK production	9,394.00

*Certified FFB Received = FFB from main supply base + FFB from Kawa Estate (certified independent estate)

Note:
The JPOM1 mill has changed their supply chain module from segregation (SG) to identity preserved (IP) on 13 August 2015. The actual production for the period 8 September 2014 till 13th August 2015 is according to supply chain is used. Based on Table 5, the total projections of certified IP CPO and PK of JPOM1 for the next reporting period are 41,200 mt and 9,394 mt respectively.

Date	**8 September 2014**	**13 August 2015**
JPOM1	SG	IP

1.4 Certification Details

Parent company : Hap Seng Plantations Holdings Berhad
RSPO Membership Number : 1-0098-11-000-00
Member since : 2005
Certificate Number : RSPO 0018
Date of previous assessment : 17th – 23rd November 2012
Date of certification : 27th September 2013

1.5 Description of Fruit Supply Base

The planting profiles of all the directly managed supply bases are stated in Table 6 to Table 9.

Table 6: Batangan Estate

Year of Planting	Planting cycle (1st/2nd Generation, etc.)	Mature /Immature	Area (Ha)	Percentage of mature/immature
2004	2nd	Mature	450	13.3
2006	2nd	Mature	388	11.4
2008	2nd	Mature	151	4.4
2009	2nd	Mature	148	4.4
2010	2nd	Mature	280	8.2
2011	2nd	Mature	682	20.1
2012	2nd	Mature	458	13.5
2013	2nd	Immature	406	12.0
2014	2nd	Immature	151	4.4
2015	2nd	Immature	280	8.2
Total			3,394	100

Table 7: Lutong Estate

Year of Planting	Planting cycle (1st/2nd Generation, etc.)	Mature /Immature	Area (Ha)	Percentage of mature/immature
1989	1st	Mature	150	6.8
1999	1st	Mature	157	7.2
2004	2nd	Mature	42	1.9
2006	2nd	Mature	456	20.8
2007	2nd	Mature	159	7.2
2011	2nd	Mature	157	7.2
2012	2nd	Mature	146	6.7
2013	2nd	Immature	306	13.9
2014	2nd	Immature	318	14.5
2015	2nd	Immature	303	13.8
Total			2,194	100

Table 8: Lokan Estate

Year of Planting	Planting cycle (1st/2nd Generation, etc.)	Mature /Immature	Area (Ha)	Percentage of mature/immature
1987	1st	Mature	296	10.4
1989	1st	Mature	161	5.7
1995	1st	Mature	239	8.4
1998	1st	Mature	439	15.5
1999	1st	Mature	1,309	46.1
2014	2nd	Immature	244	8.6
2015	2nd	Immature	149	5.3
Total			2,837	100

Table 9: Lungmanis Estate

Year of Planting	Planting cycle (1st/2nd Generation)	Mature /Immature	Area (Ha)	Percentage of mature/immature
1995	1st	Mature	1,032	53
1996	1st	Mature	923	47
Total			1,955	100

1.6 Organisational Information / Contact Person(s)

Name : Kee Keow Chong (Mr.)

Designation : 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

Telephone : +089278183,+089278138

Fax : +6089278168/186

e-mail : keekc@hapseng.com.my

2.0 Assessment Process

2.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the oldest and 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 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 Secretariat of the United Nations Framework Convention for Climate Change (UNFCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. We have also conducted pre assessment against RSPO Principle and Criteria.

SIRIM QAS International was approved as a RSPO certification body on 21st March 2008.

2.2 Assessment Team Members

The assessment team consisted of three assessors and one observer. The details of the assessors and their qualification are detailed below:

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
Mohd Razman Salim	Assessment Team Leader/ Assessor / HCV and social issues	• Six years working experience related to forest management • Successfully completed IRCA accredited Lead Assessor training for OHSAS 18001 in 2005 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001 in 2004. • Successfully completed IRCA accredited Lead Assessor training for ISO 14001 in 2002 • B. Sc. Forestry
Valence Shem	Assessor / GAP, safety and environmental issues	• Collected more than 350 Auditor days in auditing various scheme i.e. ISO 14001, RSPO P&C and RSPO Supply Chain • Nine years' experience in Oil Palm Plantation management • Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 • B.Tech. (Hons) Industrial Technology • Successfully completed and passed the RSPO Lead Assessor Course in 2011.
Mohd Hafiz Mat Hussain	Mill Best Practice/OHS and environmental issues	• 4 years experience in Oil Palm Plantation. • Successfully passed ISO 9001, OHSAS 18001 & ISO 14001:2004 Lead Auditor Course. • B.Sc. (Hons) Technology in Plantation Management – University Teknologi Mara.

2.3 Assessment Methodology and Programme

The surveillance assessment was guided by the sampling formula of 0.8 √y. Nonetheless, all the estates were visited in this assessment but were assessed with different elements of the standard. The mill is assessed in every assessment.

The assessment team carried out field and office assessments for conformance against the RSPO-MY principles and criteria. The visits also covered HCV habitats, labour lines, storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for individual estates. Interviews, particularly those with employees, local communities and suppliers were conducted formally as well as informally, without the presence of company management personnel. In addition to that, records as well as other related documentation were also reviewed.

It is important to note that the finding from this assessment is based on samples taken from the organization activities, procedures, records etc. Statistically, there is always a possibility that one or more problematic issues/areas will remain unidentified during the course of this audit. The absence of non-compliance in any area or activity does not necessarily imply that no lapses or non-compliance exist.

The assessment programme is in Attachment 3.

3.0 Assessment Findings

3.1 Summary of Findings

The findings of the Annual Surveillance Assessment 2 were presented during the on-site closing meeting. There were three (3) major and one (1) minor nonconformity reports (NCR) being raised on the Jeroco CU's compliance against the requirements of the RSPO MY-NI. The details of the NCR and the corrective actions taken are as in Attachment 4.

The detailed findings of the assessment on the CU's compliance with the requirements of the RPSO MYNI are as follows:

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.	Yes	HSPHB is committed to transparency by allowing all information pertaining to environmental, social and legal issues to be publicly available upon request. There was procedure available on communication as evidenced in Jeroco CU, Document No.: HSPSB P1 1120 entitled *"Procedure Memohon Maklumat"* (Request for Information Procedure). It was last updated in November 2012. DOE has requested an EIA report from Lokan Estate for usage of fertilizer, chemical usage and diesel dated 30 March 2015. The estate has replied the information in June 2015 – Enviromental Compliance Report. Jabatan Perangkaan Malaysia Negeri Sabah has requested information of local and foreign workers from the CU dated 7 May 2015. And the CU has given the information dated 9 May 2015. The procedure had involved internal and external consultation.The procedure provided a form to be filled up by any stakeholder who has the interest to request any information pertaining to Principle 1. Nonetheless, the method of requesting information was not limited by filling up the form alone. It was also described in the procedure that other means of request such as verbal or in writing, would also be entertained.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	The records such as official letter from authority department such as DOE and Labour Department and also responses were maintained in the communication file. At the point of this assessment, there has been no request for such information by the public.
C 1.2	1.2.1	Land titles/user rights (Criterion 2.2);	Yes	

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.				The right to use the land at Jeroco CU can be demonstrated and not disputed by any party. Assessor sighted that there were clear land ownership documents.
		Occupational health and safety plans (Criterion 4.7);	Yes	Safety and Health plan was available at all 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 plan was updated and each of issues was identified for each of the CUs and discussed them in their respective report. Lokan Estate, Lungmanis Estate, and Jeroco 1 POM have conducted social assessement titled 'Social Impact Assessment, Management Action Plans and Continuous Improvement Plans' dated 19 October 2012. The plan has been reviewed on 20 July 2015. The environment impact assessment management action plan was update on June 2015 by Executive Sustainability and each of issues was identifed for each of the CUs and discussed.
		HCV documentation summary (Criteria 5.2 and 7.3);	No	HCV documentation summary was not made available to the public by Lungmanis Estate. Thus, a **Major NCR MRS 01 2015** was raised by auditor.
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	Action plan to mitigate pollution is available for public. Cross refer to C5.6.
		Details of complaints and grievances (Criterion 6.3);	Yes	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 (Buku Aduan). The complaints and their outcomes were recorded and filed. The review of grievances book has to be with permission of Manager.
		Negotiation procedures (Criterion 6.4);	No	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 for arbitration. Negotiation procedures (C6.4) was not made available to public by Lungmanis Estate, and Jeroco 1 POM. Thus, a **Major NCR MRS 01 2015** was raised by auditor.
		Continual improvement plans (Criterion 8.1);	Yes	HSPHB has committed to utilize the established system to regularly monitor and review their key activities at the mill and estates, and initiated where 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 update accordingly.
		Public summary of certification assessment report;	Yes	The surveillance 1 audit public summary has made publicly available at website. The report can be assess through this link: http://www.sirim-qas.com.my/attachments/article/364/PS%20-%20Jeroco%20ASA%201.pdf
		Human Rights Policy (Criterion 6.13).	Yes	Human Rights policy was made available at Lokan Estate, Lungmanis Estate and Jeroco 1 POM.
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 Compliance	Yes	Jeroco 1 POM has documented policy to committing on integrity for all their staffs and workers by publishing a book for Gek Poh Holdings Corporate Culture – 7. Individual Conduct. The CU has communicated the policy for new staffs and foreign workers during induction course. Example: 8 new foreign workers at Jeroco 1 POM has been briefed with the policy dated 15/5/2015.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

<table>
<tr><th>Clause</th><th colspan="2">Indicators</th><th>Comply Yes/No</th><th>Findings</th></tr>
<tr><td>C 2.1
There is compliance with all applicable local, national and ratified international laws and regulations.</td><td>2.1.1</td><td>Evidence of compliance with relevant legal requirements shall be available.
Major Compliance</td><td>Yes</td><td>Generally, Jeroco CU continued to comply with most of the applicable local, national and ratified international laws and regulations. Relevant licences and permits were verified at Lungmanis Estate:
• Energy Commission and Domestic Trade Ministry for diesel storage – valid until 16/8/16 for 54,000 lt, permit no. S 016559 (Lokan Estate)
• DOSH Certificate of fitnss for the air compressor; Permit No: PMT-SB 44273, Expiry on 03/08/2016 (Lungmanis Estate)
• Licence from Suruhanjaya Tenaga – available during the audit ;
1. License No:SSD 340/2015, Expiry on 28/06/2016 (Lungmanis Estate)
2. License No:SSD 339/2015, Expiry on 10/05/2016 (Lokan Estate)
3. License No:SSD 206/2015, Expiry on 21/5/2016 (JPOM1)
4. License No:SSD 798/2014, Expiry on 22/2/2016 (JPOM1)
• DOE’s written approvals for generator sets:
1. Cert No. APU.2 [J59/95/13, J60/96/13] (Lungmanis Estate).

JPOM 1 for instance, still continued to comply most of the applicable laws and regulations with regards to :
Factory and Machinery Act 1967
i) Person In Charge Regulation 1970
<table>
<tr><td>Competent person</td><td></td></tr>
<tr><td>Steam engineer</td><td>Two 2nd grade engineer</td></tr>
<tr><td>Engine Driver (BHC)</td><td>One 1st grade driver
One 2nd grade driver</td></tr>
<tr><td>ICE driver</td><td>One 1st grade ICE driver</td></tr>
</table>
</td></tr>
</table>

				<table><tr><td>AESP</td><td>3 competent persons for AESP</td></tr><tr><td>AGT</td><td>2 competent persons for AGT</td></tr></table> As per certification assessment finding on person in charge, JPOM 1 has already comply with the new amendment on FM (Person In-Charge) Regulation. ii) ***Steam Boiler and Unfired Pressure Vessel 1970*** Name plate affixed at tank – Boiler name plate PMD 10301, PMD 5175, PMD5177 & PMD5199 and manufacture name plate was found affixed to the boiler. iii) ***Notification, Certificate of Fitness and Inspection, Regulations 1970*** Machine requiring CF – Steam boiler and unfired pressure vessel are scheduled for inspection on annual basis. Annual mill inspection was carried out on 13/5/2015 (JPOM1). iv) ***Noise Exposure Regulations 1989*** Audiometric testing has been carried out annually since the initial certification assessment. The last audiogram was conducted on 16-19/12/2014. Refer to audiometric report endorsed by registered OHD, Dr Sim Yong Sing, JKKP NO. HQ/11/DOC/00/223. It was found that total of 4 persons identified having the hearing impairment and 10 person detected with STS (standard threshold shift). Retest was done for the STS workers on 13/3/2015 and found that the said worker has valid result of hearing impairment. All identified hearing impairment workers were schedule for annual testing on 16/12/15 and were provided with the suitable PPE/ noise protector for their jobs. ***EQ (Prescribed Premise) Crude Palm Oil Regulations 1977*** Requirement in *"Jadual Pematuhan"* License number and validity period – 003449, (1/7/15 – 30/6/16) Discharge method – land irrigation As per requirement under EQA 1974 amendmend on section 49A as well as in the clause 18, *Jadual Pematuhan*, Jeroco CU has comply with the requirement on competent person for managing the schedule waste and air pollution control equipment. 1. Schedule waste:Hoh Kam Hoe 2. Bag filter operation: Razmil Majit 3. CEPPOME: Lee Soon Yung

				Air monitoring **a) Black smoke** – The smoke density indicator alarm for boiler no.1, 2 & 3 was function during site review at JPOM 1. Next calibration was on 3/8/2016. CEMS-DIS was function at JPOM1 and the last services was carried out on 23/6/2015 by Surewin Electrical & Instrument Engineering. Hence, the last year NCR #MH1 was closed. **b) Particulate** – < 0.4 g/Nm^3 (Std C), stack sampling (quarterly) Stack sampling has been carried out as per required frequency 13/2/2015 & 5/8/2015-JPOM1). Results of isokinetic stack sampling was found to be below the regulated limit of 0.4 g/Nm^3. The stack sampling was carried out by Uniquejaya Environmental Services. **<u>Scheduled Waste Regulations 2005</u>** Some issues were sighted and still needs much improvements with regards to : i) ***Regulation 3*** *(Notification of scheduled waste generated*) During site review it was found that there was 4 type of SW generated and all the type of S/W were notified to DOE. ii) ***Regulation 7*** *(Application of special management of scheduled waste)* SW404 (clinical waste) generated and temporary stored at own estate before disposal. Sg Segama estate clinic was selected for centralized storage for all the estates before sent for disposal. However, the management has appoint Klinik Felda Kalabakan (Reg. No:231201-08355-11) to collect the Clinical waste. The inventory was kept up to date. iii) ***Regulation 9*** *(Storage of scheduled waste < 180 days)* It was found that scheduled waste generated at JPOM 1 stored not more than 180 days. Last disposal was made on 2/6/2015. iv)***Regulation 11*** *(Inventory of scheduled waste)* Inventory (5th Schedule) was up to date and tally with the physical stock at the storage area. Verified (JPOM 1) 5th Schedule was updated and reported using E-consignment note (ECN) system was carried out accordingly. ***Highly Toxic Pesticides Regulations 1996*** *– Regulation 3 (Prohibition), Regulation 4 (Maintenance of record)* Lungmanis and Lokan Estate had no P&D out break.No Class 1B chemical named (Methamidophos) was used. However the management of the estates was register the related act in their legal register. ***OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations* 2000**

				Chemical exposure monitoring was carried out on 25/7/2014 for the lab operators. However the mill welder was not include in the chemical exposure monitoring since the monitoring was based on the CHRA Report on 2011. i)*Regulation 27 (health surveillance programme)* Health surveillance programme was not carried out in timely manner for chemical listed in (Schedule 2), N-hexane. Last medical surveillance was conducted on 22/5/15 for JPOM1. Among the license or permit sighted were: i) MPOB License for Lungmanis Estate: #503267102000, *Menjual dan Mengalih FFB*, Area 1,967 Ha, validity 1/12/2014 to 30/11/2015. ii) MPOB License for Lokan Estate: #501994202000, *Menjual dan Mengalih FFB*, Area 2,837 Ha, validity 1/3/2015 to 29/2/2016.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained Minor Compliance	Yes	Document named List of Register Law is available and last updated on 3/8/2014 by its Estate Manager at all operating unit audited. The document was available for viewing.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	Yes	Generally, Jeroco CU has the mechanism for ensuring all the applicable legal requirements are implemented. The mechanism is by the implementation of internal checking by its Assistant In-Charge through evaluation of compliance exercise against the legal register. The evaluation was carried out last on 1/8/2015 (Estate) and 2/2/2015(JPOM1).
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	HSPHB has established documented system for identifying and tracking the updates of the applicable legal requirements through various media such as 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	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right	Yes	The right to use the land at Jeroco CU can be demonstrated and not disputed by any party. Assessor sighted that there were clear land ownership documents. Land titles were available in documents. The original copies of the documents however, 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. Document review

demonstrate that they have legal,customary or user rights		(NCR) land) and the actual legal use of the land shall be available. Major Compliance		shows it was confirmed the terms of the land title for all the estates cultivation of an agricultural crop of economic value have been complied.
	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 Compliance	Yes	The perimeter boundary of the estates was visibly maintained by erecting pegs along the boundary, especially the ones that adjacent to state land and forest reserves. During the site review, most of the boundary stones had been located and visibly maintained at Lokan Estate and Lungmanis Estate.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	Yes	**T**here was no land is encumbered by customary rights or dispute from any stakeholder at Jeroco CU.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	Yes	During this surveillance audit, there was no land conflict occurred.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including	Yes	During this surveillance audit, there was no land conflict occurred.

		neighbouring communities and relevant authorities where applicable). Minor Compliance		
	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 Compliance	Yes	Auditor had verified through Stakeholders Meeting and interview with management and other oil palm plantation companies that there was no conflict raised due to violence action taken by Jeroco CU to maintaining peace and order in their current and planned operations. Jeroco CU had employed watchmen in order to guard of their workers, staffs, childrens life, their belongings and companies 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 recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	Yes	This requirement is not applicable for Jeroco CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been	Yes	This requirement is not applicable for Jeroco CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.

		provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	Yes	This requirement is not applicable for Jeroco CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	Yes	This requirement is not applicable for Jeroco CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.

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 (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Yes	A documented business plan with three years projection is available for verification. The business plan normally came from top management and later disseminated to the operating units. The communication mainly through various management meetings. Through verification of meeting minutes, generally the management plan is focusing on maximising productivity and minimizing losses.
	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	Yes	The replanting programme for the next five years had been prepared as sighted in the "Replanting programme 2014 to 2020". This programme is reviewed once a year and is incorporated in their annual financial budget. The programme was being implemented as scheduled.

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,consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	Yes	The documented standard operating procedure were documented namely Safety And Standard Operating Procedure, dated 2011 and was available on site which covered the safe working practices of all the field operation such as harvesting, manuring, herbicides & pesticides application, workshop, genset operation, oil trap, schedule waste store. The Major NCR MH2 was raised during the ASA1 was verfified. The Safety Procedure for Trunk Injection Using Enforce was revised dated 4/8/2015.Thefore the NCR MH2 was closed accordingly. Oil Palm Agriculture Policy (OPAP), established on1/4/1994, last revised October 2014 is in place for estate operation covering the estate operations such as land clearing, harvesting evacuation, field upkeep, replanting and pest & disease. Through random interviews held with workers, they generally understood the requirements of these documents and their level of understanding on the contents of the SOP was found acceptable. Mill operation for instance, had continued to implement SOP that covered aspects related to oil palm processing, boiler operation, effluent treatment plant, laboratory, workshop activity and chemical and waste handling procedures. For the laboratory activities, the established procedure was updated accordingly on 12/12/2014.The permit to work procedure has been established to monitor in-house and contractors working in the premise. Permit to work in confined space was established and updated accordingly on 20/9/2014 to include the component under the Industrial Code Of Practice for Confined Space 2010. Competency of person who involved in the confined space entry programme and health declaration of the personnel has been included in the procedure.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	Yes	Various mechanisms of checking the implementation of procedures were consistently conducted. Among the records verified were: i) Biannual Plantation Advisory visit (last visit 21-22/1/2015-Lungmanis, 19-20/1/2015-Lokan) ii) Annual Agronomy Advisory visit (last visit 11-12/8/2014-Lungmanis, 26-27/5/2015-Lokan) iii) Yield Improvement Programme – weekly field visits by GM (last visit 12/8/2015-Lungmanis, 8/8/2015-Lokan) iv) Qualitative (ripeness of FFB) checking records – daily conducted by checkers

				v) Quantitative (losses) checking records – fortnightly conducted through merit point system by Agronomy Dept. Assessment on Quality of Fertilizer Application by Agronomy Dept.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	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 assessor confirmed that actions had been taken in accordance to the plan.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	Yes	Only JPOM 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 Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	Yes	Maintaining soil fertility is guided by its OPAP in a few chapters: i) OPAP Chapter 5 – Establishment and Maintenance of Legume Covers ii) OPAP Chapter 11 – Manuring iii) OPAP Chapter 12 – EFB Application Generally the Lungmanis and Lokan Estates have effectively followed the established procedure to maintain soil fertility. This was reflected by their good yield i.e. around 24 mt/Ha/year (2014 performance).
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	Yes	Fertiliser inputs were based on recommendation by the Hap Seng's Agronomy Department. At Lungmanis Estate, for mature area fertilizer dosage was around 10.03 kg/palm/year with mixture fertilisers (NK) and straight fertilizers (AS, MOP, RP, B,). At Lokan Estate, for immature palm the fertiliser dosage. At Lokan Estate, for mature and immature area fertilizer dosage was around 8.98 kg/palm/year with compound fertilizers (CCM 45 and CCM 55), mixture fertilisers (NK and MIX 44) and straight fertilizers (AS, MOP, RP, B). At Lungmanis and Lokan Estate, actual fertiliser application for this year found to be on scheduled. The August program for Borate application at Lungmanis has yet to be started due to workers diverted to other more prioritise jobs. Based on store issuance records, it is confirmed that the amount of fertilisers applied in the field was in accordance to the recommendation.

	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	Periodic leaf sampling was done by Hap Seng's Agronomy Dept. to determine nutrient status of soils. The results were recorded in a documented report by the Agronomy Department. Last sampling was done in June 2014 for 2015 fertiliser recommendation. Apart from that, soil analysis was also done to provide indication of soil health and monitor the change of organic carbon and total nitrogen. Last analysis was last done in March 2014 by the company's agronomy unit [ref. C-10/4 (064/2014), by KDC Laboratory, KL-Kepong (Sabah) Sdn. Bhd.].
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	Yes	The estate has its EFB mulching programme. EFB application is recommended by the Agronomy Dept. Lungmanis has been recommended to apply 7,000 mt of EFB 200 Ha in 2015. As at July 2015, Lungmanis has applied 56% of the programme. Verification of weighbridge tickets from the mill showed that the quantity sent to the field is per recommendation.
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 Compliance	Yes	Based on soil series map, the major soil series are of: <u>Lungmanis</u> Kertam (75%) and Lokan (25%). Kretam and Lokan series consist of sandy and mudstone soil type. <u>Lokan</u> Kretam (70%), Kinabatangan (15%) and Lokan (15%). Kinabatangan series consist of alluvium soil type. No soil was considered as fragile/marginal.
	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 Compliance	Yes	Planting at steep slope is guided by its Oil Palm Agriculture Policy, established on1/4/1994, last revised October 2014. Among the methods recommended are construction of conservation terrace (OPAP Chapter 3), cambered road & side drain (OPAP Chapter 4), road constructed bisecting the contour (OPAP Chapter 4), construction of sump at the downslope (OPAP Chapter 4) and cover crop establishment (OPAP Chapter 5).
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	Road maintenance programme is available for year 2015. Activities include grading and compacting, culvert repair, drain maintenance, road patching and resurfacing. Progress is reported in Monthly Executive Summary which includes the information of work done in chain unit. Based on the progress report, Lungmanis and Lokan has done the road maintenance as per schedule

	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	Yes	No peat soil at Lungmanis and Lokan estates.
	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 Compliance	Yes	Not applicable – no peat soil.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	Yes	No soil is categorised as fragile or problematic.
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 Compliance	Yes	Jeroco CU has its Water Management Plan which was established 15/10/2012. It was developed in order to maintain the quality and availability of natural water resources by practicing efficient water consumption through various methods such as minimising wastage of treated water and pollution prevention on natural water sources. In the Water Management Plan, the CU has also identified actions to be taken in the event of water supply shortage (e.g. drought).
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	Yes	No construction of bunds/weirs/dams across the main rivers or waterways, Sg Simpang Kanan, was observed in Lokan Estate and Lungmanis Estate.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of	Yes	JPOM1 has its Effluent Treatment Plant (ETP) in place. The DOE's approved disposal method is through Land Irrigation. The ETP is regularly maintained through desludging

<table>
<tr><td></td><td></td><td>discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6).
Minor Compliance</td><td></td><td>process to ensure efficiency. Final discharge samples were taken on monthly basis and sent to accredited laboratory for analysis. Among the parameters required by the DOE to be monitored are bio-oxygen demand (BOD), suspended solid (SS), oil & grease (OG), ammoniacal nitrogen (AN) total nitrogen (TN), pH and temperature. The results of analysis would then be submitted to the DOE on quarterly basis using a regulated format called quarterly report. The latest report was submitted to DOE on 9/7/2015. Through verification of this reports, the assessor found that the mill consistently complied with the regulated limit.</td></tr>
<tr><td></td><td>4.4.4</td><td>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored.
Minor Compliance</td><td>Yes</td><td>JPOM 1 had continued to monitor its water usage per tonne FFB processed and recorded in the Summary of Process and Boiler Water Consumption. Below is the consumption data trended for 3 years for process water :
<table><tr><td>Year/consumption</td><td>Process water</td></tr><tr><td>2012</td><td>1.50 m^3/ton FFB</td></tr><tr><td>2013</td><td>1.16 m^3/ton FFB</td></tr><tr><td>2014</td><td>1.32 m^3/ton FFB</td></tr><tr><td>2015 (Until July 15)</td><td>1.50 m^3/ton FFB</td></tr></table></td></tr>
<tr><td>C 4.5
Pests, diseases,weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</td><td>4.5.1</td><td>Implementation of Integrated Pest Management (IPM) plans shall be monitored.
Major Compliance</td><td>Yes</td><td>The visited estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPAP Chpater 10 – Pests and Diseases. In order to minimize use of insecticides for leaf-eating pest, the estates had planted beneficial plants such as Tunera subulata, Cassia cobanensis and Antigonon leptopus along some of the roadsides.

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. To-date, there was no experience of pest outbreak. Nonetheless, rat baiting campaigns were occasionally carried out as the damage of crop by rats was found to be above threshold level.</td></tr>
<tr><td></td><td>4.5.2</td><td>Training of those involved in IPM implementation shall be demonstrated.
Minor Compliance</td><td>Yes</td><td>Training related to IPM implementation was last conducted on 15/4/2015 by Chief Agronomist entitled “Pest and Disease”. It was attended by 42 staff, which part of them were from Lungmanis and Lokan estates (executive and non-executive). Records of training were available for verification.</td></tr>
</table>

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 Compliance	Yes	The use of all agrochemicals by the estates was guided by its OPAP [Chapter 9 – Upkeep of Mature oil palm (for herbicide) and Chapter 10 (for insecticide/rodenticide)] and SOP where written justifications had been provided. The Manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	Yes	Records of pesticides used were available for verification. The latest records were as at July 2015, which includes the information about area treated, active ingredients (ai) per Ha, LD50 and number of application.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	Yes	No Class I & II chemicals had been used and use of paraquat had been stopped. The estates do not practise prophylactic use of insecticides, fungicides and rodenticides. Rat baiting will be carried out only if damage on FFB bunches exceeds threshold level of 2%.
	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	Yes	Chemical register is available as to comply with OSHA. Other form of chemical list is also available in CHRA reports. Based on inspection of the chemical registers and observation of physical stocks at the chemical store, all pesticides were of those registered under the Pesticides Act 1974 (Act 149).

		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 Compliance		
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance	Yes	At Lungmanis Estate, training on chemical handling was last conduced on 25/3/2015 entitled "*Prosedur Kerja Selamat bagi Pengendalian Racun Rumpai dan Membaja*" by Estate Assistant (Ahmad Dumai) and Sr. Estate Assistant (Acho Papaloi) and attended by 39 employees consists of workers and staff.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). 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 Regulations.	Yes	Based on the site observations, the storage of chemicals used by the estates were stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Only authorised personnel have the access to the chemical store.

		Major Compliance		
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	Yes	During the assessment, it was noted that (Lungmanis Estate and Lokan Estate) Jeroco CU had not use chemicals categorized as World Health Organization (WHO) type 1A or 1B or listed by the Stockholm or Rotterdam Conventions. Paraquat had not been used; in place the estate uses the systemic herbicide, glufosinate ammonium The Safety Procedures for Trunk Injection,dated 4/8/2015 was describe well on the methods used for the applications of pesticides.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	Yes	Examination of records had shown that there was no aerial spraying being conducted in the estate.
	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. (see Criterion 4.8). Minor Compliance	Yes	Trainings on pesticide handling 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.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	Yes	Jeroco CU has 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 will be punctured and kept in a store, which later are sent to recycling vendors. The waste water from the triple rinsing will be reused in chemical mixture. Noted that in Lungmanis and Lokan Estate, no outbreaks of pest and disease occurred. Therefore, no waste material of pesticides at the Lungmanis Estate. For chemical drum, the management dispose as a recycle waste.

	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Yes	Noted that in Lungmanis and Lokan Estate, no outbreaks of pest and disease occurred. Hence, no operators were involved for pesticides activity.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	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 shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	Yes	Occupational Safety and Health Policy was established and signed by Chief Executive-Group Plantation dated 31/12/04. The Occupational health and safety plan has been established and monitored by Estate Manager and Mill Mgr. All the operation related to safety and environments has been identified in the OHS plan. The latest OHS plan was updated on July 2015.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	Yes	Hazard identification, risk assessment and risk control (HIRARC) register covered activities in the estates and mill were verified during the assessment. Among the activities sighted were chemical spraying, P&D Rat Baiting, Manuring, harvesting and FFB collection in the estates, and boiler operation, FFB sterilization, kernel extraction and oil extraction and clarification in the mill. HIRARC records dated 20/06/15 (Lungmanis and Lokan Estate) has been newly revised and updated. Appropriate risk control measures had been determined and implemented for the other station in the mill. Most of moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control was sighted with safety signages and SOPs were displayed in the mill processing area. The HIRARC for the construction activity at the bio gas plant also has been included in the HIRADC.
	4.7.3	All workers involved in the operation shall be adequately	Yes	Chemical hazards communication had been given through awareness and training program to all workers involved in handling of dangerous chemicals. The objective was

		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. Major Compliance		to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Those trained included sprayers, manure spreaders, laboratory personnel, boiler-man and store clerk. Field inspection and observation of spraying tasks confirmed chemicals being applied were in accordance with the product safety precautions. MSDS were made available at 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. Suitable PPE has been given to the workers appropriate for their daily routine task. The PPE includes safety boots, safety harness, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks (dusk mask and cartridge type respirator). Records of PPE issuance were maintained and were presented to assessor during the assessment. During the site tour, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places. Workers interviewed understood the reasons and importance why they were required to wear the PPE.
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	Yes	Safety and Health Committee organization Chart 2015 was available and had interviewed Mr Jaimin Kimin (Lungmanis Estate), Mr Nickle Manjawi (Lokan Estate) and Mr Razmil Majit (JPOM1) as Committee secretary. Quartely Safety & Health Committee meeting held – chaired by Estate Manager, discussion on the following: i) Passing of previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Workplace Inspection iv) Safety programme & training Verified the following Minutes: a) 15/4/15, 20/1/15, 29/10/14 and 30/7/14 (Lungmanis Estate) b) 19/2/14, 23/5/14,19/8/14,12/11/14,24/2/15, 9/6/15 (Lokan Estate) 30/6/15, 6/4/15, 22/12/14, 12/8/15 (JPOM1)
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate	Yes	Trained first aider was 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. Emergency Response Plan (ERP) has been established and included in the Environmental Impact Assessment, Management Action Plan and Continuous Action Plan

<table>
<tr><td></td><td></td><td>language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.
Minor Compliance</td><td></td><td>dated June 2015. Emergency situation identified such as CPO spillage at bulking installtion, Bund Breakage, Diesel spillage, Fire Breakout in Mill, Chemical spillage were included in the document.

Information to response potential emergencies had been disseminated. This included emergency contact number, site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Instructions to respond to accident and emergency situation were tested and it was found to be clearly understood by all workers interviewed both at the mill and field. The latest fire drill was yet to be carried out for JPOM1 by end of the year.</td></tr>
<tr><td></td><td>4.7.6</td><td>All workers shall be provided with medical care, and covered by accident insurance.
Minor Compliance</td><td>Yes</td><td>Jeroco CU continued to ensure all workers working in the premise (both mill and estate) covered by insurance. All local workers were covered by SOCSO as required under Employee’s Social Security Act 1969. Foreign workers for instance, 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 insurance and found valid. The foreign workers were covered by insurance under Lonpac Insurance Berhad validity period 1/8/4 to 31/7/15 while for Local workers were covered under SOCSO.

The insurance for foreign workers is in the renewal and yet to receive the insurance certificate.The last communication on the renewal process of insurance was sent by the JPOM1 on 4/7/15.</td></tr>
<tr><td></td><td>4.7.7</td><td>Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics.
Minor Compliance</td><td>Yes</td><td>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 JKKP 6 form and annual accident statistic using JKKP 8 form. Accident statistic for Jeroco CU stated as follows :

<table>
<tr><td></td><td>JPOM1</td><td>Lungmanis Estate</td><td>Lokan Estate</td></tr>
<tr><td>2014</td><td>Nil</td><td>3 cases (6 LTA)</td><td>15 cases (32 LTA)</td></tr>
<tr><td>2015 (todate July 15)</td><td>Nil</td><td>2 case (4 LTA)</td><td>7 cases (13 LTA)</td></tr>
</table>
*LTA : lost time accident</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td></td><td>Accident investigation has been carried out to all accident cases for internal reporting as well as 3rd party reporting to DOSH. Records of accident investigation including meeting minute, accident chronology, sketch of accident area, personal information including training records, corrective action were properly kept for future reference.</td></tr>
<tr><td>C 4.8

All staff, workers, smallholders and contract workers are appropriately trained.</td><td>4.8.1</td><td>A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.
Major Compliance</td><td>Yes</td><td>Formal training programme which cover all aspects of RSPO P&C was available for year 2015. It was established based on training needs identification. Regular assessments of the effectiveness training were mainly done to routine supervision by the management.

13- 14/5/2015 – Latihan Pencegahan Gangguan Seksual (wanita dan lelaki)
27/7/2015 - Morning musters by manager has briefed the field workers on protection of riparian zone
10/8/2015 – Protection of forest reserve during morning musters

Training plan for 2015 has been established with target dates for the training identified. The training program includes:
Chemical & Spraying Safety Training
Harvesting Training
Manuring Training
Fire and evacuation drill
First Aid Training
Chemical Handling Training
SOP refresher training
Lab SOP training
Training for grader
Traning for Boiler</td></tr>
<tr><td></td><td>4.8.2</td><td>Records of training for each employee shall be maintained.
Minor Compliance</td><td>Yes</td><td>All training records for each employees involved in the estate operations such as weeding, fertiliser application, pest & disease, harvesting and replanting were available for verification. Records of training conducted are available. Samples of training that have been conducted are :<table><tr><td>Date Training</td><td>Title</td><td>Trainer(s)</td><td>Participants</td><td>Estate</td></tr><tr><td>27/2/15 &</td><td>Sprayers</td><td>Management</td><td>Spraying</td><td>Lungmanis</td></tr></table></td></tr>
</table>

				29/7/15	Training		Workers	Estate
				08/05/15	First Aid Training	HA	First aider & workers	Lungmanis Estate
				12/2/15	Harvesting	Management	Workers & Staff	Lungmanis Estate
				25/3/15	Manuring	Managemet	Workers & Staff	Lokan Estate
				16/6/15	Harvesting	Managemet	Workers & Staff	Lokan Estate
				25/3/2015	Spraying	Managemet	Workers & Staff	Lokan Estate
				7/8/2014	AESP	Niosh	Exec, Staff & Mandore	JPOM1
				12/06/15	Labarotary	Milivest	Workers & Staff	JPOM1
				2/4/15	Sterilizer	Management	Workers & Staff	JPOM1
				11/3/15	Confine space	Management	Workers & Staff	JPOM1

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 Compliance	Yes	Identification environmental aspect and impact at Hap Seng Group of Estate was done by engaging a consultant (Kiwiheng Wood and Environmental Consultants Sdn. Bhd.) to carry out EIA in 2012. The EIA report has been approved by the Sabah's EPD on [ref.: JPAS/PP/11/600-1/11/1/149 Klt.2]. The assessment report contained the identified adverse environmental impacts caused by the activities of estates. Among the identified environmental impacts are • soil erosion • water pollution • biomass disposal • ecological impact • pest infestation • traffic & transportation • noise pollution • air pollution and • waste generation The same consultant was appointed to conduct the evaluation of compliance against the conditions stipulated in the approval of the EIA once in four months. The last evaluation was conducted in May 2015 for period of March 2015-June 2015. The evaluation exercise has identified a few non-compliance and Jeroco CU has established its action plan to address the issues raised. For JPOM 1, identification of environmental aspect and impact was done by agronomist & sustainability department under the document named Environmental Impact Assessment, Management Action Plan and Continuous Action Plan dated June 2015. Mitigation measures were established thereafter. Among the environmental aspects identified are: <u>Air pollution:</u> 1) Dark smoke from boiler. Mitigation: dust collector, boiler preventive maintenance, monitoring particulate emission and opacity. 2) Smoke from generator set. Mitigation: preventive maintenance on engine room

				Water pollution: 1) Scheduled wastes generation from accidental spillage like machinery 2) Leachate from EFB stockyard. Mitigation: construction of bund (retention wall) 3) Waste water discharge from 4) Land irrigation – accidental overflow due to heavy rain. Mitigation: Frequent checking by staff of the drainage system. If there is any blockage found, machinery is ready to relieve. Soil contamination: 1) Scheduled wastes generation – Mitigation: to be handled in accordance with EQA regulations.
	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 developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	Yes	Lungmanis Estate, Lokan Estate, JPOM1 has been established the action plan namely "Environment Impact Assessment Management Action Plans and Continuous Improvement Plans for 2015" which had been reviewed on June 2015. The management had monitored the progress of the action plan by appointed person In charge for each action plan.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and	Yes	Following up with the Environmental Impact Assessment, Management Action Plan and Continuous Action Plan all mitigation measure is defined in the document. Mitigation measures are in the form of SSOP, WI in ensuring proper operational control. Lungmanis & Lokan Estate has been established the action plan namely "Environment Impact Assessment Management Action Plans for 2015" which had been reviewed on June 2015. The management had monitored the progress of the action plan by appointed person In charge for each action plan. Mitigation measures are in the form of SSOP, WI in ensuring proper operational control.

		negative environmental impacts. Minor Compliance		Having the impact identified, the consultant has recommended the appropriate mitigation measures to minimise the various environmental impacts. Jeroco CU established its management plan from the proposal of mitigation. This included planting of cover crop, provision of riparian zone, zero burning practice, providing buffer zone between forest reserves, proper management of agro-chemicals, to name a few.
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 management,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 High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	Yes	The report of "Potential High Conservation Value Area Assessment Report of Jeroco CU, Hap Seng Sdn Bhd, Sabah" is available and prepared by the Chief Agronomist. The report was completed in October 2012 had covered all the High Conservation Value (HCV) within and adjacent to the CU. The HCV assessment had identified on the rare, threatened and endangered species (RTEs) for estate named Lutong, Lungmanis, Batangan, Kapis and Lokan, including the management and action plan. In general, Jeroco CU had identified 6 potential HCV in the whole estates. Batangan Estate had identified the significant HVC, e.g. HCV4 which the estate has controlled and maintained the river buffer zone, and protection on erosion control near Sg. Kretam and Sg Kumambu Simpang Kanan, while Lokan and Lutong Estate, and to conserve the buffer zone at Sg Simpang Kiri and Sg. Kretam respectively. There was also external HCV, which is considered as a wildlife corridor and border with Forest Reserve. Sg Simpang Virgin Jungle Forest Reserve are bordering with Lutong, Lungmanis, Batangan and Lokan Estate. Site visit shows the boundary was maintained including the boundary stone. The elephant trenching and electric fences also has been constructed to prevent the elephant encroachment. Evidence of visit was recorded in the "Batangan Estate HCV BMD" book in Batangan Estate. During this surveillance audit it was noted that Sg Simpang Forest Reserve was highlighted in the assessment report which adjacent with Lokan Estate and Lungmanis Estate. Other significant HCV area identified such were natural pond (identified as HCV5) and Sg. Simpang Kanan (identified as HCV4) at Lungmanis Estate.
	5.2.2	Where rare, threatened or endangered (RTE) species,	Yes	

		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 Compliance		Lungmanis Estate has established HCV action plan for Sg Simpang Forest Reserve and Sg Simpang Kanan river. The estate planned to prohibit entrance to HCV areas, erected signboards at the boundary, prohibited logging, illegal hunting, support forestry department, wildlife department, BORA and WWF, periodic visit to the forest boundary. While for riparian, prohibiting any cutting down of the trees at the area, prohibition of manuring and spraying, not allowed encroach into the riparian reserve and periodic visit.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	No	Lokan Estate and Lungmanis Estate have conducted training on RTE for the staffs and field workers dated 10/8/2015. Auditor did not found any evidence to show that Lungmanis Estate has established appropriate disciplinary measures as required by the indicator. Thus, a **Minor NCR MRS 02 2015** was raised by auditor.
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	Yes	Jeroco CU is committed to discourage any illegal or inappropriate hunting fishing or collecting activities. Evidence was seen during the site review that signage to prohibit hunting were erected at guard and forest border. Futhermore CCTV 24 monitoring was placed at strategic area surrounding the estate to control everything including controlling the illegal activities. Weekly monitoring for HCV area (Sg Simpang Forest Reserve and Sg Simpang Kanan river) has been conducted by Lokan Estate and Lungmanis Estate dated 5/7/2015, 12/7/2015, 19/7/2015 and 26/7/2015. The monitoring activities was recorded in the HCV patrolling book record.

<table>
<tr>
<td></td>
<td>5.2.5</td>
<td>Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.
Minor Compliance</td>
<td>Yes</td>
<td>There was no local communities living nearby with Jeroco CU. So, this indicator was not applicable with this CU.</td>
</tr>
<tr>
<td>C 5.3
Waste is reduced,recycled, re-used and disposed of in an environmentally and socially responsible manner.</td>
<td>5.3.1</td>
<td>All waste products and sources of pollution shall be identified and documented.
Major Compliance</td>
<td>Yes</td>
<td><u>Lungmanis & Lokan Estate:</u>
Identified recyclable wastes are glass, plastic (from household, inner-layer of fertilizer bags), paper (from office & household) and metal (from workshop & household) sent to recycle centre.

For mill operation, source of pollution and waste generated from mill processes and related activities in the premise were described as follows :
<table>
<tr><td>Mill Processes /Activity</td><td>Waste and source of pollution</td></tr>
<tr><td>Pressing/Depericarping</td><td>Shell & Fibre</td></tr>
<tr><td>Threshing</td><td>EFB</td></tr>
<tr><td>Oil recovery</td><td>Decanter cake /Slurry/ sludge discharge</td></tr>
<tr><td>Hydrocyclone/Claybath</td><td>Wet shell and HC & claybath discharge water</td></tr>
<tr><td>Cleaning</td><td>Cleaning water</td></tr>
<tr><td>Maintenance</td><td>Used oil & hydraulics, oil fliters and other type of scheduled waste</td></tr>
</table>
</td>
</tr>
</table>

				<table><tr><td>Boiler and genset operation</td><td>Clinkers, smoke and particulate emission</td></tr><tr><td>POME (palm oil mill effluent)</td><td>POME liquer and solid</td></tr></table>
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	All the chemical containers were disposed accordingly through scheduled waste collector.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	Yes	<u>Lungmanis and Lokan Estate</u> Recyclable wastes collection centres were prepared at the estate. Wastes segregation was done for domestic wastes to collect the recyclable ones. The recyclable wastes will then be sent to appropriate vendors.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	Yes	Jeroco CU has established the plan on efficiency use of fossil fuels. Instead of that, the fibre and shell that were produced at Jeroco 1 POM will be used for boiler. The management was monitored on monthly basis regarding the used of fossil fuel and its renewable energy.
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 *'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003*. Major Compliance	Yes	Domestic waste landfill at Lokan Estate was visited and no evidence of wastes were burnt observed.Furthermore, there are no replanting programme at Lungmanis and Lokan Estate.
	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	Yes	No replanting programme at Lungmanis Estate

		specified in *'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003*. Minor Compliance		
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	Yes	Lungmanis Estate, Lokan Estate and JPOM1 has carried out identification of environmental impact assessment management action plans. This document was carried out and the assessment were include all the activities in the estate, including gaseous emissions from genset and transportation. The environmental aspects for air pollution have been identified and action plan and continuous improvement plan has been established. This document was reviewed June 15.

thereafter to public reporting.Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases,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 Compliance	Yes	The environmental aspects for air pollution have been identified and action plan and continuous improvement plan has been established. This document was reviewed June 15.Example of the action plan that had been plan is to continue regular servicing of the generator set. The environmental impact assessment and action plan was established and reviewed on June 2015. The GHG emission has been included in the CU's Environmental Impact Assessment. The mill has already started to prepare a site to construct a bio-gas plant which proposed to be completed on Sept 2016. The written approval for the biogas plant and polishing plant from DOE was verified [ref: ASSH(B)31/152/000/026 Jld 9(14), Cert. No: SPE-13/2015, dated:28/4/2015].
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	Yes	Jeroco CU has been using 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). Based on the PalmGHG summary report, the final emissions value per product was 1.07 tCO_2e/tCPO.

				The Jeroco CU was sent the figure to the RSPO on 14/5/15. The latest communication was done on 26/6/2015.

Principle 6: <u>RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS</u>

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 Compliance	Yes	The social impact assessment report for Jeroco CU's estates and mill were prepared by the estates' staffs in October 2012 covering the five estates, namely, Batangan, Kapis, Lokan, Longmanis, Lutong, and Jeroco 1 POM. 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 on 20 July 2015 at Lokan Estate and Lungmanis Estate. All neighbouring estates were included in the lists. All the SIA information was updated and each of issues was identifed for each of the CUs and discussed them in their respective report.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	Appendix 2 'List of Participation during the Stakeholder Consultation' of the SIA report presents in detail the comments made by the various stakeholders on social impacts as well as the proposed mitigation plans by the estates/mill. Each of the issues raised by the participant was addressed in the action plan. Example of stakeholders such as MPOA, DOE, EPD-Sandakan, IPD Lahad Datu, Wildlife Department, Clinic Chong and Kedai Runcit Bukit Mas.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.	Yes	A timetable with responsibilities for mitigation and monitoring is 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 Lokan Estate, Lungmanis Estate and Jeroco 1 POM. Example of the issues highlighted were gives the employment opportunity to local communities especially on security, mill and clerk jobs, road maintenance for primary school (SK Litang) and transportation of treated water to primary school.

		Major Compliance		
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties Minor Compliance	Yes	The social action plan for Lokan Estate, Lungmanis Estate and Jeroco 1 POM have been reviewed dated 20 July 2015. The stakeholders meeting has been conducted with participation of affected parties such as smallholders and suppliers as example First Raintree Sdn Bhd, Bukit Kertam Sdn Bhd, Milivest Sdn Bhd, MP Machinery (Malaysia) Sdn Bhd.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	Yes	There was no smallholders scheme at Jeroco 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 procedures shall be documented. Major Compliance	Yes	A documented Consultation and Communication Procedures (Prosedur Memohon maklumat, Ref# HSPSB P1 1120 (c)) and grievance procedures for internal and external parties (Ref#: HSPSB P1 1120) have been made available. The estates and mill do maintain files on records of communication and consultation with external and internal parties, for examples, with government agencies, suppliers and their own workers. Normally, the files are labeled as “communication” files or labeled according to the communicating agency. Government agencies like the Immigration Department, Labour Office and Health and Safety Department often communicate with the estates and mill on various matters.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	As stated in the SIA report, the Lokan Estate and Lungmanis Estate manager are the nominated person to handle social issues. Appointment letter dated 3 January 2014 was verified during the audit. While for Jeroco 1 POM, manager were nominated dated 2 December 2014.
	6.2.3	A list of stakeholders, records of all communication,	Yes	

		including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance		The lists of stakeholders were prepared both by the estates/mill and the company headquarters. The lists included government agencies, suppliers, contractors, schools, bus operators, traders. List of stakeholders was updated for 2015 at Lokan Estate, Lungmanis Estate, and Jeroco 1 POM. All neighbouring estates, suplliers and contractors were included in the lists.
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 requested. Major Compliance	Yes	The estates and mill have developed the following procedures to handle grievances and disputes: 1) Procedures for reporting complaints and grievances (*aduan and permasalahan*) for staffs and workers Ref#: HSPSB P1 1120 dated 29.11.2010 2) Procedures for reporting complaints and grievances (*aduan and permasalahan*) for stakeholders Ref#: HSPSB P1 1120 (b) dated 4.7.2011) The procedures cover issues pertaining to safety, health, cleanliness, environment, conflicts, thefts and other work matters. The procedures require the complainant to fill up a complaint form (Picture 61) and forward it to the relevant officers of authority. Complaints from workers will first have to go to the *mandore* and, subsequently, to the assistant manager, manager and the higher authority for decisions, if necessary. Complaints from external parties, on the other hand, will first go to the chief clerk or assistant manager and subsequently to the higher authority for decision. 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 has to be with permission of Manager. Example: Kedai Mas (grocery shop) has made a complaint to Lokan Estate dated 4/3/2015 on shop roof. The estate has repaired the roof dated 7/3/2015. – external stakeholders Foreign workers at Lokan Estate has requested additional of water tank (1 unit) dated 11/5/2015. And management has provided the tank dated 13/5/2015.
	6.3.2	Documentation of both the process by which a dispute	Yes	

		was resolved and the outcome shall be available. Major Compliance		Complaints on housing and other services are usually entered into record books. The records include the name of the person who complained, his address, date, and type of service required. Visits to the line sites at Lokan Estate, Lungmanis Estate, and Jeroco 1 POM confirm that actions were taken on the complaints made by the workers. These complaints usually pertain to housing conditions, roads and lighting, among others. The workers (harvester and sprayer) interviewed at the office and during visits to the line sites gave positive remarks on the manner their grievances have been handled the estate staff. The grievances book (external stakeholder) was verified during the audit
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 Compliance	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 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. For the time being, there was no any dispute on customary rights, boundaries and squatters. As such, the use of the procedures has yet to be verified
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of	Yes	In terms of compensation, the procedures 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.

		transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance		
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	Yes	According to the estates'/mill's management and record, there was no any dispute on land or squatters.
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 Compliance	Yes	Interviews with workers at Lokan Estate and Lungmanis Estate showed that they were understand the information shown in the pay slips. Employment contract was verified during the audit such as Employee No: #76508, #77464, #14208 and #09226. 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 (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	Yes	Every staff or worker has to sign a contract of employment upon joining the estates/mills. As required by the Sabah Labour Ordinance, pay and work conditions are spelled out in this contract which is signed by the workers or staffs. Among others, the contracts spell 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 are shown in their pay slips which are issued to the workers during pay day. Interviews revealed that the workers quite understand the terms of their employment. Sample of foreign workers contract agreement from Indonesia were verified by auditor such as Employee No. #08214, #68413, #84484 and #78226.
	6.5.3	Growers and millers shall provide adequate housing,	Yes	

		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 (not applicable to smallholders). Minor Compliance		**J**eroco CU continues provide free housing, water supply, free medical services, subsidized electricity and free education for foreign children. The conditions of the houses at Jeroco CU of estates are good. The compounds are well kept. Nonetheless, there have been regular requests for repairs as shown by the *borang aduan* for repairs. Lokan Estate, Lungmanis Estate, and Jeroco 1 POM have separated the piping of treated water and rain water tanks at workers houses as verified by auditor during site visited at foreign workers linesites. So, the previous NCR has been satisfactorily closed. Lokan Estate and Jeroco 1 POM have conducted housing inspection dated 5/6/2015, 8/7/2015, 14/7/2015 Water treatment analysis (drinking water) has been conducted internally by monthly basis from Jan-June 2015 by Agronomy Department. The parameters that have been examined pH, turbidity and chlorine residue. The results showed that the parameters were not exceeded standard limit.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	Yes	There were two grocery shops at Lokan Estate. The Lokan Estate and Lungmanis Estate manager have plan to monitor and improve worker's access to affordable and sufficient food as stated in the social action plan.
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	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	Yes	Lokan Estate, Lungmanis Estate and Jeroco 1 POM have published statements on freedom of association. As a matter of fact, 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. Hap Seng Plantations Holdings Berhad has circulated a memo #BTG/NP/14/01 to all estates and mills dated 19 February 2014. The CU has allowed their employee to establish and join union.

facilitates parallel means of independent and free association and bargaining for all such personnel.				
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	Yes	The workers in the estates and mills are not unionized. Furthermore, there is no formal organization formed among the workers to discuss related work or social matters. Nonetheless, in every estate/mill, a Joint Consultative Committee (JCC) has just been formed to serve as a platform for the discussion of such issues. This JCC comprises the estate management, field supervisors, *mandores*, drivers and clerk. JCC meeting has been held for 2015 dated 29 Mei 2015 in Lokan Estate, Lungmanis Estate, and Jeroco 1 POM. The minutes of the meeting reveal that the scope of issues discussed in the meeting is fairly wide covering work safety and housing matters. The meeting was attended by employer, local workers and foreign workers as verified through the meeting minute. 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 Compliance	Yes	HSPHB Labour Policy does not allow children below 18 years old to work in the estates/mill. Site visit at Lokan Estate, Lungmanis Estate, and Jeroco 1 POM found no workers below age was found. Inspections of the Employee Master list in Lokan and Lungmanis Estate, it was found no workers below 18 years were recruited to work in the estates/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/affected groups in the local environment shall be documented. Major Compliance	Yes	HSPHB has 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 Corporate Culture and publicly available.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers	Yes	There is no evidence of discrimination based on race, gender or national origin or any other factors. As shown in the employment letter, there are 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

		have not been discriminated against. Major Compliance		also revealed that there is no discrimination on any bases in the estates/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 promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	Yes	Jeroco 1 POM has recruited store attendant dated 11 June 2015. Auditor has verified his medical examination. And Hap Seng has advertise vacant position for clerk with specific requirement which based on skills, capabilities and working experience dated 29 November 2014. While for employment of foreign workers, Lokan Estate and Lungmanis Estate has followed management SOP titled 'Syarat2 penggajian pekerja asing'.
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 Compliance	Yes	HSPHB has published policy guidelines on sexual harassment entitled "*Polisi Untuk Pencegahan dan Pembasmian Terhadap Gangguan Seksual Yang Tidak Diundang Di Tempat Kerja*" which should guide the practices in the estates.The guidelines 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 Jeroco CU has just formed a Gender Committee which will be responsible for organizing relevant activities and programmes. The committees have met at least once since its formation and have just started to organize some activities for the members, for examples, briefings on the subject of sexual harassment. The policy has been communicated with women and men workers during morning musters. Official training has been conducted dated 25 March 2015. During interview with field workers from Indonesia, they were understand the policy and the procedure.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	No	A policy to protect women reproductive rights was not available at Lungmanis Estate, and Jeroco 1 POM. 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	Yes	The guidelines prescribe, among others, the procedures for reporting sexual harassment assigning the responsibilities for action as well as the timelines involved. Appendix 1 of

		requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance		the guidelines shows the flow chart reporting sexual harassment cases. There has been no report on sexual harassment in the estates/mill. Personnel & Administration Policy – Sexual Harassment ; Guideline / Procedure – Sexual Harassment. The guideline has stated clearly that the complainants should not reveal to third party.
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 Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	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 (where these are under the control of the mill or plantation). Major Compliance	Yes	During the assessment, interviews were made with contractors and FFB suppliers to understand the business relationships between them and the estates/mill. The purchase of FFB is covered by a written contract signed by both parties, namely the estate and the supplier. The FFB calculation has been informed to third party FFB supplier as stated in the agreement titled 'Oil Palm Fruit Purchase Agreement'. One of the items in the agreement is on the purchase price of FFB which is determined by a formula. This formula is applicable to any party selling FFB to the mills. They have been quite happy with the price paid for their fruits which the price rate was followed MPOB as verified by auditor through press release from MPOB titled 'Monthly prices of palm oil products traded in July 2015 (RM/tonne)' dated 3/8/2015.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	Yes	All of the contractors interviewed have been involved in short-term works. The short-term works such as maintenance of mill parts are covered by Minor Job Contracts (MJC).The MJC spells out the types of works to be done, their costs and certain job conditions and is signed by the estates/mill and the contractor. Interviews with suppliers and contractors (Millivest Sdn Bhd, S&S Steel Engineering Works Sdn Bhd and MP Machinery (Malaysia) Sdn Bhd) and third party FFB suppliers (Bukit Kertam Sdn Bhd, Fruit Raintree Sdn Bhd and Harus Sabadi Sdn Bhd) revealed that the estates/mill treat them quite well. The contracts are amenable to changes, particularly on the timing on job completion. They usually received their payments in the form of cheques the following month after the job was done. The MJCs were fairly simple, straightforward and easily understood. The contracts state the work to be done, its payment and period for completion. Example of contract: #J150735 – boiler water treatment and raw water treatment dated 2/7/2015.

	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	Yes	Payments are made through cheques which are issued the month following the completion of the works. All the interviewees mentioned that, in the past, 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 Compliance	Yes	There was no local community lived nearby or within the CU plantation area. However, the CU has build a primary school within the CU area. And now, the primary school has officially managed by Ministry of Education and open to other 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 Compliance	Yes	There was no scheme smallholders at Jeroco 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 Compliance	Yes	Based on interview with local and foreign workers (Indonesian) – men and women (sprayers, harvesters and general workers) at Lokan Estate, Lungmanis Estate, and Jeroco 1 POM, it was verified that there was no forms of forced or trafficked labour are used at the visited area.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	As verified through employment contract, passport, work permit and interview with foreign workers, there was no contract substitution has 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 Compliance	No	Labour policy for foreign workers was made available at Lungmanis Estate, and Jeroco 1 POM. However, the policy did not include statement as described by specific guidance in the indicator. The special labour policy should include: □Statement of the non-discriminatory practices; □No contract substitution; □Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; □Decent living conditions to be provided. Procedure for employment of foreign workers was not available

				at Lungmanis Estate and Jeroco 1 POM. Thus a **Major NCR MRS 04 2015** was raised by auditor.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Yes	Human Rights policy was made available at Lokan Estate, Lungmanis Estate, and Jeroco 1 POM. The policy has been communicated to staffs and workers during morning muster. Auditor has verified through interview with workers.
	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 Compliance	Yes	Lokan Estate, Lungmanis Estate, and Jeroco 1 POM has 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

JPOM1 has no plan for any new planting and no new development of area was observed during the visit. Therefore, 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 Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	Yes	Herbicides spraying at Jeroco CU is mainly limited to palm circle and harvesting path. Occasionally, woody growth sprayings were carried out whenever necessary. Blanket spraying is not practiced as the estate maintained the growth of soft weeds and Nephrolepis biserrata. The estates are also committed to minimise the use of pesticides by continuously planting beneficial plants and implementing IPM.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	Construction of Biogas plant and bio-polishing plant.
	c)	Waste reduction (Criterion 5.3);	Yes	The Jeroco CU continued to proactice the 3R (reduce, recycle, re-use) on waste management.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	Construction of Biogas plant

	e)	Social impacts (Criterion 6.1);	Yes	A mechanism to capture the performance in social aspects in CAPEX has 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 were labour quarters roofing, maintenance of road condition, supply treated water to Humana School and government primary school (SK Jeroco) etc.
	f)	Encourage optimising the yield of the supply base	Yes	As Jeroco CU is part of a well-established organisation, the yield performance has always been the top priority in ensuring long-term economic and financial viability. In general, various efforts have been done to optimise the yield of the plantation such as minimising crop losses, ensuring the soil fertility is maintained in good level and maintaining transportation facilities in good condition. Apart from that, the company is always keep itself updated with possible technological options especially in mechanization and better planting material.

RSPO Supply Chain at the palm oil mill – Mass Balance Model –Module E

Item No	Requirement NOV 2014(PAGE 27)	Findings ASA3 2015 Standard Nov 2014
D.1 D.1.1	**Defination** To verify : a) the volume of certified and uncertified FFB entering the mill b) the volume sales of RSPO certified The claim only the volume of oil palm products produced from processing of the certified FFB as MB	a) Jeroco 1 POM does not accept any non-certified FFB. Therefore, all CPO and PK produced were of IP model. Based on records of FFB received, JPOM 1 has received 173,240.43 mt of certified FFB for the last reporting period (September 2014 to July 2015) b) For the last reporting period, total dispatch for certified CPO was 13,352.38 mt and 6,242.78 mt of certified PK.
D 2 D.2.1	**Explanation** Estimate total tonnage of CPO and PK potentially produce in a year	For the next reporting period (September 2015 to August 2016), JPOM 1 is expected to produced 37,977 mt of IP certified CPO and 9,088 mt of IP certified PK.
D 3 **D 3.1**	**Documented procedures** 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.	a) Procedures are available entitled ""Standard Operating Procedures for Traceability" [Doc. No. SOP/COC/001 to 005 – i.e. 4 chapters, Issue No. 1, dated 14/8/2012] • 001 – CSFFB, SCPO & CSPK Traceability System – Chain of Custody • 002 – Harvesting and Loading of Fresh Fruit Bunch • 003 – Delivery and Reception of CSFFB, In-House and Non In-house FFB • 004 – Dispatch of CSPO and CSPK from the Mill to the Refinery/Bulk Transit Revised on 11/5/2015 – to include bulk transit • 005 – Monitoring of CSPO and CSPK sales b) The person having overall responsibility for and authority over the implementation and compliance of the supply chain requirements is the Mill Manager [procedure 003 Section 3.1.8].
D 3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	Receiving certified FFB is described in Section 5.4 to 5.12 of "Procedure 003" Processing certified FFB is described in Section 5.13 to 5.16 of "Procedure 003"
D.4 D.4.1	**Purchasing and goods in** The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	Information about tonnage of FFB obtained from weighbridge ticket and reconciled in "Certified Sustainable FFB Form". The certified sent their FFB by transporters where FFB Delivery Note is brought along. The DN has the information about which field the FFB is from.
D 4.2	The site shall inform the CB immediately if there is a projected overproduction.	Based on records of FFB received and CPO & PK produced, there was no overproduction observed.

D.5 D.5.1	**Record keeping** The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	JPOM 1 is using continuous accounting of records and balance.
D 6 **D.6.1**	The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.	JPOM 1 does not accept any non-certified FFB. This is written in Procedure SOP/COC/001, Item 3.3.5 which reads “To ensure the CSPO are kept segregated with non-certified CPO at mill. (In this case, mill at JPOM 1 and BPOM does not received any non-certified crop FFB)”.
D.6.2	The objective is for 100 % segregated material to be reached.	JPOM 1 does not accept any non-certified FFB. Therefore CPO and PK can be considered 100% segregated.

3.2 Identified Non-conformities

Details of the non-conformities, corrective actions taken by JPOM1 and assessors' verification of the corrective actions taken are in Attachment 4. All nonconformities have been closed out.

3.3 Status of Non-conformities Previously Identified

All previous nonconformities were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. Details of the verified nonconformities are in Attachment 5.

3.4 Issues Raised by Stakeholders

There were various stakeholders interviewed during this assessment comprising of workers, surrounding villagers and contractors. Generally, all of the stakeholders had given positive feedback towards JPOM1.

3.5 Noteworthy Positive and Negative Observation

The level of awareness among the workers on the RSPO implementation was found to be improving. They are able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements. The workers housing are kept clean and conducive. It was noted at the line-sites that the CU has also made an effort to encourage the reuse of old tyres as flower pots.

4.0 Assessment Recommendation and Date of Closing Non-conformities

☐ No NCR recorded. Recommended to continue certification.

☑ Minor NCR(s) recorded. Recommended to continue certification conditional upon acceptance of corrective action plans within 1 month of the date of this audit.

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

☑ Major NCR(s) recorded. Proposed corrective action and evidence of implementation within 2 months of the date of this audit to be submitted to SIRIM QAS International

Verification on major NCRs is required:

☐ On-site audit of the following areas is recommended within 2 months (if applicable)

☑ On-site audit not required. Records of implementation of corrective action to be submitted for verification

Note: The major NCRs raised during surveillance audit shall be addressed within 60 days or certificate shall be suspended. Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

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.

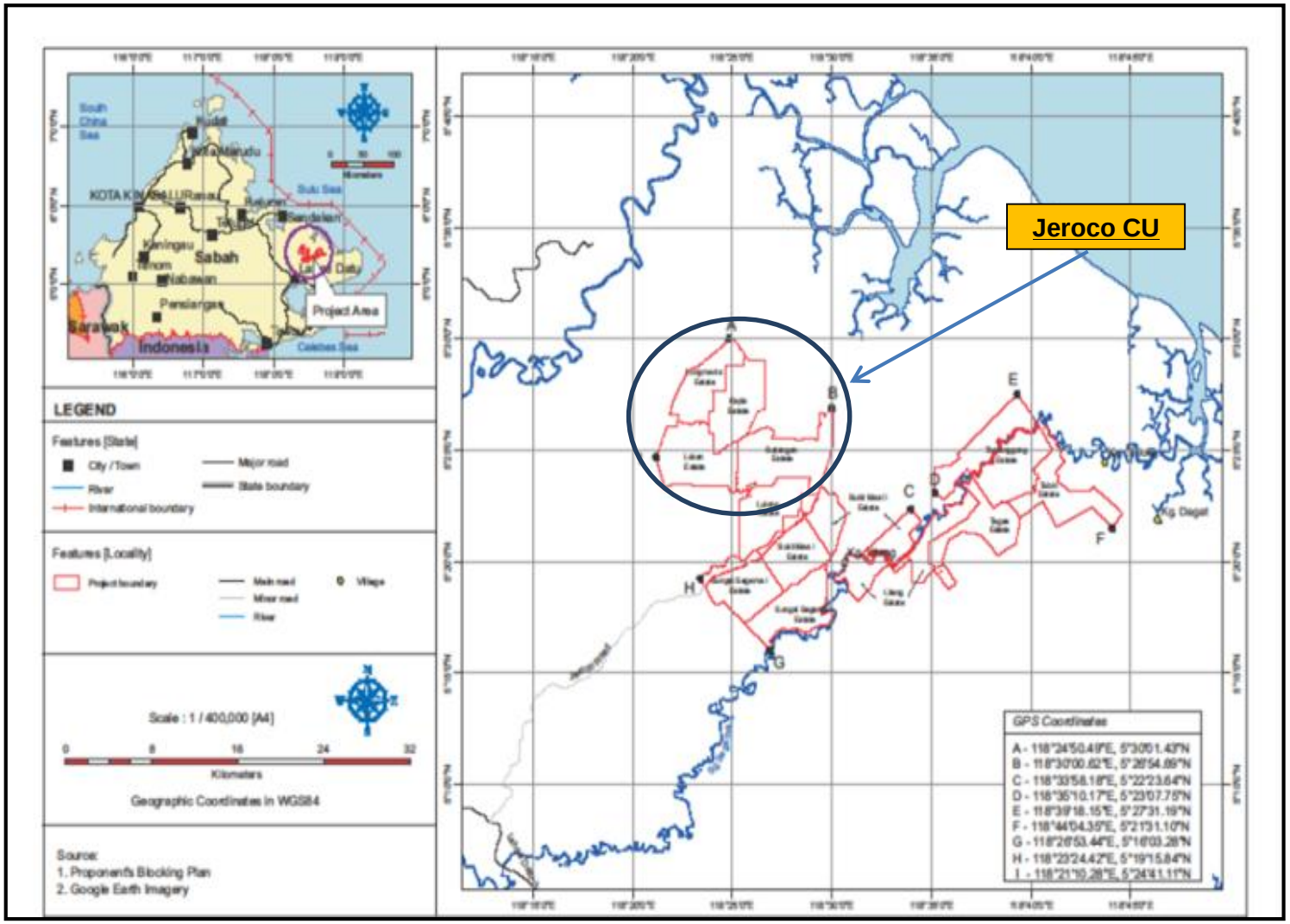
Audit Team Leader:	MOHD RAZMAN SALIM		1/12/2015
	(Name)	(Signature)	(Date)

5.0 Date of Next Surveillance Visit

The next surveillance visit will be conducted within 12 months but not sooner than 9 months after this audit.

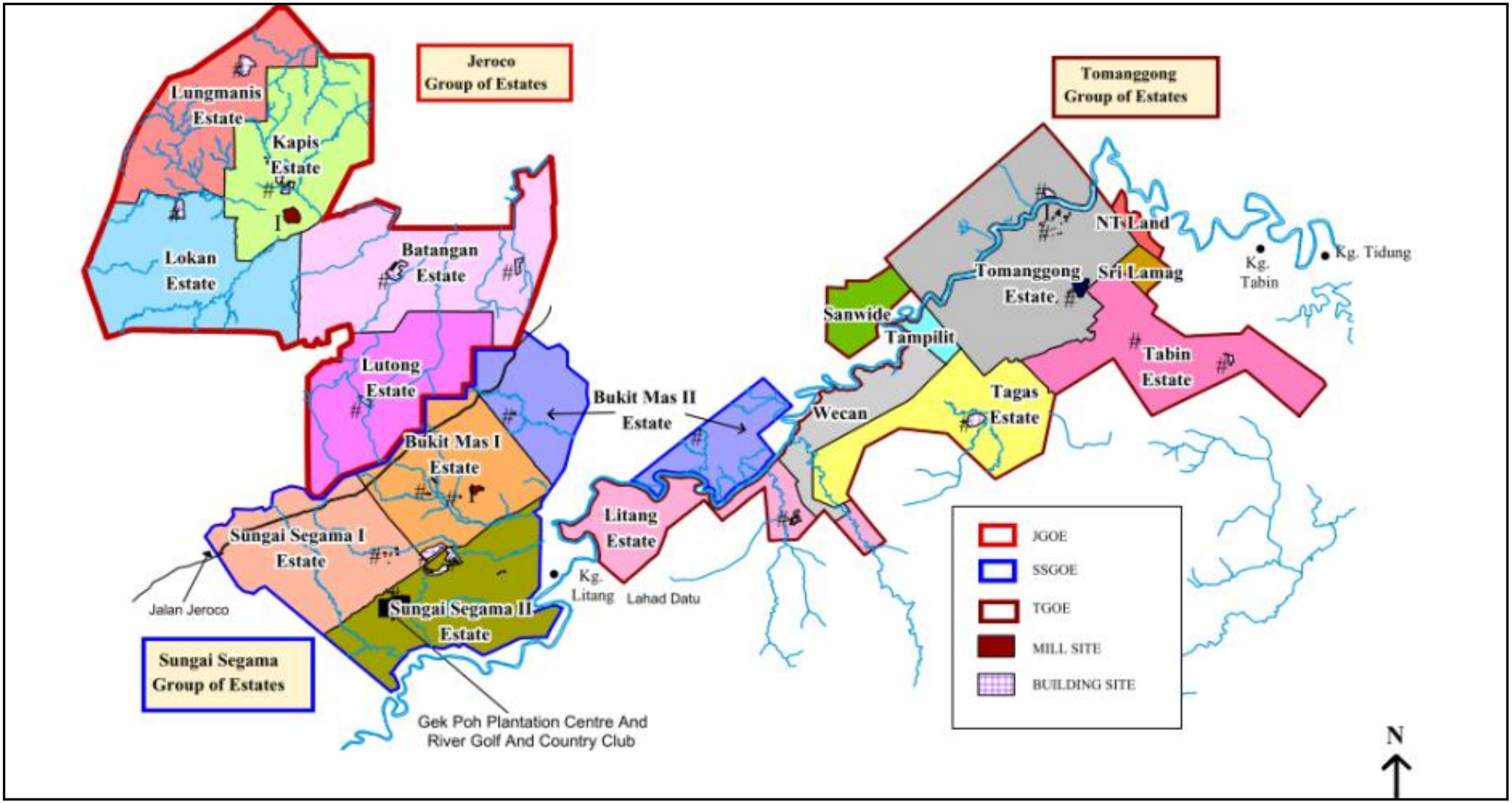
Attachment 1

Location map of Jeroco POM 1, Lahad Datu, Sabah, Malaysia



Attachment 2

Location Map of Estates in the Jeroco POM 1 Certification Unit



Attachment 3

Assessment Programme

<table>
<tr><td colspan="5">Day 1: 10 August 2015 (Monday)</td></tr>
<tr><td>Time</td><td colspan="3">Activities / areas to be visited</td><td></td></tr>
<tr><td>8.30 – 9.00 am</td><td colspan="3"><u>Opening meeting</u>
Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes

Organization Representative to brief on the following :
1) RSPO implementation at Jeroco Certification Unit (i.e. mill & supply base) including changes
2) Time bound plan
3) Significant changes on organization activities, machinery, supply bases capacity etc.</td><td>Top mgmt & Committee Member</td></tr>
<tr><td></td><td>Razman & Zulfakar</td><td>Hafiz</td><td>Valence</td><td></td></tr>
<tr><td>9:00 – 12:00 pm</td><td><u>Lokan Estate</u>

Coverage of assessment:

P1, P2, P4, P5, P6, P8

• Laws and regulations
• Land titles user rights
• Social Impact Assessment (SIA), management plan & implementation
• Complaints and grievances
• Consultation with relevant government agencies
• Interview workers, gender committee, local communities and stakeholders
• Inspection of protected sites with HCV attributes
• Forested area, plantation boundary, adjacent and neighbouring land use
• Riparian zone
• Continuous improvement</td><td><u>Lungmanis Estate</u>

Coverage of assessment:

P1, P2, P4, P5, P8

• Laws and regulations
• Occupational safety & health practice – witness activities at site
• Environmental management – witness activities at site
• Waste & chemical management
• Interview with workers , safety committee and contractors
• Facilities at workplace
• Training and skill development programmes
• Continuous improvement</td><td><u>Jeroco Palm Oil Mill 1</u>

RSPO Supply Chain implementation including the model used

• General Chain of Custody System Requirements for the supply chain
• Documented procedures
• Purchasing and goods in
• Outsourcing activity
• Sales and goods out
• Processing
• Records keeping
• Registration
• Training
• Claims
RSPO P& C requirement related to laws and regulations</td><td>Guide(s) for each assessor</td></tr>
<tr><td>12.00 – 1.00 pm</td><td colspan="3">Break</td><td></td></tr>
<tr><td>1.00 – 5.00 pm</td><td colspan="3"></td><td>Guide(s) for each assessor</td></tr>
</table>

	Continue assessment	

Day 2: 11 August 2015 (Tuesday)				
Activities /areas to be visited	**Razman**	**Hafiz & Zulfakar**	**Valence**	
8.00 – 12.00 pm	**<u>Lungmanis Estate</u>** Coverage of assessment: P1, P2, P4, P5, P6, P8 • Commitments to transparency • Laws and regulations • Inspection of protected sites with HCV attributes • Forested area • Plantation boundary, adjacent and neighbouring land use • Riparian zone • River system and water bodies • Line site • Source of water supply • Interview with stakeholders • Social Impact Assessment (SIA), management plan & implementation • Interview local communities, gender committee, workers and stakeholders • Continuous improvement	**<u>Lokan Estate</u>** Coverage of assessment: P1, P2, P4, P5, P8 • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement	**<u>Jeroco Palm Oil Mill 2</u>** RSPO Supply Chain implementation including the model used • General Chain of Custody System Requirements for the supply chain • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims • RSPO P& C requirement related to laws and regulations	Guide(s) for each assessor
12.00 – 1.00 pm	Break			
1.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

Day 3: 12 August 2015 (Wednesday)				
Activities /areas to be visited	**Razman**	**Hafiz**	**Valence & Zulfakar**	
8.00 – 12.00 pm	**<u>Jeroco Palm Oil Mill 1</u>** Coverage of assessment: P1, P2, P6, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Interview contractors, workers and stakeholders • Complaints and grievances • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Continuous improvement	**<u>Jeroco Palm Oil Mill 2</u>** Coverage of assessment: P1, P2, P4, P5, P8 • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement	**<u>Lungmanis Estate</u>** Coverage of assessment: P1, P2, P3, P4, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice-witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Nursery (if any) • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement	Guide(s) for each assessor
12.00–1.00 pm	Break			
1.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

Day 4: 13 August 2015 (Thursday)				
Activities /areas to be visited	**Razman**	**Hafiz & Zulfakar**	**Valence**	
8.00 – 12.00 pm	**<u>Jeroco Palm Oil Mill 2</u>** Coverage of assessment: P1, P2, P6, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Interview contractors, workers and stakeholders • Complaints and grievances • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Continuous improvement	**<u>Jeroco Palm Oil Mill 1</u>** Coverage of assessment: P1, P2, P4, P5, P8 • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement	**<u>Lokan Estate</u>** Coverage of assessment: P1, P2, P3, P4, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice-witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Nursery (if any) • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement	Guide(s) for each assessor
12.00–1.00 pm	Break			
1.00 – 4.00 pm	• Continue assessment • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any)			Guide(s) for each assessor
4.00 – 5.00 pm	Closing meeting & Travel to Tawau			Top management & Committee member

Attachment 4

Detail of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Assessors
Indicator 1.2.1 : #MRS 01 2015	Major	1. HCV documentation summary was not made available to the public by Lungmanis Estate. 2. Negotiation procedures (C6.4) was not made available to public by Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM i) A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. ii) 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.	Auditor has received HCV documentation summary titled 'Summary of High Consevation Value (HCV) at Jeroco Group of Estates' and negotiation procedures as listed in the 'Lampiran 2 – List of Publicly Available Documents' in the *Prosedur Memohon Maklumat Syarikat;* Ref# HSPSB P1 1120 (c). The procedure and request form has been made publicly at Jeroco POM1 and estate's noticeboard. **Status: Closed**
Indicator 5.2.3 : #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	Auditor has received official memo from Jeroco CU for disciplinary measures titled ' Diciplinary Measures Against Any Activities Involved with Rare Threatened & Endangered Species (RTE) / *Tindakan Terhadap Sebarang Aktiviti Melibatkan Haiwan Terancam (RTE)*' dated 7 September 2015. **Status: Verification on implementation and effectiveness of corrective action will be verified during next audit.**
Indicator 6.9.2 : #MRS 03 2015	Major	A policy to protect women reproductive rights was not available at Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM.	Jeroco CU has established a policy to protect women reproductive rights titled 'Policy on Reproductive Rights / *Polisi Hak Reproduksi*'. **Status: Closed**

Indicator 6.12.3 : #MRS 04 2015	Major	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 2. Procedure for employment of foreign workers was not available Lungmanis Estate, Jeroco 1 POM and Jeroco 2 POM	1. Jeroco Cu has revised their labour policy for foreign workers titled 'Labour Policy for Foreign Workers / *Polisi untuk Pekerja Asing*' by following specific guidance under this indicator. 2. Jeroco CU has established procedure for employment of foreign workers titled 'Procedure for Hiring Foreign Workers & Recruitment of Fresh Workers from Indonesia' **Status: Closed**

Attachment 5

Verification of Previous Audit Findings

P & C, Indicators	Classification Major / Minor	Detail Non conformance	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 : #MH1	Major	Indicator 2.1.1 : Evidence of compliance with legal requirements *i) Environment Quality (Prescribed Premise) (Crude Palm Oil) Regulations 1977 (amendment 2013),"JadualPematuhan " 00142 - Clause 13(smoke density indicator & alarm maintenance and reporting), Clause 15(CEMS –DIS online system), Environment Quality Act 1974, Section 49A & Clause 18 (competent operator for air pollution control equipment and schedule waste manager)* Objective evidence : i) - Faulty of the smoke density indicator alarm for boiler no.1, 2 & 3 was found during site review at JPOM 1. Last calibration was carried out on 24/12/13. - CEMS-DIS was found malfunction at JPOM1 &2. No such notification sent to DOE since the system malfunction. - There was no appointed air pollution control equipment competent person and schedule waste manager for Jeroco CU. ii) *Scheduled Waste Regulations 2005 – Regulation 3 (Notification of generation), Regulation 7(Application for special management of schedule waste), Regulation 9 (Storage of scheduled waste < 180 days), Regulation 11 (Inventory of scheduled waste)* Objective evidence : Only SW305 and SW410 were notified to DOE based on the Schedule 2 dated 30/6/14. Not	Corrective action taken by HSPHB : i) The faulty smoke density indicator alarm job order repair will be sent to the relevant contractor for repair. The smoke density alarm will be inspected in a monthly basis by the mill supervisor and mill assistants. Notification letter to DOE will be submitted by the mill management. Competent person for air pollution control equipment candidate will be forwarded to the management for approval. Once approved, the selected candidate will attend the training. ii) Scheduled was SW 306, SW 409 and SW 103 will be notified to DOE for both JPOM 1 and 2 - A meeting with DOE Director/ Officer will be arranged by the management. The purpose of the meeting is to explain them our current situation and seek their comments before we submit any Special Management Plan. Once discussed, the company will proceed with the development of the Special Management Plan and submit to DOE for approval The company will appoint Lagenda	**Verification:** Estate 1. Notification was sent to DOE on 16/6/2014 2. Inventory was submit to DOE on 1/8/2015 for inventory for th month of July 2015 3. Last disposal on 12/6/2015 Mill 1. Notification for SW 410 and SW 305 were sent to DOE on 17/9/14 & 21/7/14. For SW102 on 29/10/14,while for SW110, SW409 and SW306 on 16/10/2014 2. Inventory was sent to DOE on 8/8/15 for the month of July 15. 3. Last disposal on 2/6/15 for SW305, SW306, SW102, SW410. The management was store as per requirement and the inventory were kept up todate. The latest disposal done by Legenda Bumimas Sdn Bhd (License: 004834) and the records was seen acceptable. The management was communicate to DOE regarding on the transporting for scheduled waste from each estate to the centralized storage at Batangan Estate, verified letter to DOE dated 6/11/2014. Medical surveillance was carried out on 22/5/15 by OHD (Dr Sim Yong Sing- HQ/11/DOC/00/223)

		all scheduled generated were notified to DOE for JPOM1 and 2. - No special management obtained for transporting the scheduled waste to the centralized storage at Batangan Estate. Furthermore, SW 404 (clinical) waste was also transported without special management approval to SgSegama Clinic. - Scheduled waste generated was not disposed and stored more than 180 days at JPOM 1 & 2. Last disposal was made 23/10/13. No application for storage period extension made to DOE for such issues. - Inventory (5th Schedule) was not up to date and not tally with the physical stock at the storage area. (JPOM 1 & 2) - 5th Schedule was only updated quarterly and not reported using E-consignment note (ECN) system. (Refer DOE notice during visit on 22/4/14) iii) *Highly Toxic Pesticides Regulations 1996 – Regulation 3 (Prohibition), Regulation 4 (Maintenance of record)* Objective evidence : No evidence of (form I, II & III) been used for the handling of highly toxic pesticides (methamidophos) on 4-10/2/13 at Batangan Estate. iv) *OSHA 1994,Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations* 2000 *– Regulation 27 (health surveillance programme)* Objective evidence : Health surveillance programme was not carried out in timely manner for chemical listed in (Schedule 2), N-hexane. Last medical surveillance was done on 23/3/12 for JPOM1 and 2.	Bumimas to conduct the disposal of all the schedule waste generated by HSPHB. Currently the company is in the midst of seeking top management approval to appoint LagendaBumimas as the company permanent contractor and a program for disposal will be devised from there. iii) The form will be filled in accordingly and will be submitted to the DOA. Awareness training will be conducted in December 2014. iv) The workers has been sent to medical surveillance on 19th September 2014 at SgSegama Central Clinic. The annual medical surveillance has been fixed to be conducted every September on yearly basis and any new lab operator will be sent for the check-up within 1month of joining the company. One Medical surveillance report (Cik Suriani Baharuddin) is attached.	The smoke density indicator alarm for boiler no.1, 2 & 3 were function during site review at JPOM 1. Next calibration was on 3/8/2016. CEMS-DIS was function at JPOM1 and the last services was carried out on 23/6/2015 by Surewin Electrical & Instrument Engineering. **Status : Closed**

Indicator 4.1.1 : #MH2	Major	**Indicator 4.1.1:** Documented Standard Operating Procedures (SOP) for estates and mill. Finding : The mechanism for identifying the relevant requirement in the SOP was not effective. Objective evidence : Established SOP for estate and mill operation related to : i) Lab activities(S012, Chapter 7 "Makmal") was only addressed on the testing methodology not clear described on the USECHH 2000 requirements and environmental consideration. ii) Permit To Work procedure, not clearly mentioned on the competency and health declaration for the person who work in confined space. iii) SOP for trunk injection - not clear description on Highly Toxic Pesticides Regulations 1996 requirements and environmental consideration.	Corrective action taken by HSPHB : i) The SOP for lab activities will be amended accordingly to include the USECHH 2000 requirements and environmental consideration. Implementation will be done immediately. ii) The permit To Work procedure will be amended according to the Industrial Code of Practice (ICOP) 2010. The competency and health declaration for the person working in the confined space will be included. Current workers involved in working at confined space will be sent for the OHD Medical Checkup as per required inside the ICOP. Monitoring for the implementation is done by the mill manager and mill assistant. iii) The current SOP for the trunk injection will be amended to include the Highly Toxic Pesticides Regulations 1996 requirements and environmental consideration.	1. The Safety Procedure for Trunk Injection Using Enforce was revised dated 4/8/2015. 2. Lab procedure – SOP15- Chapter 7: Makmal was update accordingly on 12/12/2014 to include on USECHH 2000 requirement and environmental consideration 3. Revised Confined Space Entry Procedure dated 20/9/14 was verified. All pertinent element has been included as per ICOP 2010. The implementation seen some improvement. **Status: Closed**
Indicator 2.1.4 : #MH3	Minor	**Indicator 2.1.4** – A system for tracking any changes in the law Finding: No changes and updates incorporated in the legal register at all operating units. Objective evidence : Legal register was not updated with regards to	Corrective action taken by HSPHB : All the information will be included inside the legal register. The completion date of the updating of the Legal Register is expected in June 2015.	The evaluation of compliances was updated on 1/8/15 (Estate) and 2/2/2015 (JPOM1). Seen some improvement. **Status : Closed**

		i) Highly Toxic Pesticides Regulations 1996 ii) Electric Supply Act 1990, Electrical Regulations 1994 iii) FMA 1967, Noise Exposure Regulations 1989 iv) Requirements under "JadualPematuhan" for Jeroco Palm Oil Mill (001242) validity period 1/7/14- 30/6/15		
Indicator 5.6.2 : #MH4	Minor	**Criterion 5.6 :**Plans to reduce pollution and emission, including greenhouse gases, are developed, implemented and monitored. **Indicator 5.6.2** : Plans are reviewed annually Finding : The annual reviewed plan was not comprehensively assessed and monitored. Objective evidence : Environmental impact assessment management action plans and continuous improvement plan dated January 2014 did not include : **<u>JPOM1 &2Mill</u>** - Boiler operating condition (normal/uncontrolled burning/start-up & loading) was not identified and reviewed - Plan for the Clean Air Regulations 2014 compliance in 5 years' time. - Emergency response plan for major CPO spillage for barge and bulking operation	Corrective action taken by HSPHB : All the information required will be included inside the final report. Emergency response plan for major CPO spillage for barge and bulking operation will be updated by the mill management. Implementation and monitoring will be done by the Emergency Response Team for spillage of JPOM 1	Environmental Impact Assessment Management Action Plans and Continuous Improvement for JPOM1 was reviewed on June 2015. The JPOM 1 was budgeted RM1,500,000 to install back filter system for boiler as compliances to the EQ (Clean Air) Regulations 2014. **Status : Closed**
Indicator 4.4.7 : #MH5	Minor	**Indicator 4.4.7** – Evidence of water management plan Finding : Water management plan was not comprehensively described on the quality and availability of surface and ground water for the respective operating units Objective evidence : Water management plan dated January 2014 did not include : - Surface water (untreated) and treated water quality standard used.	Corrective action taken by HSPHB : The water quality standard used is the National Water Standard and Frequency of drinking water testing will be done in six month frequency. Contingency plan during dry season will be to store rain water for domestic use only. For drinking water, the mill will supply treated water using one tanker and five water bowser.	Tests for potable water were done by the management on a planned frequency (once in 6 months). Based on the test results, it was found that the water supplied was fit to drink. The contingency plan during drought season has also been established and included in the water management plan. **Status: Closed**

		- Baseline data for the water quality and frequency of testing - Contingency plan during dry season based on the rainfall data and climate change	All the information required will be included inside the final report.	
Indicator 6.5.3 : #KN1	Minor	**Indicator: 6.5.3** -Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities 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. Finding : The above requirement was not adhered Objective evidence : Unauthorized extensions or alterations are made to the buildings water piping at block A03,A04,A05 and A06 at Kapis Estate workers line-site.Treated water (from WTP) is connected to rain water harvesting tank and was used for consumption. No evidence to show that the tank water is fit for human consumption. Supply of potablepiped water which filtered and treated was mixed with untreated rain-harvesting water.	Corrective action taken by HSPHB : All the housings unauthorized extensions will be fixed and repaired. Mixing of rain water with the treated water is not permitted. Inspection and repair job expected to be completed in 15th October 2014. The building inspection checklist will be updated to include the checking of the water tanks piping system.	Refer memo dated 1.10.2014 and photograph. Corrective action taken satisfactory and effectiveness will be verified in the next audit. Lokan Estate, Lungmanis Estate, Jeroco POM 1 and Jeroco POM 2 have separated the piping of treated water and rain water tanks at workers houses as verified by auditor during site visited at foreign workers linesites. So, the previous NCR has been satisfactorily closed. **Status: Closed**
Clause E.3.3 #VS01	Major	**RSPO Supply Chain Certification Standard, Clause E.3.3** c) The facility can only deliver Mass Balance sales from a positive stock. **Finding:** Jeroco Palm Oil Mill 1 (JPOM 1) has sold RSPO mass balance certified palm kernel from negative stock. **Objective evidence:** Based on JPOM 1's mass balance accounting sheet, in a period from September 2013 to August 2014, JPOM 1 dispatched some 2,300 mt of palm kernel as RSPO mass balance certified more than it had produced.	Corrective action taken by HSPHB : Jeroco CU notified the buyer that there was 2,275.28mt PK sold and delivered within the period of February to August 2014 was not certified. The buyer acknowledged receipt the notification regarding the issue. Additional internal training regarding Mass Balance Supply Chain will be conducted to the related personnel. This will be done on annual basis. Daily monitoring mechanism on production and sales of certified CPO and PK has been implemented immediately by mill.	All the delivery of Mass Balance products (CPO and PK) by JPOM 2 were from positive stock. Mass Balance accounting was accurately done and updated. **Status: Closed**