

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

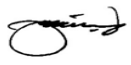


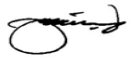
CERTIFICATION AUDIT REPORT

Part 4 : General Principles for Palm Oil Mills

Sook Oil Mills Sdn Bhd

-Group Certification-

MAIN ASSESSMENT
26th September 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	07/11/18	Issued as Draft Report	Muhammad Syafiq	Lead Auditor	
A	09/11/18	Peer Review 1 Comments	Madusoodanan	Peer Reviewer 1	
A	09/11/18	Peer Review 2 Comments	Muhammad Sufyan	Peer Reviewer 2	
B	15/11/18	Incorporated Peer Review Comments and Issued for Final Report	Muhammad Syafiq	Lead Auditor	



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1. Executive Summary

1.1. Objective, Audit Methodology, Certification Scope and Recommendation

Objective of Certification Assessment

Global Gateway Certifications Sdn. Bhd. [hereafter known as GGC] has conducted the Certification Assessment of Chellam Plantations Group, Sook Oil Mills Sdn Bhd. During this Main Assessment (Stage 2) Audit, the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to Sook Oil Mills Sdn Bhd are from their own estates [Sook Estate and Dalit Estate]. Sook Oil Mills also receiving FFB from out-grower and other smallholders.

This assessment was conducted onsite on 26th September 2018 by 3 auditors to assess the compliance of the certification unit against the MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills.

Audit Methodology

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, officers, review of documentation and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also taken into account in the assessment.

Certification Scope Methodology

The approach to the audit was to treat Sook Oil Mills Sdn Bhd as a MSPO Certification Unit. The assessment focused on documentation review, internal procedures, management system, mill inspection as well as identification of any significant issues for both environment or social issues, waste management and etc. Details of the actual assessment programme are given in Appendix A (Audit Plan). Some stakeholders were consulted randomly during the assessment to get their feedback on the management compliance and performance (Appendix C).

The assessment was conducted based on sampling approach as specified in MSPO Certification Requirement. The purpose of sampling audit, risk assessment of the certification unit was carried out prior to the assessment through the documentation (MSPO-Questionnaire Self-Assessment-RA). Result of the self-assessment is then considered when considering the sampling calculations. There is only Sook Oil Mills in this complex. Thus, Sook Oil Mills Sdn Bhd was selected in this audit.

Recommendation

The company has established Sustainability Policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Chellam Plantations Group especially for Sook Oil Mills Sdn Bhd. Mill Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. The site also assist by Chellam Plantations Group, Safety & Sustainability Department.



The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment (Stage 2) Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC). During this Main Assessment (Stage 2) Audit (based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills), 4 major non-conformities and 1 minor non-conformity have been raised to the facilities that being audited. All the evidence submitted were found adequate and therefore the major non-conformity is closed. (Refer to Appendix B, non-conformity table for details).

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted with no major non-conformity findings. Therefore, the lead auditor recommends to award the certificate of compliance MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills to Sook Oil Mills Sdn Bhd.

1.2. Company details and Contact information

Company Name	Chellam Plantations Group
Business Address	C4-2-3A, Office Suite, Block C4, Urbane Tower, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480, Kuala Lumpur., Malaysia
Contact Person	Ms. Rowena Peter
Office Telephone	+603 6205 3777
E-Mail	rowenapeter.cpg@gmail.com

1.3. Certification Unit

Name of the Certification Unit	Sook Oil Mills Sdn Bhd
Mill Capacity (MT/HR)	45
Site Address	Jalan Tulid, Block 1, Sook, 89008 Keningau, Sabah.



GPS Reference of the site office	Longitude	E 116°21'55.118"	
	Latitude	N 5°19'36.846"	
MPOB Licence No	565558004000	Date Expired	31 st October 2019
Scope Activity	<ol style="list-style-type: none"> 1. Sell and distribute PK, CPO and SPO. 2. Purchase and distribute FFB. 3. Store PK, CPO and SPO. 4. Manufacture/Process FFB. 		
Others Certification	ISCC EU & ISCC PLUS		

1.4. Production Area, Actual and Projected FFB Production (MT)

Production for Certified Unit

Sook Oil Mills	Projected from last audit	Actual Production for 12 Months [Sept 2017-Aug 2018]	Projected Production for next 12 Months [Sept 2018-Aug 2019]
FFB Summary (MT)	NIL	62,525.21	64,147.00
CPO Summary (MT)	NIL	14,024.06	14,212.83
PK Summary (MT)	NIL	2,702.95	2,739.33

FFB's Own Estates

Production for Un-Certified Unit

Sook Oil Mills	Projected from last audit	Actual Production for 12 Months [Sept 2017-Aug 2018]	Projected Production for next 12 Months [Sept 2018-Aug 2019]
FFB Summary (MT)	NIL	246,898.46	241,220.00
CPO Summary (MT)	NIL	54,704.43	53,446.27
PK Summary (MT)	NIL	10,543.56	10,301.06

1.5. Certification Details

Certification body	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 - www.ggc.my
Assessment standard	(MSPO) Part 4: General principles for palm oil mills
Certificate number	GGC-CPG002-MSPO-00-2018
Initial certificate issued date	16 th November 2018
Certificate expiry date	15 th November 2023
Stage 1 assessment date	Not applicable as client certified for ISCC
Stage 2 / Main Assessment	26 th September 2018
Annual Surveillance 1 [ASA 1]	August 2019
Annual Surveillance 2 [ASA 2]	August 2020
Annual Surveillance 3 [ASA 3]	August 2021
Annual Surveillance 4 [ASA 4]	August 2022



2. Assessment Process

2.1. Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: **Muhammad Syafiq bin Abd Razak**

Graduate in plantation management with more than 7 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Fully trained in similar agriculture certification programs such as RSPO, SCCS, MSPO and etc. Qualified as Lead Auditor/Auditor in several certification programme. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia, Indonesia, Australia, Pakistan, Arab Saudi and Ivory Coast. Completed and certified MSPO Auditor course in 2014 (3rd Batch) held by MPOB. Member of GGC MSPO audit team.

Experienced in handling mineral and peat soil oil palm estate. Knowledgeable in chemical in control of weeds and pest & disease in Oil Palm Plantation sector. Understanding in Industrial relation and labour law. Attended OSH Act 1994 & Regulations and Factories & Machinery Act 1967 & Regulations Training. Participated in Workshop for Oil Palm Growers on Peat at Bogor, Indonesia. Completed and attended Social Impact Assessment Training at Bogor, Indonesia organized by Remark Asia. Also, has attended training for RSPO GHG calculation on year 2015 in Kuala Lumpur.

During this assessment, he assessed on the aspect of Transparency, Legal, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare, Environment and etc. He is able to speak and understand Bahasa Malaysia and English.

Auditor

Name: **Ismadi bin Hj. Ismail**

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Safety and Health, Employment Condition, Social and community engagements, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: **Hj. Ahmad bin Sukiman**

He holds MSc Plantation Management from Universiti Putra Malaysia (UPM). Above 30 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in MSPO and qualified as Lead Auditor/Auditor for MSPO. Involved in MSPO assessment since 2015. Completed and certified MSPO Auditor course in 2015 held by DQS Certification (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Legal, Best Practices, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English.



2.2. Stakeholder Consultation

GGC has published the public notification on 24th August 2018 and as to accommodate a stakeholders' consultation meeting for mill and estates. Therefore, it was conducted on 26/09/2018-28/09/2018 in Chellam Plantations Group, Sabah Complex (Mill & Estates) to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of estates management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. (Refer to part 4 table for details)

3. ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

3.1. Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 Policy for the implementation of MSPO shall be established.

Summary Chellam Plantations Group has established MSPO Policy. The policy has been approved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

As evidence, sighted:

- 1) The "Penerangan Tentang Persijilan MSPO" on 27th July 2018. Attended by 12 Executives/Staffs and conducted by Mr. Johan Arwandi Jaidye (Safety & Sustainable Department).
- 2) The "Pengenalan MSPO dan Polisi Syarikat Kepada Pekerja" on 02nd August 2018. Attended by 55 workers and conducted by Ms. Beatcy Albert (Assistant Mill Engineer).

During interview with the staff and workers, they are aware regarding the MSPO Policy and the implementation of the MSPO and able to answer the interviewer's question.

In Compliance **Yes** No Not Applicable

Indicator 2 The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.

Summary Chellam Plantations Group has established MSPO Policy. The policy has been approved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

Stated in the MSPO Policy; "The Chellam Plantations Group will pursue continues improvement by engaging in regular review processes and taking active steps to continually develop the skills and competencies of our employees, strengthen our procedures and leverage technological advances".

In Compliance **Yes** No Not Applicable

Criterion 2 Internal audit

Indicator 1 Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary As per interviewed with Mr. Edward Jude Kumis (Mill Manager), the internal audit frequency has been planned at least once a year. Internal audit for MSPO program will be conducted by Sustainability Department from Head Office.

The procedure is available in Sustainability Procedure; No: SP-CPS-01; Internal Audit; Rev 00; Date: 09th April 2018. Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Phang Chew Pheng (General Manager – Mill) on 10th May 2018.

In Compliance **Yes** No Not Applicable

Indicator 2 The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.

Summary Chellam Plantations Group has established an internal audit procedure to determine conformance to the applicable sustainability standard's requirements such as MSPO or ISCC and to identify opportunities for further improvement. The procedure is available in Sustainability Procedure; No: SP-CPS-01; Internal Audit; Rev 00; Date: 09th April 2018. Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Phang Chew Pheng (General Manager – Mill) on 10th May 2018.

The internal audit conducted by Mr. Johan Arwandi Jaidye and Ms. Maltidah Songkongan from Safety & Sustainability Department) on 27th August 2018. Seen the action taken by Mill Manager for all the findings raised by the audit team. All details well documented by mill management.

In Compliance **Yes** No Not Applicable

Indicator 3 Reports shall be made available to the management for their review.



Summary The internal audit report was documented and made available for management review. As evidence, all findings of the internal audit have been covered in management review. The status of the correction and preventive actions are being discuss and reviewed.

In Compliance **Yes** No Not Applicable

Criterion 3 Management review

Indicator 1 The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

Summary Chellam Plantations Group has established management review procedure to ensure that the Operating Unit's Sustainability Management System and performance continue to meet the MSPO, ISCC or other sustainability requirements and needs of the company and interested parties.

The procedure is available in Sustainability Procedure; No: SP-CPS-02; Management Review; Rev 00; Date: 09th April 2018. Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Phang Chew Pheng (General Manager – Mill) on 10th May 2018.

The management review had included internal and external sustainable palm oil audit results review. The status of the correction and preventive actions are being discuss and reviewed.

Sighted management review meeting was done by Chellam Plantations Sabah. 1st meeting for Management Review conducted on 30th August 2018. Attended by 8 participants.

In Compliance **Yes** No Not Applicable

Criterion 4 Continual improvement

Indicator 1 The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.

Summary Chellam Plantations Group has established MSPO Policy. The policy has been proved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018. Stated in the MSPO Policy; The Chellam Plantations Group will pursue continues improvement by engaging in regular review processes and taking active steps to continually develop the skills and competencies of our employees, strengthen our procedures and leverage technological advances.

As evidence in mill, sighted a continual improvement plan covering Environmental, Social, Best Practices, OSH and Others. The plan has been documented in Continuous Improvement Plan for year 2018. Prepared by Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager) on 20th August 2018.

In Compliance **Yes** No Not Applicable



Indicator 2 The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.

Summary Trainings were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company.

There is no new application of new technology implemented during the certification period. The current practices continued and guide by Mill General Manager.

In Compliance **Yes** No Not Applicable

3.2. Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

Indicator 1 The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.

Summary Chellam Plantations Sabah has established the Sustainability Procedure on Stakeholder Communication & Consultation Procedure; SP-CPS-03; Revision: 00; Date 09th April 2018.

Communication and consultation process is also communicated through stakeholder meeting, dialogues and visits. Latest meeting with Internal and External Stakeholders was held on 7th August 2018, 09th August 2018, 20th September 2018 and 21st September 2018 attended by 21, 19, 2 and 3 stakeholders respectively. The meeting was conducted by Mill Manager, Mr. Edward Jude Kumis. The minutes being prepared by Mr. Anand A/L Sillvaraji.

In Compliance **Yes** No Not Applicable

Indicator 2 Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes

Summary The management documents are made publicly available except prevented by confidentiality. As evidence, sighted reference document list guideline by Mr. Edward Jude Kumis (Mill Manager). Latest updated on 4th August 2018.

In Compliance **Yes** No Not Applicable

Criterion 2 Transparent method of communication and consultation

Indicator 1 Procedures shall be established for consultation and communication with the relevant stakeholders.

Summary Chellam Plantations Group (Sabah) has established the Sustainability Procedure on Stakeholder Communication & Consultation Procedure. SP-CPS-03, Revision: 00 Date 9th April 2018. The purpose of this procedure is to outline the arrangements for consultation and communication by Sook Oil Mills Sdn Bhd with its relevant stakeholders and how their concerns and views are addressed.

Interview with the stakeholders confirmed they have been informed and updated during the stakeholder meeting and that they are aware of the above process.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).

Summary The person in charge for traceability and transparency agenda is Ms. Dhority J. Gukin, appointed on 1st August 2018 by the Mr. Edward Jade Kumis (Mill Manager).

In Compliance **Yes** No Not Applicable

Indicator 3 A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.

Summary The list of stakeholders is adequately maintained and keep current. As evidence, sighted latest stakeholders list on 1st August 2018. The stakeholders list was updated by Mr. Anand Sillvaraji and checked by Mr. Mark Phang, The General Manager.

The audit team observed that the stakeholder list consists of various stakeholders covering the NGOs, local communities, contractors, supplying estates and relevant government agencies.

The requests were made and will be processed / approved by Mill Manager or Assistant Manager. Sighted the above request and others as stated in the log book effectively responded by mill management.

In Compliance **Yes** No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.

Summary Chellam Plantations Group (Sabah) has established the Sustainability Procedure on Traceability.

However, one major non conformity has been raised due to the Standard Operating Procedure for Traceability Process Flow is inadequate.

In Compliance Yes **No** Not Applicable



Indicator 2 The management shall conduct regular inspections on compliance with the established traceability system.

Summary On-site inspection is conducted on a daily basis. Evidence of inspection is available for verification during the audit. On the other hand, the company also conducting periodical inspection of the established traceability through the Internal Audit. The internal audit conducted by Mr. Johan Arwandi Jaidye on 27th August 2018.

In Compliance **Yes** No Not Applicable

Indicator 3 The management shall identify and assign suitable employees to implement and maintain the traceability system.

Summary The person in charge for traceability and transparency agenda is Ms. Dhority J. Gukin, appointed on 1st August 2018 by the Mr. Edward Jade Kumis (Mill Manager).

In Compliance **Yes** No Not Applicable

Indicator 4 Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.

Summary For any incoming FFB, Sook Oil Mills Sdn Bhd will verify the weighbridge ticket issued by the supplying estate with the amount that has been weighted by the POM. For the outgoing CPO & PK, the POM issued the weighbridge for every shipment of the product.

In Compliance **Yes** No Not Applicable

3.3. Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations shall be in compliance with applicable local, national and ratified international laws and regulations.

Summary The company has established and updated list of applicable laws and regulations that are applicable for the estate and mill, prepared by Sustainability Department.

The register of legal and other applicable requirement has column indicating the title, part, section/ sub-section/para/title/abstracts, relevant environmental aspects or other activities, responsible officer and compliance (Y/N/FI). The register of legal and other applicable requirement was last updated on 13.07.2018.

However, one major non-conformity has been raised to Sook Oil Mills Sdn Bhd. The audit team observed that based on recent visit (13 & 14.08.2018) of "Pemeriksaan Kawasan Perumahan" by the Dresser, Ms. Shalvia Owok, the interval between the previous visit i.e. 11 & 13.07.2018 with the recent visit was past due 32-34 days. It is against the Section 23(2) of Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). Mill also exceeding the validity period as stipulated in the

Environmental Quality Act 1974 (Act 127). "Environmental Quality (Scheduled Wastes) Regulations 2005.

In Compliance Yes **No** Not Applicable

Indicator 2 The management shall list all relevant laws related to their operations in a legal requirements register.

Summary There are laws and regulations identified in the legal register. It includes the following:

- Environmental Quality Act 1974
- Petroleum (Safety Measures) Act, 1984
- Workers' Minimum Standards of Housing and Amenities Act 1990
- Occupational Safety and Health Act 1994
- Sabah Environment Protection Enactment, 1998
- Environment Protection Enactment (Prescribed Activities)(Environmental Impact Assessment) Order 2005
- Environment Protection Enactment (Registration of Environmental Consultants) Rules 2005
- Sabah Water Resources Enactment, 1998
- Drainage and Irrigation Ordinance, 1956
- Wildlife Conservation Enactment, 1997
- Pesticides Act 1974 (Act 149)
- Factories and Machinery Act, 1967
- State of Sabah Land Ordinance (Sabah Cap. 68)
- Sabah Labour Ordinance (Cap. 67) as at 2005
- MPOB (Quality) Regulations, 2005
- MPOB (Licensing) Regulations, 2005
- Fire Service Act, 1984
- Communications & Multimedia Act 1998
- Windfall Profit Levy Act 1998

Sighted the following documents as evidence of compliance:

- 1) MPOB License, No. Lesen 589024015000, untuk menjual dan mengalih FFB & Membeli dan mengalih FFB expiry date 30.09.2019
- 2) MPOB License, No. Lesen 565322017000, untuk Membeli dan mengalih CPO and Mengeksport CPO expiry date 30.09.2019
- 3) Jabatan Alam Sekitar – lesen men duduki atau menggunakan premis yang ditetapkan No. 001864 expiry 30.06.2019
- 4) Fire Certificate (the process to obtain the Bomba certificate is in progress) in order to comply with Fire Service Act 1988 (Act 341). Sighted purchase order No. SOM08641 awarded to FISYS Consultancy Sdn Bhd to prepare & obtain Bomba approval for engineering drawings (building, structure & fire fighting systems) and prepare & obtain Bomba approval for M&E drawings for all the fire fighting systems. Sighted as well the action plan for the completion of the fire protection system in 4 phases from Sept 2018 to April 2019.
- 5) Sijil Kelulusan Bertulis untuk Dua (2) alat pembakaran bahanapi di bawah peraturan-peraturan kualiti alam sekeliling (udara bersih) 1978, P.U.(A) 280 dated 22.09.2008.



- 6) Sijil Kelulusan Bertulis untuk Satu (1) unit pemasangan/ pembinaan alat pembakaran bahanapi dan cerobong di bawah peraturan-peraturan kualiti alam sekeliling (udara bersih) 1978, P.U.(A) 280 dated 20.08.2008.
- 7) Perakuan Kelayakan Pengandung Tekanan Tak Berapi for Back Pressure Receiver Ref PMT-SB/18 10030 expiry 20.05.2019.
- 8) Perakuan Kelayakan Pengandung Tekanan Tak Berapi for 2-unit Air Receiver Ref PMT-SB/18 10099 & 10098 both expiry 20.05.2019.
- 9) Perakuan Kelayakan Dandang for Boiler Ref PMD-SB/18 10029 expiry 20.05.2019.
- 10) Perakuan Kelayakan Pengandung Tekanan Tak Berapi for 2-unit Steriliser No.1 & 2 Ref PMT-SB/18 10097 & 10100 both expiry 20.05.2019.
- 11) Lesen Bagi Pemasangan Persendirian, Akta Bekalan Elektrik 1990 No Siri 29704 expiry 17.08.2019
- 12) Permit Barang Kawalan Berjadual) for diesel, No Siri S011001 (20,000 liter) expiry date 07.04.2019
- 13) Permit Khas Barang Kawalan Berjadual for petrol (200 liter seminggu) expiry date 11.02.2019.
- 14) Permit Sekatan Kerja Lebih Masa, Seksyen 104(7), Ordinan Buruh (Sabah Bab 67) for overtime limit of 120 hours per month expiry 27.06.2020
- 15) Permit Potongan Daripada Gaji Pekerja, Seksyen 113(4), Ordinan Buruh (Sabah Bab 67) for bayaran pemprosesan dokumen perjalanan (tidak termasuk bayaran levi, bon jaminan bank/insurans, denda memperbaharui permit kerja/visa, skim pampasan insurans pekerja asing dan pemeriksaan kesihatan – GROWARISAN) & bayaran kedai runcit expiry 27.06.2020

In Compliance **Yes** No Not Applicable

Indicator 3 The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

Summary The legal requirements are tracked by means of periodic review and evaluation on the Laws & regulations list, to ensure that any new/addition as well as changes or new amendment are captured and updated, through the following manner:

- 1) Sustainability Department
- 2) Human Resource Department
- 3) Campaign by Government Body
- 4) Communication with JTK
- 5) Newspaper or article on the new or change of amendment
- 6) Website

Sighted the legal register is prepared by the Sustainability Department and subsequently updated internally by Mr. Dhority J. Gukin – Account & Admin Assistant & Pn Suzannah Sipin – Jr. Account Clerk, signed by Mr. Edward Jude Kumis (Mill Manager) dated 01.08.2018.

In Compliance **Yes** No Not Applicable



Indicator 4 The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

Summary The appointed person in charge to monitor compliance status and to track update the changes in regulatory requirements is Mr. Dhority J. Gukin – Account & Admin Assistant & Pn Suzannah Sipin – Jr. Account Clerk.

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

Indicator 1 The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.

Summary The mill is situated in the Land Title of CL 135318062 valid till 31.12.2077 with the approx. area of 11.597ha (milling area) and 18.418ha (effluent treatment plant). The copy of land title is kept in the mill office and was sighted during the audit. Evidence of annual payment of quit rent paid to the state government is available in the form of receipts. Quit rent was paid by Sook Estate on 18.09.2018.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.

Summary Sighted Land ownership of the company. Title No. CL 135318062 valid till 31.12.2077 The land title for the mill is available and maintained by Sook Estate. Mill was built within the Sook Estate's area.

In Compliance **Yes** No Not Applicable

Indicator 3 Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.

Summary As the mill was built within the Sook Estate's area, the permanent fence had been constructed to demarcate the vicinity of the mill milling area. No fencing provided for effluent treatment plant.

The mill is situated in the Land Title of CL 135318062 valid till 31.12.2077 with the approx. area of 11.597ha (milling area) and 18.418ha (effluent treatment plant). The mill site is located at coordinate 5.333258, 116.362384.

In Compliance **Yes** No Not Applicable

Indicator 4 Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).

Summary As the mill was built within the Sook Estate (the same Company's land), thus no disputes been recorded by the mill.

There is no evidence of land conflict present in the mill. There is no violence on instigated violence in maintaining peace because company has a clear procedure on handling the land conflict.

In Compliance **Yes** No Not Applicable

Criterion 3 Customary land rights

Indicator 1 Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

Summary As the mill was built within the Sook Estate, thus no customary rights will affect the mill. There are also no land disputes or claims involving the mill. The company has proper legal land title with regards to land ownership.

In Compliance **Yes** No Not Applicable

Indicator 2 Maps of an appropriate scale showing extent of recognized customary rights shall be made available.

Summary As the mill was built within the Sook Estate, thus no disputes been recorded by the mill. There is no evidence of land conflict present in the mill. There is no violence on instigated violence in maintaining peace because company has a clear procedure on handling the land conflict.

In Compliance **Yes** No Not Applicable

Indicator 3 Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.

Summary There is no land conflict or disputes recorded by the mill. The mill land title and ownership are legally identified and documented.

In Compliance **Yes** No Not Applicable

3.4. Principle 4 : Social responsibility, health, safety and employment condition

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.

Summary Sighted, the latest Social Impact Assessment was conducted on 1st to 10th August 2018. The purpose of Social Impact Assessment is to assess change in social and environmental conditions which subsequently have impacts to surrounding areas and communities.

The assessment being conducted through consultation with randomly stakeholders of the following groups:-

- 1) Local workers
- 2) Foreign Workers
- 3) Contractors
- 4) Suppliers
- 5) Nearby Village
- 6) Government officers

The Social Impact Assessment covering 25% from the total internal and external stakeholders. Seen in the review report, the assessment key areas, mitigation plan and targeted date for completion.

In Compliance **Yes** No Not Applicable

Criterion 2 Complaints and grievances

Indicator 1 A system for dealing with complaints and grievances shall be established and documented.

Summary Chellam Plantations Sabah has established the Sustainability Procedure on Stakeholder Communication & Consultation Procedure. SP-CPS-03, Revision: 00 Date 9th April 2018. Sighted, the Complaints and Enquiry Procedure under Clause 4.0, Page 5 – 6.

In Compliance **Yes** No Not Applicable

Indicator 2 The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.

Summary 19 complaints being recorded to date September 2018. Complaints forms seen are responded and completed within Standard Operating Procedures timeframe 14 working days.

Seen samples of complaints dated 7/9/18 by Ms. Felicia bt Sinting regarding "paip bocor belakang rumah SOM 04". The Management responded on the even date to repair the pipe leaking at SOM 04.

In Compliance **Yes** No Not Applicable

Indicator 3 A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.

Summary The Mill is using Complaint and Enquiry Book which is available at the office. The complaints can also be delivered to Management via Complaint and enquiries Box, located near the muster ground and office.

In Compliance **Yes** No Not Applicable



Indicator 4 Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.

Summary Latest meeting with Internal and External Stakeholders was held on 7th August 2018, 9th August 2018, 20th September 2018 and 21st September 2018 attended by 21, 19, 2 and 3 stakeholders respectively.

The meeting was conducted by Mill Manager, Mr. Edward Jude Kumis. The minutes being prepared by Mr. Anand A/L Silluaraji. Sighted in the minutes of meeting the agenda on Complaint and Grievances Procedure.

In Compliance **Yes** No Not Applicable

Indicator 5 Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.

Summary No complaints were sighted as the system just being introduced in June 2018. At this moment, no negative complaints made by internal and external stakeholders within last 24 months.

In Compliance **Yes** No Not Applicable

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.

Summary The POM has maintained all corporate social responsibility (CSR) for the development of local communities. In general, the CSR performed by the company consist of the following:

- 1) Contribution for the local communities programme
- 2) Contribution for the school programme
- 3) Contribution for the others programme

As evidence, contribution of hamper for Family Day at Clinic Kesihatan Tulid dated 15th May 2018 amounting RM200.00.

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.

Summary Sighted the Occupational Safety & Health Policy of Chellam Plantations Group, established on 21st May 2018 which was approved by Datuk Venkata Chellam, The Managing Director. The policy is written in Bahasa and English language.



Safety policy and HIRARC documented was reviewed for the POM. Training programs were planned and conducted for all group's workers, staffs and executives. Training records were maintained. During mill visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works.

In Compliance **Yes** No Not Applicable

Indicator 2 The occupational safety and health plan shall cover the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:
 - i) all employees involved are adequately trained on safe working practices; and
 - ii) all precautions attached to products should be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.
- g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically a t quarterly intervals.

Summary Sighted the Occupational Safety & Health Policy of Chellam Plantations Group, established on 21st May 2018 which was approved by Datuk Venkata Chellam, The Managing Director. The policy is written in Bahasa and English language. The policy being displayed at the Notice Board.

Risk assessment was conducted through HIRARC based on the severity and the likelihood. HIRARC is consist of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive).

However, one major has been raised due to inadequate Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities and operations be



assessed and documented. Also, no evidence of management responded to CHRA recommendations.

The mill has a comprehensive annual training programme for the Staffs and Workers. Training records for Personal Protective Equipment was sighted on 10th July 2018 conducted by Mr. Alex Liew, Millvest attended by 25 participants.

Mill has provided appropriate PPE for all workers in their operations. Person in-charge of in issuing PPE is Mr. Jerome Jailis @ Daulis. PPE Issuance and replacement record sighted for:-

- Staff/AP
- General Workers

Sighted, CHRA being conducted on 6th June 2017 by Dr. Mohd Azizan bin Abdul Aziz (HQ/11/ASS/00/298-2017/013) from Dab OH Sdn Bhd. Seen, Safe and Standard Operating Procedure for transporting, receiving, handling, storage and disposal of chemicals dated 1st September 2018.

Audiometry Test has been conducted on 12th September 2018 by DAB OH Sdn Bhd. The result yet to be received from the appointed assessor. The Medical Surveillance report for 3 workshop operators, 2 laboratory attendant, 1 supervisor, 1 Effluent Supervisor and 1 storekeeper yet to be received from the appointed Clinic. The Medical Surveillance being conducted on 12th September 2018. Seen the Chemical Register Hazardous to Health which registered 110 hazardous chemicals dated 21st May 2018.

The person in charge for OSH is Mr. Edward Jude Kumis dated 4th July 2018. g. OSH Committee Chart 2018 sighted. Letter of appointment for committee members dated 4/7/2018. The committee meeting has been conducted as follows :-

- 1) 12th Sept 2018
- 2) 13th June 2018

To discuss all issues regarding worker's safety and health. Sighted latest meetings conducted on 12th September 2018 and attended by 21 members. The meeting discussed on Site Inspection, PPE, and Training.

Accident being monitored monthly through Safety Monthly Report. No accident being recorded since June 2018. Sighted the Emergency Procedure for the Mill. Emergency response plan include the Emergency Contact Number, Emergency Response Team, Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board.

ERP Chart 2018 indicates Ms. Beatcy Albert as First Aider for Sook Oil Mills. Sighted training on First Aider by St John Ambulance Malaysia dated 15th -17th August 2018 attended by 21 participants. Monitoring on Accident and Investigation being established in May 2018. Thus, no submission to DOSH on JKKP 8 Report.

In Compliance **Yes** No Not Applicable



Criterion 5 Employment conditions

Indicator 1 The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.

Summary Sighted the Social Policy of Chellam Plantations Group, established on 21st May 2018 which was approved by Datuk Venkata Chellam, The Managing Director. The policy is written in Bahasa and English language.

- Prohibition of any form of violence, harassment or discrimination against race, religion, national origin, disability, pregnancy, age and gender.
- Prohibition of child labour.
- Prohibition of forced or trafficked labour.
- Ensuring that workers hours are compliant with national legislation and industry standards. Overtime shall be voluntary and shall not exceed the limitations provided in the national laws, collective agreements or industry standards.
- Respect for the right of all workers to know their employment status, working conditions, wages, working hours, leave entitlements and all other benefits of employment.
- Respect for the right of all workers to form and/or join worker organisations and trade unions of their choice and to bargain collectively.
- Respect for our surrounding communities and a commitment to embrace open engagement and on-going consultation with these communities and other stakeholders.
- Respect for the right indigenous (orang asli) and local communities to give or withhold their Free, and Informed Consent (FPIC) on land to which they hold legal or customary rights.
- Commitment to maintain equitable (saksama) procedures to deal with employee and stakeholder complaints and grievances.
- Commitment to uphold ethical business practices and to support of national and international authorities to establish and enforce such standards for all businesses.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

Summary All the workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers at mill and also personal interview with Mill Manager, Mr. Edward Jude Kumis and also through verification of contracts of service and pay slips of workers.

No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the mill. During interviews, it is clearly stated no forced labour at mill area.

In Compliance **Yes** No Not Applicable

Indicator 3 Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.

Summary Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip.

The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732) Malaysian minimum salary is RM920.00 as stated in the guidelines.

Interview with both Mill staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. As evidence:

1) Yusly Room (Malaysia Worker)

- August 2018
- Basic = RM884.50
- Holiday Pay = RM70.76
- Kerja Hari Cuti = RM70.76
- Overtime = RM579.35
- Incentive Allowance = RM 78.00
- Deduction
- KWSP = RM122.00
- PERKESO = RM 8.25
- SIP = RM3.30
- Net salary = RM 1,549.82

2) Jeril Roba (Indonesian Worker)

- August 2018
- Basic = RM778.36
- Holiday Pay = RM35.38
- Kerja Hari Cuti = RM141.52
- Kerja Cuti Umum = RM70.76
- Cuti Tahunan = RM 106.14
- Overtime = RM702.09
- Night Shift Allowance = RM 32.00
- Deduction
- Passport = RM85.00
- Net salary = RM 1,781.25

In Compliance **Yes** No Not Applicable

Indicator 4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.

Summary The salary of the contractor workers is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732) Malaysian minimum salary is RM920.00 as stated in the guidelines.

Several payslips (latest) has been verified and confirmed that the worker's salary are above the minimum threshold limit set by the Malaysian laws and regulations (RM 920/month).

However, one minor non-conformity has been raised due to no evidence that contract agreement between the contractor and his workers available during the audit. Sample taken on Kawatuan Enterprise, contractor on Transporting Fresh Fruit Bunches.

In Compliance Yes **No** Not Applicable

Indicator 5 The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

Summary Sighted, the records of employee were kept in the Computer System, General Master. The records contain full names, gender, race, passport number, I/C number, date of birth, marital status, date joined

In Compliance **Yes** No Not Applicable

Indicator 6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.

Summary Sighted, Employment Contract between Sook Oil Mills Sdn Bhd and the workers. The agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia.

Employment contract stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian.

Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed though interview with workers from the mill and also through verification of contracts of service and pay slips of workers.

In Compliance **Yes** No Not Applicable

Indicator 7 The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.



Summary Working hours is 8 hours. From Monday to Saturday. The overtime maximum is 104 hours according to Malaysian Law. Daily attendance recorded during muster call. Mill has used pocket check-roll as a working time recording system.

In Compliance **Yes** No Not Applicable

Indicator 8 The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.

Summary The working hour and break time has been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

There is no complaint received regarding payment or are forced to work overtime during site interview.

In Compliance **Yes** No Not Applicable

Indicator 9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

Summary Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Documented pay slip was distributed to individual workers on the day of payment.

In Compliance **Yes** No Not Applicable

Indicator 10 Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings

Summary All workers have been provided with medical and accident insurance. Productivity incentives and outturn incentive. Tokio Marine is appointed as insurance provider to foreign workers

With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations.

In Compliance **Yes** No Not Applicable

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.

Summary All workers are provided with housing facilities at workers linesite. Water and electricity are provided free. Sanitary and waste disposal is arranged by estate.

Welfare Amenities: Takraw Court, Badminton court, Volleyball court, Community Learning Centre, Creche, Sundry Shop, Clinic, Surau.

In Compliance **Yes** No Not Applicable

Indicator 12 The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.

Summary Sighted the Sexual Harassment Policy of Chellam Plantations Group, established on 21st May 2018 which was approved by Datuk Venkata Chellam, The Managing Director. The policy is written in Bahasa and English language.

Chellam Plantations Group also established Sustainability procedure on Preventing Sexual Harassment at Workplace, No SP-CPS-07, Revision 00, dated 10th May 2018.

In Compliance **Yes** No Not Applicable

Indicator 13 The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.

Summary Sighted the Social Policy of Chellam Plantations Group, established on 21st May 2018 which was approved by Datuk Venkata Chellam, The Managing Director. The policy is written in Bahasa and English language.

The policy on respect the right of all employees to form or join trade union has been stated under the following number:

- Respect for the right of all workers to form and/or join worker organisations and trade unions of their choice and to bargain collectively.

Interviewed with the workers confirmed that they are allowed to join any union without any restriction.

In Compliance **Yes** No Not Applicable

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.

Summary Child and young person policy is incorporated in the Social Policy of Chellam Plantations Group, established on 21st May 2018 which was approved by Datuk Venkata Chellam, The Managing Director. The policy is written in Bahasa and English language.



There are no children below ages of 18 working in the mill and this was proven through checking the list of employees. The workers were clear that no one below 18 years old should be employed.

In Compliance **Yes** No Not Applicable

Criterion 6 Training and competency

Indicator 1 All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.

Summary The mill has a comprehensive annual training plan. The training plan for 2018 was sighted. Records of the training conducted are maintained in training records folder. The audit team observed that the above records consist of all necessary information (attendance, photos, and training contents).

As evidence, sighted training records for "Latihan cara-cara menggunakan Alat-alat Kecemasan" was sighted on 11th June 2018 conducted by Ms. Shalvia Owok (Sook Estate Dresser) attended by 13 participants.

In Compliance **Yes** No Not Applicable

Indicator 2 Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

Summary Yearly training plan is created based on Training Needs Analysis for workers involved in the operations. Sighted the Training Need Analysis of all workers, staffs and Management which are based on their competencies and job description.

In Compliance **Yes** No Not Applicable

Indicator 3 A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.

Summary The mill has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. Sample of the training programme:

- Safety Training
- Sustainability Training
- Fire Drill Training
- Confine Space Training
- Usage of PPE

In Compliance **Yes** No Not Applicable

3.5. Principle 5 : Environment, natural resources, biodiversity, and ecosystem services

Criterion 1 Environmental management plan

Indicator 1 An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.

Summary Chellam Plantations Group has established Environmental Policy. The policy has been proved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

Sighted Environmental Management Plan for all mill operations; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) / Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager) on 27th August 2018.

Interview with the mill workers and staffs confirmed they have been trained under Environmental Policy and Management Plan. Records of the training in the form of the attendance list, pictorial evidence as well as the training handouts is made available to the audit team during the audit.

In Compliance **Yes** No Not Applicable

Indicator 2 The environmental management plan shall cover the following:
a) An environmental policy and objectives;
b) The aspects and impacts analysis of all operations.

Summary Chellam Plantations Group has established Environmental Policy. The policy has been proved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

Sighted Environmental Aspect and Impact Assessment for all mill operations; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) / Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager) on 27th August 2018. One of example:

- Description: A plant to treat raw water for process and domestic use
- Activities: General operation
- Environmental Aspect:
 - a. Consumption of water treatment chemical
 - b. Consumption of electricity
- Environmental Impact: Depletion of resource
- Mitigation Plan:
 - a. Monitor water treatment chemical consumption
 - b. Follow recommendation from water treatment chemical supplier when preparing the chemical solution.

In Compliance **Yes** No Not Applicable

Indicator 3 An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.



Summary The environmental improvement plan document developed had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones applicable to the POM.

In Compliance **Yes** No Not Applicable

Indicator 4 A programme to promote the positive impacts should be included in the continual improvement plan.

Summary The reviewed environmental improvement plan document had also considered the mitigation of negative impacts and promotion of positive ones and translated into programmes and implemented. The document was prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) / Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager).

In Compliance **Yes** No Not Applicable

Indicator 5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.

Summary The training plan has been established for year 2018. Sighted the training program and records for all workers on MSPO requirement prepared by Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager).

As evidence, sighted the record of MSPO awareness training:

1. Sighted the "Penerangan Tentang Persijilan MSPO" on 27th July 2018. Attended by 12 Executives/Staffs and conducted by Mr. Johan Arwandi Jaidye (Safety & Sustainable Department).
2. Sighted the "Pengenalan MSPO dan Polisi Syarikat Kepada Pekerja" on 02nd August 2018. Attended by 55 workers and conducted by Ms. Beatcy Albert (Assistant Mill Engineer).

In Compliance **Yes** No Not Applicable

Indicator 6 Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.

Summary The POM has conducted regular meeting with their staffs and workers to discuss issues related to environment. As evidence, sighted the latest "Environmental Performance Monitoring Committee (EPMC) 2018 on 03rd August 2018. Attended by 8 participants and conducted by Mr. Edward Jude Kumis (Mill Manager).

In Compliance **Yes** No Not Applicable

Criterion 2 Efficiency of energy use and use of renewable energy

Indicator 1 Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy

including fossil fuel, electricity and energy efficiency in the operations over the base period.

Summary Usage of non-renewable energy is monitored monthly basis. Monthly records on energy consumption for non-renewable fuel (diesel) and electricity were maintained at the POM.

In Compliance **Yes** No Not Applicable

Indicator 2 Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.

Summary Sook Oil Mills has estimation of total energy required. This estimation was compared to the actual usage by monthly. The mill conducts monitoring of fossil fuel in term of litre / MT FFB transported. Sighted mill has been maintained all the record year by year.

In Compliance **Yes** No Not Applicable

Indicator 3 The use of renewable energy should be applied where possible.

Summary Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement.

Apart from use of diesel for electricity, palm fibre and nut shells were also used to generate electricity through steam turbine and boiler. The mill uses by product of FFB production as renewable energy source where 12% of fibre and 4% or nut shell are extracted from FFB production. Biogas plant expected to run in 2020.

In Compliance **Yes** No Not Applicable

Criterion 3 Waste management and disposal

Indicator 1 All waste products and sources of pollution shall be identified and documented.

Summary Sighted Waste Management Plan that identified all the waste products of pollution for all estate operations; Prepared by Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager) on 27th August 2018.

For example, sources of pollution are generated from:

- 1) Workshop
- 2) Chemical Store
- 3) Laboratory
- 4) Processing, General and Workshop
- 5) Workers Line site
- 6) Etc

In Compliance **Yes** No Not Applicable



Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:
a) Identifying and monitoring sources of waste and pollution.
b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary The mill has identified and documented the types of wastes that generated from its operation in "Waste Management Plan".

The waste management plan has also identified source of pollution source, mitigation plan, data required, monitoring & action plan.

As evidence, used engine oil (SW305) from Vehicle and Machinery disposed by DOE approved Contractor (Lagenda Bumimas Sdn Bhd).

The wastes identified in the plan includes spent lubricant oil, spent oil filter, spent batteries, used cotton rags, palm oil effluent, black smoke, dust, etc.

In Compliance **Yes** No Not Applicable

Indicator 3 The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.

Summary Chellam Plantations Group has established Safe and Standard Operating Procedure; Title "Safe and Standard Operating Prosedur Stor Bahan Kimia"; Rev 00; Date 1st September 2018.

Handling of any used chemical produced in the estate is under controlled and carried out by qualified person which have attended certain training. Mill has specialized person in handling the chemical. The person must be trained before handling the chemicals.

In Compliance **Yes** No Not Applicable

Indicator 4 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

Summary Domestic waste for linesite area is managed by Sook Estate. All domestic waste disposed at field S98/01. Collection by twice a week.

In Compliance **Yes** No Not Applicable

Criterion 4 Reduction of pollution and emission including greenhouse gas

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.



Summary The polluting activities are identified and documented in the environmental impact assessment and management plan. From the EIA, it will be evaluated for the impact and any impact will be included in the management plan.

Sighted the GHG Calculation for Sook Oil Mills for year 2017 using GHG Emissions Calculation Methods, ISCC 11-01-14, v1.16.

In Compliance **Yes** No Not Applicable

Indicator 2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

Summary Action plan to reduce significant pollutants and emissions has been established as evident in Environmental Management Plan for all mill operations; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) / Mr. Agnesius Muslin (Mill Assistant Manager) and approved by Mr. Edward Jude Kumis (Mill Manager) on 27th August 2018.

Example of the action plan included as part of reducing polluting activities is by conducting frequent maintenance of all vehicles. Sighted latest maintenance records of mill vehicles.

In Compliance **Yes** No Not Applicable

Indicator 3 Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations

Summary The POM is treating POME in accordance to the DOE Limits for final discharge into the land application. The POME is discharge to the Sook Estate. Sighted the DOE license and Jadual Pematuhan:

- License no: 001864
- ASSH(B)31/152/000/174
- Date: 01st July 2018 to 30th June 2018

Site inspection confirms that the effluent treatment plant meets the requirements set by DOE (Jadual Pematuhan). Verification from the documents confirms that effluent discharges are sampled on a monthly basis and founds meeting requirements set by DOE.

Mill will send the First Schedule [Regulation 10 (2)] – Quarterly Return Form report quarterly to DOE. As evidence sighted Second Quarter (01/04/2018-31/06/2018).

In Compliance **Yes** No Not Applicable

Criterion 5 Natural water resources

Indicator 1 The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water).
The water management plan may include:



- a) Assessment of water usage and sources.
- b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.
- c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc).

Summary Identification on water usage have been document in the water management plan. This includes consumption for domestic, boiler and processing. Summary of water consumption on POM have been reviewed. Mill has abstract water from mill process and linesite from water catchment area.

Mill has been monitored the outgoing water/POME. As evidence, sighted the water analysis results. In the water management plan, water consumption activity, efficiency monitoring for domestic water use including installing of flow meter at the point where water is extracted, and water quality test have been in place.

In Compliance **Yes** No Not Applicable

Indicator 2 Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.

Summary The effluents are discharged through water courses as approved by DOE in Jadual Pematuhan. Site inspection confirms that the effluent treatment plant meets the requirements set by DOE (Jadual Pematuhan). Verification from the documents confirms that effluent discharges are sampled on a monthly basis and founds meeting requirements set by DOE.

In Compliance **Yes** No Not Applicable

3.6. Principle 6 : Best practices

Criterion 1 Mill management

Indicator 1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

Summary The mill has implemented Good Milling Practice (GMP) as observed during the audit visit. The mill processed its own estates (20%) and external suppliers (80%). The Mill Capacity is 45 Mt/Hr - Conventional/ Horizontal Sterilizer system has been commissioned in 2008.

The mill has one (1) unit 60 MT weighbridge which was last calibrated on 11.06.2018 by Metrology Corporation Malaysia Sdn Bhd expiry 10.06.2019. Sook Oil Mills Sdn Bhd has Safe and Standard Operating Procedure includes the following;

- Stesyen Penerimaan BTS
- Pengangkutan BTS
- Loading ramp
- Sterilizer



- Marsyalling Yard
- Threshing Station
- Press Station
- Kernel Plant
- Oil Room
- Boiler
- Diesel Engine
- Turbine
- Laboratory
- Workshop
- Electrical
- Shovel
- Store Lubricant
- Stor Bahan Buangan Terjadual
- Stor Bahan Kimia
- Stor Oksigen & Acetylene
- Stor Utama
- Effluent Treatment Plant

In Compliance **Yes** No Not Applicable

Indicator 2 All palm oil mills shall implement best practices.

Summary The mill is not certified by MPOB Codes of Milling Practice (CoP). However, mill has implemented Code of Good Milling Practice for Palm Oil Mills – MPOB as guidance. As evidence, the mill is operating in accordance to Jadual Pematuhan – Syarat-Syarat Lesen Premis Minyak Kelapa Sawit Mentah (for 45mt/hr), Jabatan Alam Sekitar Negeri Sabah No lessen 001864, Ref No. JPKKS/12/001864 valid until 30.06.2019. Kaedah Pelupusan Efluen : Land Irrigation.

Sighted Quarterly Return Report, First Schedule (Regulation 10(2)) for a period of 1st April until 31st June 2018. The mill is complying with the BOD limit stipulated under Pengurusan Efluen - "Kepekatan Oksigen Biokimia Yang Diperlukan (BOD, 3 hari, 30°C) tidak melebihi 20mg/l".

Sighted effluent record 2018 for Sook POM. The effluent final discharge analysis was conducted on monthly basis. The latest sampling was carried out for the month of August with BOD reading of 19.2mg/l.

In Compliance **Yes** No Not Applicable

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.



Summary Sook Oil Mills Sdn Bhd has an annual budget for the financial year 2018. The palm oil mill budget includes the projected FFB to be processed, CPO and PK production for the period of two years from 2018 until 2019.

It is also incorporated items such as General Charges, Processing cost, Despatch and Depreciation. Sighted documented FFB and CPO Projection & Annual Budget for the year 2018.

In Compliance **Yes** No Not Applicable

Criterion 3 Transparent and fair price dealing,

Indicator 1 Pricing mechanisms for the products and other services shall be documented and effectively implemented.

Summary Pricing mechanism is depending on value of the project awarded. As evidence, sighted the FFB Price Computation that the formula used by Sook Oil Mills Sdn Bhd for its customer. The signage of FFB pricing (displayed daily based on last month MPOB average price) at the weighbridge as a reference for the external FFB suppliers.

In Compliance **Yes** No Not Applicable

Indicator 2 All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.

Summary All the contract agreement are kept in one file. Sighted the contract that sign by contractors with the company and payment record shown that the company pay fee to the contractors according the agreement. As evidence, sighted a Contract Agreement on Transportation of Crude Palm Oil (CPO)/Palm Kernel(PK)/Palm Kernel Shell (PKS) between Sook Oil Mills Sdn Bhd and Syarikat Gabungan Hebat dated 01.09.2018 with expiry date of 31.12.2019.

Sighted Addendum to Agreement in respect to Manner of Payment stated that payment shall be made by the Company within 30-60days after the Mill has completed the verification of the contract claim submitted by the Contractor.

Observed Payment Voucher No. ABB/H/P0917/18 dated 26.09.2018 paid to Syarikat Gabungan Hebat amounted to RM30,342.07 for work done in August 2018, verified by the Mill Manager.

However, one major non-conformity has been raised to the Sook Oil Mills. Sighted list of 142 external FFB Suppliers without having legal agreement with Sook Oil Mills Sdn Bhd for the year 2018.

In Compliance Yes **No** Not Applicable

Criterion 4 Contractor

Indicator 1 In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.



Summary

Sighted a Contract Agreement on Transportation of Crude Palm Oil (CPO)/Palm Kernel (PK)/Palm Kernel Shell (PKS) between Sook Oil Mills Sdn Bhd and Syarikat Gabungan Hebat dated 01.09.2018 with expiry date of 31.12.2019. Stated Clause 6 of the contract agreement – Regulatory compliance and compliance to policies and procedures of the Company in respect to MSPO requirements.

Sighted minutes of 1st Stakeholder Consultation meeting for the year 2018 chaired by Mr. Johan Arwandi Jaidye (Manager, Sustainability) on MSPO matters at the meeting room Sook Oil Mills Sdn Bhd attended by 9 management representatives and 15 stakeholders including contractors and dealers on 09.08.2018.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide evidence of agreed contracts with the contractor.

Summary

Contract agreements between the mill and its contractors are well documented and recorded at POM office. Seen in the contract agreement that both site agreed with the term and condition.

In Compliance **Yes** No Not Applicable

Indicator 3 The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.

Summary

The mill was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 26th September 2018 – 28th September 2018. Sighted audit plan dated 30th August 2018 (2nd Revised) which have been accepted address to Ms. Rowena Peter (Commercial Manager). All the auditors are qualified MSPO auditor. As per agreed, the Chellam Plantations Group accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

In Compliance **Yes** No Not Applicable



4. Issues Raised by Stakeholders and Findings with respect to each issue

In this stakeholders meeting, external and internal stakeholders were presented which came from local communities, government agencies, workers and etc. In overall, there are lots of positive issues highlighted by the stakeholders during the meeting. There are tremendous improvements either from environmental, social and safety aspect. There are also positive statements given by the participants required aspects in MSPO especially in social aspect. These statements were accepted by the management representative as a good feedback and will do the necessary. Salary for all workers is the same regardless of gender as per minimum wages stipulated in Employment Act. All stakeholder agree that with the MSPO implementation, tremendous improvement has been achieved from working agreement to community amnesties. Details, as per below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholders A (Mill Workers)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. • They were aware that any complaints or suggestions could be forwarded to the mill management. 	No action requires	Positive findings
2.	Stakeholders B (Mill Workers)	<ul style="list-style-type: none"> • Good understanding about MSPO. • They are very happy with the management and hopes to continue their contract for a long time. 	No action requires	Positive findings
3.	Stakeholder C (Mill worker)	<ul style="list-style-type: none"> • MSPO awareness, company policy and SOP are briefed among workers during muster call. • Personal Protective Equipment are distributed free of charged by management. • He has good understanding about complaint and grievance mechanism 	No action requires	Positive findings

4.	Stakeholder D (Mill Workers)	<ul style="list-style-type: none"> • They have been treated equally without any discrimination. • No sexual harassment reported. 	No action requires	Positive findings
5.	Stakeholders E (Mill Staffs)	<ul style="list-style-type: none"> • Company well managing the welfare, health and safety of their workers. • Housing facilities is provided with water and electrical supply. 	No action requires	Positive findings
6.	Stakeholders F (Mill workers)	<ul style="list-style-type: none"> • They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2016. • Free housing was provided to them with subsidized of water and electricity. 	No action requires	Positive findings
7.	Stakeholder G (Mill Contractors)	<ul style="list-style-type: none"> • The company has good relation with supplier and there is no issue with company's performance. • Payment was done in timely manner to the contractors/suppliers. • No other issues raised. 	No action requires	Positive findings
8.	Stakeholders H (Estate Contractors)	<ul style="list-style-type: none"> • They informed that the payments were made promptly without any delay. • Contract agreement were signed prior commencement of work. 	No action requires	Positive findings
9.	Stakeholders I (Mill Contractors)	<ul style="list-style-type: none"> • They were aware that any complaints or suggestions could be forwarded to the mill management. 	No action requires	Positive findings
10.	Stakeholders J (Government)	<ul style="list-style-type: none"> • He aware and have good understanding about MSPO. • He explained that the Mill were comply with applicable legal and act related to environment. 	No action requires	Positive findings



5. Findings Identified for this audit

5.1. Summary Findings

Major Nonconformities	4
Minor Nonconformities	1
Area of Concern	0
Noteworthy / Positive Comments	3

5.2. Details Non-Conformity

- See Appendix B -

5.3. Details of Area of Concern

- See Appendix B -

5.4. Details of Noteworthy / Positive Findings

- 1) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 2) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 3) Good relationship being maintained with surrounding smallholder and villages.



6. Acknowledgement

6.1. Date of Next Surveillance Audit

The first annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

6.2. Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

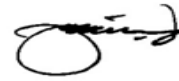
6.3. Signing of Report

Signed for on behalf of
Sook Oil Mills Sdn Bhd



Name : Rowena Peter
Role : Commercial Manager
Date : 15th November 2018

Signed for on behalf of
Global Gateway Certifications Sdn. Bhd



Name : Muhammad Syafiq Abd Razak
Role : GGC Lead Auditor
Date : 15th November 2018

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
26 th September 2018	08:00 – 09:00	<ul style="list-style-type: none"> ➤ Centralize Opening Meeting at Central Office (Keningau): <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. • Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation – where applicable). 	MS	IBI/AS
	09:00 – 13:00	Sook Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	IBI/AS
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	MS	IBI/AS
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues, auditor discussion and end of audit for day 1. 	MS	IBI/AS

Date	Time	Subjects	Lead Auditor	Auditor
27 th September 2018	08:00 – 13:00	Sook Oil Mills POM <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Mill inspection: <ul style="list-style-type: none"> • Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Schedule Waste, POME and etc. 	MS	
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Centralize Stakeholder Consultation (Central Office – Keningau) 		IBI/AS



	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 16:00	➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MS	IBI/AS


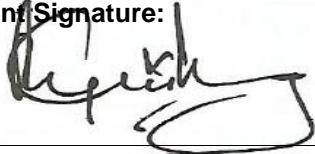

Date	Time	Subjects	Lead Auditor	Auditor
28 th September 2018	08:00 – 13:00	Dalit Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	10:30 – 12:30	➤ Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	IBI/AS
	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 15:30	➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion	MS	IBI/AS
	16:00 – 17:00	➤ Centralize Closing Meeting at Central Office (Keningau): <ul style="list-style-type: none"> Chaired by the audit Lead Auditor Welcome and introduction by the Lead Auditor Presentation of findings by the audit team Questions & answers and Final summary by Lead Auditor 	MS	IBI/AS
			➤ End of assessment	

Appendix B : Non-Conformity details

Major Nonconformities:	The following NC's was raised for this audit.
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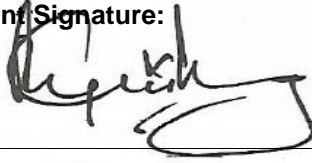

Company Name		Chellam Plantations Group		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard		Part 4: General Principles for Palm Oil Mills		
Client Number		GGC-F1-MSPO-2018		
NC No. / Ref.	F1/MSPO/MAJOR/01	Date Detected	28 th September 2018	
Site(s) concern	Sook Oil Mills	Target Completion	90 Days	
Normative Reference and Requirement	4.3.1.1 Major All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	1) Dresser inspection/visit interval for worker's houses, nursery and community hall doesn't comply with Section 23(2) Act 446. 2) Mill has exceeded the 180 days validity period			
NC Objective Evidence:				
1) Based on recent visit (13 & 14.08.2018) of "Pemeriksaan Kawasan Perumahan" by the Dresser, Ms Shalvia Owok, the interval between the previous visit i.e. 11 & 13.07.2018 with the recent visit was past due 32-34 days. It is against the Section 23(2) of Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). 2) Mill already exceeding the validity period as stipulated in the Environmental Quality Act 1974 (Act 127). "Environmental Quality (Scheduled Wastes) Regulations 2005; PU(A) 294/2005; Regulation 9- Storage of Scheduled Wastes; No.5 – Any person may store schedule wastes generated by him for 180 days or less after its generation provided that: 1. The quantity of scheduled wastes accumulated on site shall not exceed 20 metric tonne; and"				
As evidence:				
Sighted the latest consignment note on 20/06/2018 for:				
1) SW 305 (1.80 MT) 2) SW 409 (68 pcs)				
Previous consignment note on 03/11/2017 for:				
1) SW 305 (1.40 MT) 2) SW 409 (100 pcs)				



Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client):	
Mill management do not aware on such existence requirement: 1) Frequency of housing inspection by dresser. 2) Storage of scheduled wastes exceeding 180 days.	
Corrective action planned (to be filled by client):	
1) Dresser will carry out housing inspection as per law requirement 2) To be monitor closely so the scheduled waste will be dispose in line with Scheduled waste Regulation 2005.	
Preventive Action (to be filled by client):	
1) Design one book for dresser to carry out weekly line site inspection. 2) To include in annual Training & Programme.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 30 th October 2018	Lead Auditor Signature: 

Company Name	Chellam Plantations Group			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 4: General Principles for Palm Oil Mills			
Client Number	GGC-F1-MSPO-2018			
NC No. / Ref.	F1/MSPO/MAJOR/02	Date Detected	28 th September 2018	
Site(s) concern	Sook Oil Mills	Target Completion	90 Days	



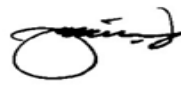
Normative Reference and Requirement	4.2.3.1 Major The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Inadequate Standard Operating Procedure for Traceability Process Flow.		
NC Objective Evidence: Sighted the Standard Operating Procedure for Traceability Process Flow is inadequate.			
Lead Auditor Signature: 	Client Signature: 		
Root cause Analysis (to be filled by client): Mill management has overlooked on this issue.			
Corrective action planned (to be filled by client): Mill management has revised and updated the procedure.			
Preventive Action (to be filled by client): Review in yearly basis will be carry out to ensure Traceability procedures updated.			
Review of corrective/preventive action (to be filled by Lead Auditor) All the evidence submitted were found adequate and therefore this major non-compliance is closed.			
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Date Verified: 30 th October 2018		Lead Auditor Signature: 	

Company Name	Chellam Plantations Group			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>



Audited Standard	Part 4: General Principles for Palm Oil Mills		
Client Number	GGC-F1-MSPO-2018		
NC No. / Ref.	F1/MSPO/MAJOR/03	Date Detected	28 th September 2018
Site(s) concern	Sook Oil Mills	Target Completion	90 Days
Normative Reference and Requirement	4.4.4.2 Major b. The risks of all operations shall be assessed and documented. e. The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	1. Inadequate HIRARC sighted during the audit 2. No evidence on management respond to CHRA.		
NC Objective Evidence:			
b. Inadequate Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities and operations be assessed and documented. e. No evidence of Management responded to CHRA Recommendations.			
Lead Auditor Signature:	Client Signature:		
			
Root cause Analysis (to be filled by client):			
Mill management has overlooked on this two (2) issues.			
Corrective action planned (to be filled by client):			
1) Mill management has revised HIRARC in order to cover all activities. 2) Mill management has responded to CHRA Recommendations.			
Preventive Action (to be filled by client):			
1) Annual review will be carry out to ensure HIRARC cover all activities. 2) Conduct training to person in-charge of CHRA recommendations.			
Review of corrective/preventive action (to be filled by Lead Auditor)			
All the evidence submitted were found adequate and therefore this major non-compliance is closed.			



NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 30 th October 2018	Lead Auditor Signature: 

Company Name	Chellam Plantations Group			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 4: General Principles for Palm Oil Mills			
Client Number	GGC-F1-MSPO-2018			
NC No. / Ref.	F1/MSPO/MAJOR/04	Date Detected	28 th September 2018	
Site(s) concern	Sook Oil Mills	Target Completion	90 Days	
Normative Reference and Requirement	4.6.3.2 Major All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Legal agreement between 142 external FFB suppliers with Sook Oil Mills Sdn Bhd are not available.			
NC Objective Evidence: Sighted list of 142 external FFB Suppliers without having legal agreement with Sook Oil Mills Sdn Bhd for the year 2018.				
Lead Auditor Signature: 	Client Signature: 			
Root cause Analysis (to be filled by client): Mill management has overlooked on this issue.				
Corrective action planned (to be filled by client): Mill management has circulated agreement to external FFB suppliers.				
Preventive Action (to be filled by client):				

Asst Mill Manager, Mr Anand appointed person in-charge to monitor this matter.

Review of corrective/preventive action (to be filled by Lead Auditor)

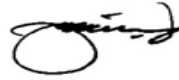
All the evidence submitted were found adequate and therefore this major non-compliance is closed.

NC Closed: Yes No

Site verification: Yes No

Date Verified: 30th October 2018

Lead Auditor Signature:



Minor Nonconformities:	The following NC's was raised for this audit.
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Company Name		Chellam Plantations Group	
Stage of Audit		Initial Stage 1	<input type="checkbox"/>
		Initial Stage 2	<input checked="" type="checkbox"/>
		Surveillance	<input type="checkbox"/>
		Recertification	<input type="checkbox"/>
Audited Standard		Part 4: General Principles for Palm Oil Mills	
Client Number		GGC-F1-MSPO-2018	
NC No. / Ref.	F1/MSPO/MINOR/01	Date Detected	28 th September 2018
Site(s) concern	Sook POM	Target Completion	Next Surveillance Audit
Normative Reference and Requirement	4.4.5.4 Minor Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence sighted during the audit.		
NC Objective Evidence:			
There is no evidence that contract agreement between the contractor and his workers available during the audit. Sample taken on Kawatuan Enterprise, contractor on Transporting Fresh Fruit Bunches.			
Lead Auditor Signature:		Client Signature:	
			
Root cause Analysis (to be filled by client):			
Mill management has overlooked on this issue.			
Corrective action planned (to be filled by client):			
Mill management is now obtaining this document from their contractors in stages. 9 months target plan being set as this is involving big number of contractors.			
Preventive Action (to be filled by client):			
Asst Mill Manager, Mr Anand appointed person in-charge to monitor this matter.			
Review of corrective/preventive action (to be filled by Lead Auditor)			



All the evidence submitted were found adequate and therefore this minor non-compliance is closed.

NC Closed: Yes No

Site verification: Yes No

Date Verified: 30th October 2018

Lead Auditor Signature:



Appendix C : List of Stakeholders Contacted

List

Internal Stakeholders

- 1) Sook Oil Mills management team and staff
- 2) Gender Committee Representatives
- 3) Male and Female workers
- 4) Workers Representatives
- 5) Foreign Workers Representatives

External Stakeholders

- 1) Jinus bin Sia – MPOB
- 2) Chew Cheng Jin – Contractor
- 3) Elron Vincent – Contractor
- 4) Samogam Sundram – Contractor
- 5) Vincent Yong – Contractor
- 6) Hiew Kun Nyok – Contractor
- 7) Yong Tay Hong – Contractor
- 8) Loi Guan Jeng – Contractor
- 9) Bastin Bigun – Contractor
- 10) Mejik Ngadi – JKKK
- 11) Julaiha bt Tolleng – Contractor



Appendix D : Location Map for this Certification Unit

1) Sook Oil Mills Sdn Bhd

