

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT





Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders

Chellam Plantations Group, Sabah Complex (Estates)

-Group Certification-

MAIN ASSESSMENT

27th September 2018 – 28th September 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	07/11/18	Issued as Draf 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, Sabah Complex (Estates). During this Main Assessment (Stage 2) Audit, the audit team briefed by sustainability member, of the supply base disposition. The source of FFB supplies to Sook Oil Mills 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 27th September 2018 to 28th September 2018 by 3 auditors to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders.

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 the Chellam Plantations Group, Sabah Complex (Estates) as a MSPO Certification Unit. The assessment focused on compliance to legal requirements on the land title, land use rights, trainings on good agriculture practices, awareness towards environmental and conservation value management, waste management and disposal and plantation activities such as fertilising, chemical spraying and harvesting. 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. Therefore, total numbers of supply based assessed in the audit are 2 estates.

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, Sabah Complex (Estates). All Estate Senior Manager/Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and

procedures stated in this manual. Both 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 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders, 4 major and 3 minor non conformities have been raised to the facilities that being audited. All the evidence submitted were found adequate and therefore all major non-conformities are 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 of major non-conformity findings is closed. Therefore, the lead auditor recommends to award the certificate of compliance MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders to Chellam Plantations Group, Sabah Complex (Estates).

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

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Sook Estate	Jalan Tulid, Block 1, Sook, 89008 Keningau, Sabah.	E 116°21'55.118"	N 5°19'36.846"
2.	Dalit Estate	Jalan Ansip Kg Malaing, Dalit, 89008 Keningau, Sabah.	E 116°6'2.95"	N 4°57'30.99"

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

Name of the Certification Unit	Area Summary (HA)		
	Land Title	Planted	Mature
Sook Estate	3,132.57	2,847	2,847
Dalit Estate	1,900.45	1,686	1,686
Total	5,033.02	4,533	4,533

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others (Riparian area)
Sook Estate	NIL	NIL	12.03 ha
Dalit Estate	NIL	NIL	10.73 ha
Total	NIL	NIL	22.76 ha

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Sept 2017-Aug 2018]	Projected Production for next 12 Months [Sept 2018-Aug 2019]
Sook Estate	NIL	45,194.87	43,294.00
Dalit Estate	NIL	17,330.34	20,853.00
Total	NIL	62,525.21	64,147.00

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 3: General Principles for Oil Palm Plantations and Organized Smallholders
Certificate number	GGC-CPG001-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	27 th September 2018 - 28 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/estates 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 A policy for the implementation of MSPO shall be established.

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

As evidence at Sook Estate, sighted the "Penerangan Tentang Persijilan MSPO" done by estate management:

1. Date on 10th August 2018; Attended by 9 executives and staffs and conducted by Mr. Johan AJ (Manager Safety & Sustainability Department).
2. Date on 11th August 2018; Attended by 87 workers and conducted by Mr. Nawari, Mr. Rano, Mr. Masdin & Mr. Sirahing (Estate Assistant Manager).

In Dalit Estate:

1. Date on 17th September 2018; Attended by 14 executives and staffs and conducted by Mr. Johan AJ (Manager Safety & Sustainability Department).
2. Date on 20th - 21st September 2018; Attended by 88 workers and conducted by Mr. Jasren Osewan (Estate Assistant Manager).

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 The policy shall also emphasize commitment to continual improvement.

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".

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. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department), 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. Loy Sai Heng (Senior General Manager – Plantation) 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. Loy Sai Heng (Senior General Manager – Plantation) on 10th May 2018.

As evidence, the internal audit conducted by Mr. Johan Arwandi Jaidye and Ms. Maltidah Songkongan from Safety & Sustainability Department on 05th May 2018 – 06th May 2018 at Sook Estate. The findings were documented in the Internal Audit Findings Summary. 5 NCR + 10 OFI raised by internal audit team. All the findings already closed by estate management on 21st September 2018.

In Compliance **Yes** No Not Applicable



Indicator 3 Report 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. Loy Sai Heng (Senior General Manager – Plantation) 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 14th September 2018 were discussing on the NC's issued in the Internal Audit Report. Attended by 6 participants.

In Compliance **Yes** No Not Applicable

Criterion 4 Continual improvement

Indicator 1 The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of 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 Sook Estate and Dalit Estate, sighted a few management plan covering Environmental, Social, Best Practices, OSH and Others. The plan has been documented in Continuous Improvement Plan for year 2018. Prepared by Safety and Sustainability Department and approved by Estate Sr. Manager.

In Compliance **Yes** No Not Applicable

Indicator 2 The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption

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 Estate Senior General Manager.

In Compliance **Yes** No Not Applicable

Indicator 3 An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.

Summary There is no new application of new technology implemented during the certification period. The current practices continued and remain unchanged.

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 the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.

Summary Chellam Plantations Sabah has established the Sustainability Procedure on Stakeholder Communication & Consultation Procedure. SP-CPS-03, Revision: 00 Date 9th April 2018.

Communication and consultation process is also communicated through stakeholder meeting, dialogues and visits. In Sook Estate, sighted latest meeting with Internal and External Stakeholders was held on 9th August 2018 and 14th August 2018 attended by 8 and 7 stakeholders respectively. The meeting was conducted by Estate Senior Manager, Mr. P.Karuppiah. The minutes being prepared by A. Maha Letchumy.

For Dalit Estate, the Stakeholders Minutes Meeting with Internal and External Stakeholders was held on 17th August 2018 attended by 20 stakeholders respectively.

The meeting was conducted by Estate Manager, Mr. Loithas A/L Gurubaria. The minutes being prepared by the Chief Clerk, Mary Yam.

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 Estate Senior Manager (Sook Estate), Mr. P. Karuppiyah, last updated 10th May 2018 and by Estate Manager (Dalit Estate), Mr. Loithas A/L Gurubaria, last updated 17th 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 Chellam Plantations Group 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 A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.

Summary In Sook Estate, the person in charge for transparency agenda is Mr. P. Karuppiyah (Estate Sr. Manager), appointed on 23rd April 2018 by the Senior General Manager, Mr Loy Hai Seng and Dalit Estate, the person in charge for transparency agenda is Mrs Maecella Kuansin, appointed on 1st April 2018 by the Estate Manager, Mr. Loithas A/L Gurubaria.

In Compliance **Yes** No Not Applicable

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

Summary The list of stakeholders is adequately maintained and kept current. As evidence in Sook Estate and Dalit Estate, sighted latest stakeholders list on 25th May 2018.

The stakeholders list at Sook Estate was updated by A. Maha Letchumi and checked by Mr. Rano Undop. In Dalit Estate, the stakeholders list was updated by the Chief Clerk, Mary Yam and checked by Estate Manager, Mr. Loithas A/L Gurubaria.

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 Estate Sr Manager/Manager or Assistant Manager. Sighted the above request and others as stated in the log book effectively responded by estate management.

In Compliance **Yes** **No** **Not Applicable**

Criterion 3 Traceability

Indicator 1 The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).

Summary Chellam Plantations Group established Sustainability procedure on Traceability, No SP-CPS-06, Revision 00, dated 10th April 2018.

The objective to ensure handling of outgoing FFB are carried out in the proper manner. The process flow as follows:-

- a. Harvesters will write their number on every bunch stalk.
- b. At the end of each harvesting row/task, the harvesters will write total bunches and harvester number.
- c. The tractor or lorry driver will deliver the crop to weighbridge and/or transit ramp.
- d. Weighbridge operator will weigh the load by ensuring following informations are available in the dispatch note issued by Estate.
 1. Lorry / tractor number
 2. Driver name
 3. Field Number
- e. The operator will print the Weighbridge ticket.
- f. Stamps valid ISCC/ MSPO sustainability declarations onto the Dispatch Note.
- g. Valid stamp will be provided by HQ after every successful audit and award certificates.
- h. Weighbridge operator will update records of outgoing FFB.
- i. Tractor / Lorry Driver will deliver crop to designated mill and obtain the weighbridge ticket.
- j. The driver will return mill weighbridge ticket and grading chit to Estate.

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

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.

In Sook Estate, the internal audit conducted by Mr. Johan Arwandi Jaidye on 05th – 06th May 2018 and for Dalit Estate on 10th - 12th September 2018.

In Compliance **Yes** No Not Applicable

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

Summary The overall person in charge for traceability in Sook Estate is Ms. Avevia Susan, appointed on 4th June 2018 by the Estate Senior Manager, Mr P. Karuppiah. A

As evidence in Dalit Estate, the person in charge for traceability agenda is Mrs Maecella Kuansin, appointed on 1st April 2018 by the Manager, Mr. Loithas A/L Gurubaria

In Compliance **Yes** No Not Applicable

Indicator 4 Records of sales, delivery or transportation of FFB shall be maintained.

Summary Sighted, record of sales and transportation by both estate updated monthly. The payment will be processed at HQ, Finance Department.

In Compliance **Yes** No Not Applicable

3.3. Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations are in compliance with the applicable local, state, 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.

It includes the following:

- 1) Environmental Quality Act 1974
- 2) Petroleum (Safety Measures) Act, 1984
- 3) Workers' Minimum Standards of Housing and Amenities Act 1990
- 4) Occupational Safety and Health Act 1994
- 5) Sabah Environment Protection Enactment, 1998
- 6) Sabah Water Resources Enactment, 1998
- 7) Drainage and Irrigation Ordinance, 1956
- 8) Wildlife Conservation Enactment, 1997
- 9) Pesticides Act 1974 (Act 149)
- 10) Factories and Machinery Act, 1967
- 11) State of Sabah Land Ordinance (Sabah Cap. 68)
- 12) Sabah Labour Ordinance (Cap. 67) as at 2005
- 13) MPOB (Quality) Regulations, 2005
- 14) MPOB (Licensing) Regulations, 2005
- 15) Fire Service Act, 1984

Sighted lists of permits/licenses in Sook Estate which has been monitored and updated periodically includes;

- 1) Permit Barang Kawalan Berjadual - Minyak diesel (20,000 liter), No Siri S011035, expiry 11.08.2019 (Sook Estate)
- 2) Permit Khas Barang Kawalan Berjadual - Minyak petrol (200 liter seminggu), No Siri S011076, expiry 11.02.2019 (Sook Oil Palm)
- 3) Permit Khas Barang Kawalan Berjadual - Minyak petrol (200 liter seminggu), No Siri S011077, expiry 04.02.2019 (Noble Gemini)
- 4) Lesen untuk Menggaji Pekerja Bukan Pemastautin (Seksyen 118, Ordinan Buruh (Sabah Bab 67), Jabatan tenaga Kerja Sabah expiry 02.05.2019
- 5) Chemical Health Risk Assessment (USECHH Regulation, 2000) – Certificate of Compliance expiry 06.06.2022.
- 6) Perakuan Pendaftaran Sementara Institusi Pendidikan (Borang A), Peraturan-peraturan Pendidikan (Pendidikan Institusi Pendidikan) 1997. No Perakuan: XZ8C003(AB) expiry 02.08.2019.

For Dalit Estate, seen the lists of permits/licenses which has been monitored and updated periodically includes;

- 1) Permit Barang Kawalan Berjadual - Minyak diesel (20,000 liter), No Siri S011036, expiry 11.08.2019
- 2) Permit Khas Barang Kawalan Berjadual - Minyak petrol (200 liter seminggu), No Siri S011079, expiry 23.02.2019
- 3) MPOB license 503975702000 - Menjual dan mengalih FFB, expiry 30.06.2019 (1,577.21 ha)
- 4) Lesen Berniaga KGU/2018/2461 expiry 31.12.2018.
- 5) Sighted note from Mr Mohd Shafiq Bin Yaacoub , Pegawai Keselamatan dan Kesihatan Pekerjaan on "Pemeriksaan Semula" for Air Compressor SB/HT/18/15305 on 24.09.2018.
- 6) Sighted latest updated Record Fire Extinguisher for 26 unit – still valid.

- 7) Perakuan Pendaftaran Sementara Institusi Pendidikan (Borang A), Peraturan-peraturan Pendidikan (Pendidikan Institusi Pendidikan) 1997. No Perakuan: XZ8C002(AB) expiry 02.08.2019.
- 8) Perakuan Penentuan Timbang dan Sukat No Siri Alat : B434934909 for 60mt, stamped on 24.05.2018
- 9) Permit potongan daripada gaji pekerja (Seksyen 113(4), Ordinan Buruh (Sabah Bab 67) expiry 16.07.2020 as follow;
 - a) Bayaran Pemprosesan Dokumen Perjalanan (Tidak Termasuk Levi, Bon Jaminan Bank/Insurans, Denda Memperbaharui Permit Kerja/Visa, Skim Pampasan Insurans Pekerja Asing dan Pemeriksaan Kesihatan (GROWARISAN) – provided with "surat persetujuan pekerja" and
 - b) Lain-lain Jenis Potongan (Bayaran Kedai Runcit) – provided with "surat persetujuan pekerja".

However, one major non-conformity has been raised to Sook Estate. 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). Both estates 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 laws applicable to their operations in a legal requirement register.

Summary Sighted updated list of applicable laws and regulations that are applicable for both estates. The legal register is prepared by Sustainability Department.

The list is fully covered the requirements that related to MSPO compliance. These documents include information on laws, enforcement bodies, main requirement, environmental aspect, standard, fine, person in charge and compliance status.

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



As per interview with Mrs A. Maha Letchumi (Admin Staff-Sook Estate) and Mdm Marcella Kuansin (General Clerk-Dalit Estate), both of them will update any new amendments or any regulations once received.

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 Sighted letter of appointment for person in charge for updating changes in Laws in the register of legal and other applicable requirement i.e Mrs A. Maha Letchumi, signed by Mr P. Karuppiah (Estate Senior Manager-Sook Estate) dated 04.06.2018.

For Dalit Estate, sighted letter of appointment for person in charge for updating changes in Laws in the register of legal and other applicable requirement i.e Mdm Marcella Kuansin (General Clerk), signed by Mr. Loithas Gurubarua (Estate Manager) dated 17.07.2018

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

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

Summary Both estate's land title are available and maintained. Sook Estate has 15 land titles and Dalit Estate has 97 land titles.

All of the estates visited have a valid land title indicating correct land title terms which specifies the purpose of the planting of the oil in the respective land.

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 use of the land.

Summary Both estate have demonstrated legal ownership of their land by having legal land titles to the land. The copy of land titles are kept in the estates office and were sighted during the audit, while the original copies were kept at the Chellam Plantations Group Head Quarters. Evidence of annual payment of land cess and quit rent the state government is available in the form of receipts.

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 Both estates have boundary map. The estate boundary is well demarcated with boundary stones surrounding the land. The boundary stone clearly states the GPS coordinate of that particular point.

However, one minor non-conformity has been raised to both estates due to during field visit, minimal number of legal perimeter boundary markers are visible and maintain by the management.

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 No disputes have been recorded in all estate area. There is no evidence of conflict present in this estate.

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 There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land title for the 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 Hence, there is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership. Thus, no maps for recognized customary rights is available.

In Compliance **Yes** No Not Applicable

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

Summary There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership.

During interview with stakeholders, no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported.

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 are 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 in Sook Estate and 8th to 15th August 2018 in Dalit Estate. The purpose of Social Impact Assessment is to assess change in social and environmental conditions which subsequently have impacts to surrounding areas and communities.

Key areas on the assessment as follows:-

1. Channel of Communication
 - Complaint and Enquiry
 - Stakeholder Meeting
2. Safety and Health
3. Environment
4. Security
5. Boundary
6. Workforce
7. Pay and Conditions
8. Basic rights
9. Corporate Social Responsibilities
10. Compensation
11. Worship facilities

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

- a. Local workers
- b. Foreign Workers
- c. Contractors
- d. Suppliers
- e. Nearby Village
- f. Government officers

The Social Impact Assessment covering 30% from the total internal and external stakeholders. Sighted, the issues raised by Internal and External Stakeholders and the Management Plan to resolved any issues highlighted. 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 resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.

Summary In Sook Estate, 4 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 14/5/18 by Mr. Basman Muddin, the mandore on shortage of raw water. The Management responded on 18th May 2018 to supply water from Mill while waiting approval from Jabatan Air Sabah.

In Dalit Estate, seen samples of complaints dated 19/7/18 by Mr. Jejen Muliadi, the mandore on "Membaiki dinding rumah pekerja Blok D yang telah rosak". The Management responded on 21st July 2018 to repair the house.

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 a complaint.

Summary Both estates are 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.

Up to date, no external stakeholders were recorded related on complaint and grievances. Review of the registers found there was no outstanding or unresolved grievance.

In Compliance **Yes** No Not Applicable

Indicator 4 Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.

Summary Sighted the complaints and grievances procedure being displayed outside the estate office notice board. Seen in Sook Estate, the Stakeholders Minutes Meeting with Internal and External Stakeholders was held on 9th August 2018 and 14th August 2018 attended by 8 and 7 stakeholders respectively. The meeting was conducted by Estate Senior Manager, Mr. P. Karuppiyah. The minutes being prepared by the Chief Clerk, A. Maha Letchumy

In Dalit Estate, the Stakeholders Minutes Meeting with Internal and External Stakeholders was held on 17th August 2018 attended by 20 stakeholders respectively. The meeting was conducted by Estate Manager, Mr. Loithas A/L Gurubaria. The minutes being prepared by the Chief Clerk, Mary Yam.

As per interviewed with Estate Senior Manager, Mr. P. Karuppiah and Estate Manager, Mr. Loithas A/L Gurubaria, estate regularly mention in Muster Call to the staffs and workers, the process for making any complaints or suggestion to estate management.

Interview with the stakeholders and workers confirmed that they are aware of the complaints mechanism.

In Compliance **Yes** No Not Applicable

Indicator 5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary As this is 1st year audit on MSPO, merely 4 complaints were sighted as the system being introduced in May 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 Growers should contribute to local development in consultation with the local communities.

Summary Both estate are committed and have contributed to local development. The contribution made to the internal and external stakeholders. As evidence in Sook Estate,

- 1) Sumbangan Dana Kos pembelian Cat Lantai Dewan Terbuka Sekolah Kebangsaan Penagatan, Keningau dated 14th May 2018 amounting RM150.00.
- 2) Contribution being made through Cheque Number; 695960 on 21st May 2018.
- 3) Sumbangan Hamper sempena Majlis Apresiasi Atlit Kontijen Daerah Keningau Sukan sabah (SAGA) VIII, Sandakan 2017 amounting RM300.00 dated 2nd January 2018 through Cheque Number 695781.

In Dalit Estate,

- 1) Sighted donation of one cattle for Hari raya Aidiladha dated 21st August 2018 amounting RM3, 000.00 to all workers.

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan 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 both estates. Training programs were planned and conducted for all group's workers, staffs and executives. Training records were maintained. During estate visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works. As per interviewed with both person incharge, all workers involved in the operations have been adequately trained in safe working practice.

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 pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall 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 must 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 affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically at 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 PPE being issued to all respective staffs and workers and also no evidence of management responded to CHRA recommendations.

Both estates have a comprehensive annual training programme for the Staffs and Workers. Training programme as sighted below:

- 1) SOP, PPE, HIRARC
- 2) First Aid Kit
- 3) Fire Extinguisher
- 4) Emergency Respond Plan
- 5) SDS Training

As evidence in Sook Estate, training records for Personal Protective Equipment was sighted on 21st August 2018 conducted by Mr. Alex Liew, Millvest attended by 18 participants.

Sighted, CHRA being conducted on 7th June 2017 by Dr. Mohd Azizan bin Abdul Aziz (HQ/11/ASS/00/298-2017/013) from Dab OH Sdn Bhd for Sook Estate and Dalit Estate CHRA being conducted on 5th June 2017. Also by Dr. Mohd Azizan bin Abdul Aziz (HQ/11/ASS/00/298-2017/013) from Dab OH Sdn Bhd.

Seen, Standard Operating Procedure for transporting, receiving, handling, storage and disposal of chemicals, SOP-CPS-05 dated 20th June 2018. Site inspection to the storage facilities evidence that all pesticides are stored in an appropriate manner. All pesticides are labelled with original labels. Safety Data Sheet (SDS) for all the chemical sighted and updated. All empty pesticides containers are triple rinsed and punched prior to delivery to the approved collector.

In Sook Estate, the Medical Surveillance was conducted on 12th September 2018 for 5 sprayers, 3 Gen-set Operators, 1 welder and 1 storekeeper.

Sr Estate Manager and Estate Manager for this complex are responsible person for health and safety. In Sook Estate, the person in charge for OSH is Mr. Karupiah a/l Paliappen (Estate Sr. Manager) and for Dalit Estate, the person in charge is Mr. Loithas A/L Gurubaria (Estate Manager)

Safety and health committee has been conducted every 3 months to discuss about health and safety. In Dalit Estate, he committee meeting has been conducted as follows:-

1. 27th March 2018
2. 13th June 2018
3. 25th Sept 2018

Sighted latest meetings conducted on 25th September 2018 and attended by 16 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 both estates.

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. Shalvia Owok (Dresser) as First Aider for Sook Estate and Dalit Estate. Sighted training on Emergency Response Training by Dresser, Ms. Shalvia Owok dated 11th June 2018 attended by 21 participants.

At all workplace, staffs and mandores will be the person in charge to keep the First Aid box. Site inspection evidence that first aid kit are available with complete contents. All the boxes are regularly inspected, maintain and updated by field staff or Dresser.

Monitoring on Accident and Investigation being established in May 2018. Thus, no submission to DOSH on JKPP 8 Report. Both estates will submit JKPP 8 (I & II)(IV) on annually basis to the DOSH.

In Compliance Yes **No** Not Applicable

Criterion 5 Employment conditions

Indicator 1 The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively 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 estate 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 estate. During interviews, it is clearly stated no forced labour at estate area.

In Compliance **Yes** No Not Applicable

Indicator 3 Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed 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 estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

As evidence in Sook Estate;

- 1) Saleh
Employee Code : F00162-114
August 2018
Harvesting = RM844.24
Kerja Pajak = RM277.64
Kerja Hari Cuti = RM70.76
Deduction
Passport = RM85.00
Net salary = RM 1,121.88



- 2) Shaky Yusof
Employee Code : SOPSG
August 2018
Basic = RM920.00
Motorcycle Allowance = RM140.00
Deduction
KWSP = RM138.00
PERKESO = RM18.35
SIP = RM2.10
Canteen = RM219.65
Advance = RM58.00
Net salary = RM 1,060.00

As evidence in Dalit Estate;

- 1) Keris Bin Sumping @ Ginsir
Employee Code : L00007-000
August 2018
Gaji Harian = RM884.50
Kerja Lebih Masa = RM 636.96
Genset Allowance = RM 161.25
Restday Work allowance = RM 212.28
Deduction
KWSP = RM139.00
PERKESO = RM 9.25
SIP = RM3.70
Store Deduction = RM530.60
Net salary = RM 1,212.44
- 2) Sewang bin Sara
Passport No – AU 295520
August 2018
Basic = RM919.88
Kerja Lebih Masa = RM557.23
Holiday Duty = RM35.38
Restday Work allowance = RM70.76
Deduction
Store = RM680.00
Passport = RM85.00
Net salary = RM 818.25

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 under SKS Enterprise (Sook Estate) and Syarikat Dagai Tadi Lisa (Dalit Estate), transporting Fresh Fruit Bunches and Empty Fruit Bunches.

In Compliance Yes **No** Not Applicable

Indicator 5 The management shall establish records that provide an accurate account 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 is available for each and every employee indicated in the employment records.

Summary Sighted, Employment Contract between both estates 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 estate 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 employees and employer.

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. Both estates have used pocket check-roll as a working time recording system.

In Compliance **Yes** No Not Applicable

Indicator 8 The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.

Summary The working hour and break time have been clearly stated in the Employment Contract, Clause No 7 – Hari dan Waktu Bekerja. 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 payslip 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 the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.

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 in compliance with the Workers' Minimum



Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.

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.

Sighted long term planning on the workers housing and amenities for Sook Estate:

No	Item	2019	2020	2021	2022	2023
1	Workers Quarters: Unit	3 block	3 block	3 block	3 block	3 block
2	Staff house:	1 block	1 block	1 block	1 block	1 block
3	Fertilizer store:		1 unit			
4	Place of Worship:					1 unit
5	Clinic:			1 unit		

For Dalit Estate:

No	Item	2019	2020	2021	2022	2023
1	Workers Quarters: Unit	2 block	2 block	2 block	2 block	2 block
2	Staff house:	1 block			1 block	
3	Fertilizer store:		1 unit			
4	Place of Worship:					1 unit

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 and provide guidelines 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 or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to 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. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.

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, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.

Summary Both estate a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for staffs and workers. The Training Programme for OSH and Environmental for year 2018 was sighted.

Sighted Training Programme for year 2018 (Sook Estate):-

	TOPIC	MONTH PROGRAMME	STATUS DONE
	OSH TRAINING		
1	SOP, PPE, HIRARC	Aug	16/5/18 12/7/18
2	First aid Kit	June / Aug	11/6/18 15/8/18
3	Fire Extinguisher	July	6/7/18
4	Emergency Respond Plan	November	
5	SDS Training	July / Nov	12/7/18
	ENVIRONMENTAL TRAINING		
1	No Hunting and Saving Energy	Aug	3/8/18
2	Rubbish Pit Management	Aug	10/8/18
3	Schedule waste Management	Aug	10/8/18
4	Triple Rinse of Empty Chemical container	July	6/7/18
5	Zero Burning, Segregation and Recycle of Domestic waste	Aug	10/8/18

For Dalit Estate;

	TOPIC	MONTH PROGRAMME	STATUS DONE
	OSH TRAINING		
1	SOP,PPE,HIRARC	May/July	20/9/18 21/9/18
2	First aid Kit	June / Aug	12/6/18
3	Fire Extinguisher	July	4/7/18
	ENVIRONMENTAL TRAINING		
1	No Hunting and Saving Energy	Sept	20/9/18
2	Rubbish Pit Management	July	2/7/18
3	Schedule waste Management	Sept	21/9/18

4	Triple Rinse of Empty Chemical container	July	12/7/18
5	Zero Burning, Segregation and Recycle of Domestic waste	Sept	20/7/18

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 should 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 All workers involved in the operations have been adequately trained in safe working practice. The estate 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. The training plan for 2018 was sighted.

Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

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 in compliance with the relevant country and state environmental laws shall be developed, 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 Aspect and Impact Assessment; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. P. Karuppiah (Estate Senior Manager) on 13th June 2018. Seen the "Penerangan Tentang Polisi dan Dasar Syarikat" done by estate management. As evidence:



- 1) Date on 11th August 2018; Attended by 87 workers and conducted by Mr. Nawari, Mr. Rano, Mr. Masdin & Mr Sirahing (Estate Assistant Manager).

In Dalit Estate, Environmental Aspect and Impact Assessment; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Loithas Gurubaria (Estate Manager) on 11th June 2018. Sighted the “Penerangan Tentang Persijilan MSPO” done by estate management. As evidence:

1. Date on 17th September 2018; Attended by 14 executives and staffs and conducted by Mr. Johan AJ (Manager Safety & Sustainability Department)
2. Date on 20th - 21st September 2018; Attended by 88 workers and conducted by Mr. Jasren Osewan (Estate Assistant Manager).

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 aspects and impacts analysis of all operations:

- 1) Sook Estate:

Sighted Environmental Aspect and Impact Assessment for all estate operations; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. P. Karupiah (Estate Senior Manager) on 13th June 2018. One of example:

- Description: Storage of chemical, fertilizer, diesel & lubricants
- Activities: Storage of stock
- Environmental Aspect:
 - a. Leaking or spillage from the container
 - b. Generation of SW from handling the spillage
- Environmental Impact: Water Pollution and Land Pollution
- Mitigation Plan:
 - a. Any stock received will be check properly / Store will be locked for security and to avoid sabotage / access is only limited to store keeper / oil trap fixed at diesel tank outlet
 - b. Estate has prepared a set of spill kit in case of emergency. Refer sustainability procedure, SP-CPS-04 SW Management

- 2) Dalit Estate:

Sighted Environmental Aspect and Impact Assessment; Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Loithas Gurubaria (Estate Manager) on 11th June 2018. One of example:

- Description: Harvesting
- Activities: FFB despatch to mill using the tractor and lorry
- Environmental Aspect:

- a. Smoke emission from tractor/lorry
- Environmental Impact: Ozone layer depletion, Global warming and Air Pollution
- Mitigation Plan:
 - a. Programme maintenance schedule
 - b. Turn off engine during long waiting/queue at the mill

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, effectively 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 estate.

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) and approved by Estate Senior Manager/Estate 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 and objectives of the environmental management and improvement plans and are working towards achieving the objectives.

Summary Seen the "Penerangan Tentang Polisi dan Dasar Syarikat" done by Sook Estate. As evidence:

- 1) Date on 11th August 2018; Attended by 87 workers and conducted by Mr. Nawari, Mr. Rano, Mr. Masdin & Mr. Sirahing (Estate Assistant Manager).

In Dalit Estate, the "Penerangan Tentang Persijilan MSPO" done by estate management. As evidence:

1. Date on 17th September 2018; Attended by 14 executives and staffs and conducted by Mr. Johan AJ (Manager Safety & Sustainability Department)
2. Date on 20th - 21st September 2018; Attended by 88 workers and conducted by Mr. Jasren Osewan (Estate Assistant Manager).

In Compliance **Yes** No Not Applicable

Indicator 6 Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.

Summary The estate has conducted regular meeting with the estate employees concerning environmental quality. Sighted latest meeting on 19th September 2018 at Sook Estate. Attended by 15 participants.

In Dalit Estate, latest meeting on 19th September 2018. Attended by 23 participants.

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 Both estates have been monitoring of diesel usage by year 2016-2018. Monthly record on energy consumption for non-renewable sources were kept and documented. It is monitored to optimise use of non-renewable energy for reference. Data is being compiled for comparison and control for future improvement and reduction plan.

In Compliance **Yes** No Not Applicable

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.

Summary The projection consumption of diesel for all estates visited has been documented on annual basis based on the financial year with the latest available is for year 2018. Both estates also were compiled the contractor diesel consumption for 2018 and 2019.

It was monitored to optimize use of renewable energy. Data was compiled for comparison and control for future improvement.

In Compliance **Yes** No Not Applicable

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

Summary There was no opportunity to use renewable energy in both estates. Operation of vehicle is fully dependent on fossil fuel.

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. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department). For example, sources of pollution are generated from:

- 1) Chemical Store
- 2) Workshop
- 3) Estate Office
- 4) Clinic
- 5) Workers Line site
- 6) Etc

In Compliance **Yes** No Not Applicable

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

Summary The estate 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 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.

Summary Chellam Plantations Group has established safety operating procedure; Title "Pengendalian Stor Kimia, Racun, Dan Baja"; Doc. No: SOP-CPS-05; Rev 00; Date 20th June 2018.

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

In Compliance **Yes** No Not Applicable



Indicator 4 Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.

Summary Chellam Plantations Group has established schedule waste management procedure to manage SW generated by estates and mills in compliance with Environmental Quality (Schedule Waste) Regulations 2005.

The procedure is available in Sustainability Procedure; No: SP-CPS-04; Schedule Waste Management; Rev 00; Date: 10th April 2018. Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Loy Sai Heng (Senior General Manager – Plantation) on 10th May 2018.

As per interviewed, the chemical containers will triple rinse and punctured to prevent contamination of water source or to human health. It is not used for other purposes.

The other empty containers generated from estate are send to DOE approved contractor for disposed. Scheduled waste was disposed in accordance with scheduled waste requirements and regulation. As per interviewed, no empty containers disposed by DOE approved contractor. Estate will use Lagenda Bumimas Sdn Bhd.

In Compliance **Yes** No Not Applicable

Indicator 5 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.

Summary Domestic waste for linesite area is managed by the estate. All domestic wastes are disposed at landfill (Sook Estate - S9801; Dalit Estate - D9901).

In Compliance **Yes** No Not Applicable

Criterion 4 Reduction of pollution and emission

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas 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 both estates 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).

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 estate vehicles.

In Compliance **Yes** **No** **Not Applicable**

Criterion 5 Natural water resources

Indicator 1 The management shall establish a water management plan 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 of supply.
- b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.
- c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).
- d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.
- e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
- f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary Chellam Plantations Group has established riparian buffer zone management procedure. The procedure is available in Sustainability Procedure; No: SP-CPS-08; Schedule Waste Management; Rev 00; Date: 10th May 2018. Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department) and Approved by Mr. Loy Sai Heng (Senior General Manager – Plantation) on 04th June 2018.

In Sook Estate, for linesite water usage, estate use water catchment. There is a river across the estate. Namely Sungai Onggam and Sungai Atug. In Dalit Estate, for linesite water usage, estate also use water catchment. There is a river across the estate. Namely Sungai Dalit.

However, one major non-conformity has been raised due to there is no evidence on monitoring of outgoing water by estate management.

During site visit, sighted all the area has been protect by estate management. Demarcation of buffer zone has been made by signage installation. As evidence, sighted the signboard for “Rizab Riparian” – Kawasan Larangan untuk Membaja, Meracon, Mandi, Memancing, Membakar, Membuang Sampah dan Sisa Barangan Berjadual”.

The natural vegetation within and along the riparian areas were adequately monitored.



No bore well is being used for water supply in the estate. For linesite water usage, estate use water catchment.

In Compliance Yes **No** Not Applicable

Indicator 2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

Summary During site visit, no construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

In Compliance **Yes** No Not Applicable

Indicator 3 Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).

Summary Water harvesting is implemented in various ways such as retention of water in the field such as road side drains.

In Compliance **Yes** No Not Applicable

Criterion 6 Status of rare, threatened, or endangered species and high biodiversity value area

Indicator 1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:
a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.
b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.

Summary Chellam Plantations Sabah has established Biodiversity Assessment and Management Plan for its estate (Sook Estate). Prepared by Mr. Johan Arwandi Jaidye (Manager – Safety & Sustainability Department).

In Sook Estate, the assessment was conducted on 13th August 2018 – 17th August 2018 and for Dalit Estate, the assessment was conducted on 21st August 2018 – 24th August 2018. The management plan has been developed to ensure both estates able to maintain, monitor and enhance these areas.

In Compliance **Yes** No Not Applicable

Indicator 2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:
a) Ensuring that any legal requirements relating to the protection of the species are met.
b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.



Summary As per interviewed, there is no status of rare, threatened, or endangered species and high biodiversity value area in the estate.

In Compliance **Yes** No Not Applicable

Indicator 3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.

Summary There is no status of rare, threatened, or endangered species and high biodiversity value area in the estate. However, estate has been given the training to all workers, staffs and contractors regarding the RTE and high biodiversity value.

In Compliance **Yes** No Not Applicable

Criterion 7 Zero burning practices

Indicator 1 Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.

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

There is no evidence fire being used for waste disposal sighted during field visit. Implementation of the waste management program is evident from the field visit and schedule waste disposal records sighted in the estate's office.

As per interviewed with Estate Sr Manager, during replanting estate to carry out works such mechanical felling, chipping, spreading & pulverizing old palm oil tree.

In Compliance **Yes** No Not Applicable

Indicator 2 A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.

Summary As per interview with Mr. P. Karuppiah and Mr. Loithas A/L Gurubaria, no special approval needed to do open burning. Estate has adopted Zero Burning Policy. Approved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

In Compliance **Yes** No Not Applicable

Indicator 3 Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.

Summary As per interview with Mr. P. Karuppiah and Mr. Loithas A/L Gurubaria, no special approval needed to do open burning. Estate has adopted Zero Burning Policy. Approved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

In Compliance **Yes** No Not Applicable

Indicator 4 Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.

Summary Estate has adopted Zero Burning Policy. Approved by Datuk Venkata Chellam; Managing Director dated on 21st May 2018.

Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. During replanting process, the old palm to be felled and chipped and been remained in the field for self-composed.

In Compliance **Yes** No Not Applicable

3.6. Principle 6 : Best practices

Criterion 1 Site management

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

Summary The estate has implemented Best Practices base on Agriculture Policy & Standard Operating Procedure (SOP) for Chellam Plantations Sabah, established on 01.01.2017. It comprises the following;

- 1) SOP No. 1 – General Operations
- 2) SOP No. 2 – Nursery
- 3) SOP No. 3 – Establishment
- 4) SOP No. 4 – General Maintenance
- 5) SOP No. 5 – Harvests & Pruning
- 6) SOP No. 6 – Operational Procedures
- 7) SOP No. 7 – Water Management

Field visit and interview conducted on operation for circle spraying, harvesting and manuring. The interviews result indicates that workers are aware and working as per estate SOP.

In Compliance **Yes** No Not Applicable

Indicator 2 Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.

Summary Sighted the following;

- 1) SOP No. 3(i) Clause 1.5 on Terrace Construction – “Terraces are normally constructed on steep areas.
- 2) SOP No. 3(i) Clause 1.6 on LCC establishment to control soil erosion, improving soil condition, increasing available nitrogen, retention of soil moisture, etc.
- 3) Sighted SOP No. 7(i) Clause 3.0 on Types of conservation techniques such as silt pits, foot hill drains, conservation bunds & trenches, LCC and Vertiver/ Guatemala Grass and Good Practices.

However, one minor non-conformity has been raised due to areas with slopes in excess of 25° and other category of slopes have not been mentioned in the Estate SOP.

In Compliance Yes **No** Not Applicable

Indicator 3 A visual identification or reference system shall be established for each field.

Summary The estate has a visual reference system to identify each field or block. Each field has the signboard with block number, year of planting & hectare only. Task marking for harvester was painted on the palm trunk.

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 Both estates have an annual budget for the financial year 2018. The budget includes the projected FFB production, general charges, upkeep & cultivation and Collection.

As evidence in Sook Estate,

FY	2018	2019
Mature (Ha)	2,847.00	2,847.00
Immature (Ha)	-	-
Estimate OER (%)	21.00%	21.00%
Yield (MT/Ha)	16.16	17.56
FFB Production (MT)	46,000	50,000
FFB Price (RM/MT)	500.00	550.00

In Dalit Estate,

FY	2018	2019
Mature (Ha)	1,686.00	1,686.00
Immature (Ha)	-	-
Estimate OER (%)	21.00%	21.00%
Yield (MT/Ha)	11.86	13.64
FFB Production (MT)	20,000	23,000
FFB Price (RM/MT)	500.00	550.00

In Compliance **Yes** No Not Applicable



Indicator 2 Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.

Summary Sighted replanting programme for the next 3 years as follow for Sook Estate;
1) Year 2019 = Nil ha
2) Year 2020 = Nil ha
3) Year 2021 = 272 ha

For Dalit Estate, no replanting programme as the older palm was planted in 1999.

In Compliance **Yes** No Not Applicable

Indicator 3 The business or management plan may contain:
a) Attention to quality of planting materials and FFB.
b) Crop projection: site yield potential, age profile, FFB yield trends.
c) Cost of production: cost per tonne of FFB.
d) Price forecast.
e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary Sighted business management plan for both estates prepared by Estate Manager. As evidence in Sook Estate:

- Progeny/clone – DXP FELDA
- Total tonnage – 46,000mt
- Yield / Ha – 16.16Mt
- Cost of Production – RM 330.00/Mt

In Dalit Estate,

- Progeny/clone – DXP FELDA
- Total tonnage – 20,000mt
- Yield / Ha – 11.86Mt
- Cost of Production – RM 280.00/Mt

In Compliance **Yes** No Not Applicable

Indicator 4 The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.

Summary The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. Upkeep maintenance, FFB Production, capital expenditure are shown therein.

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 There is no existing mechanism of determining FFB pricing for the estate as the crops being processed by its own Mill.

In Compliance **Yes** No Not Applicable

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

Summary Sighted the Contract Agreement between Sook Oil Palms Sdn Bhd (Sook Estate) with Wawasan 2008 Sdn Bhd sealed on 20.06.2018 with the following Addendum to Agreement in respect to Manner of Payment (revised on 01.09.2018);

- a) Payment shall be made by the Company to the Contractor within 30 – 60 days after the Mill or Estate has completed the verification of the contract of claim submitted by the Contractor (Invoice and all its supporting documents) to the Company and the Mill or Estate has issued a certificate certifying the amount and quantity of the contract claim prepared by the Contractor.

Seen the Contract Agreement between Dalit Oil Palms Sdn Bhd (Dalit Estate) with Syarikat Dagai Tadi Lisa sealed on 20.06.2018 with the following Addendum to Agreement in respect to Manner of Payment (revised on 01.09.2018);

- a) Payment shall be made by the Company to the Contractor within 30 – 60 days after the Mill or Estate has completed the verification of the contract of claim submitted by the Contractor (Invoice and all its supporting documents) to the Company and the Mill or Estate has issued a certificate certifying the amount and quantity of the contract claim prepared by the Contractor.

In Compliance **Yes** No Not Applicable

Criterion 4 Contractor

Indicator 1 Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.

Summary All the contractors aware that estate will be certified under MSPO. Therefore, the contractors has been informed that the estate is undergoing the MSPO certification process.

The contractors have been briefed by the estate management to comply with the MSPO standard requirements through Stakeholders Meeting.

In Compliance **Yes** No Not Applicable

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

Summary Sighted the Contract Agreement between Sook Oil Palms Sdn Bhd (Sook Estate) with Wawasan 2008 Sdn Bhd sealed on 20.06.2018 with the following Addendum to Agreement in respect to Manner of Payment (revised on 01.09.2018);

Seen the Contract Agreement between Dalit Oil Palms Sdn Bhd (Dalit Estate) with Syarikat Dagai Tadi Lisa sealed on 20.06.2018 with the following Addendum to Agreement in respect to Manner of Payment (revised on 01.09.2018);

In Compliance **Yes** No Not Applicable

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

Summary The estates were 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

Indicator 4 The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.

Summary In both estate, sighted that the estate has verified the work done by the contractors before payment could be made to the contractors.

In Compliance **Yes** No Not Applicable

3.1. Principle 7 : Development of new planting

Criterion 1 Oil palm shall not be planted on land with a high biodiversity value

Indicator 1 Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest

Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 2 Peat land

Indicator 1 New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.

Summary At this moments, there were no new plantings involving peat area. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 3 Social and Environmental Impact Assessment (SEIA)

Indicator 1 A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 3 The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 4 Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 4 Soil and topographic information

Indicator 1 Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 5 Planting on steep terrain, marginal and fragile soils

Indicator 1 Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 3 Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 6 Customary land

Indicator 1 No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 3 Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 4 The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 5 Identification and assessment of legal and recognised customary rights shall be documented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 6 A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 7 The process and outcome of any compensation claims shall be documented and made publicly available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 8 Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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 (Estate Workers-Harvesting gang)	<ul style="list-style-type: none"> • Good understanding about MSPO. • They are very happy with the management and hopes to extend their contract. • PPE given by company – free. • They have good understanding about complaint and grievance mechanism. 	No action requires	Positive findings
2.	Stakeholders A (Estate Workers-Spraying gang)	<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 reported that no sexual harassment and violence case was happened in the workplace. • They were treated equally with no discrimination based on gender. • They claimed that the management provides good living quarters with proper domestic waste collection 	No action requires	Positive findings

		<p>and promptly attend to quarters repairs.</p> <ul style="list-style-type: none"> • They confirmed wages are being paid more than the Minimum Wage Order 2016 of RM920.00 per month and understand all the deductions being made. 		
3.	Stakeholders B (Estate Workers- Manuring gang)	<ul style="list-style-type: none"> • The workers were satisfied with the management. • They were treated equally among all different nationalities. • Their salary was paid according to Minimum Wage Order 2016. • Free housing was provided to them with subsidized of water and electricity. 	No action requires	Positive findings
4.	Stakeholder C (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
5.	Stakeholders D (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
6.	Stakeholders E (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
7.	Stakeholders F (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	3
Area of Concern	0
Noteworthy / Positive Comments	3

5.2. Details Non-Conformity

- see Appendix B -

5.3. Details of Area of Concern

- Nil -

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.

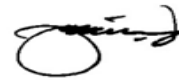
6.3. Signing of Report

Signed for on behalf of
Chellam Plantations Group – Sabah Complex (Estates)



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 • 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

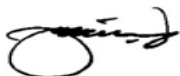
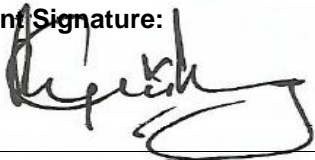
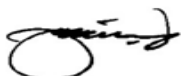
Date	Time	Subjects	Lead Auditor	Auditor
28 th September 2018	08:00 – 13:00	Dalit Estate ➤ Document Audit: • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.	MS	IBI/AS
	10:30 – 12:30	➤ Estate inspection: • 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 • 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): • 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 ➤ End of assessment	MS	IBI/AS

Appendix B : Non-Conformity details

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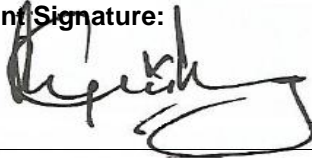

Company Name		Chellam Plantations Group	
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders	
Client Number		GGC-F1-MSPO-2018	
NC No. / Ref.	F1/MSPO/MAJOR/01	Date Detected	28 th September 2018
Site(s) concern	Sook Estate/Dalit Estate	Target Completion	90 Days
Normative Reference and Requirement	4.3.1.1 Major All operations are in compliance with the 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	<ol style="list-style-type: none"> 1) Dresser inspection/visit interval for worker's houses, nursery and community hall doesn't comply with Section 23(2) Act 446. 2) Estates has exceeded the 180 days validity period. 		
NC Objective Evidence:			
<ol style="list-style-type: none"> 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 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) Estate 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: <ol style="list-style-type: none"> 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:			
<ol style="list-style-type: none"> 1) SW 305 (1.80 MT) 2) SW 409 (68 pcs) 			
Previous consignment note on 03/11/2017 for:			
<ol style="list-style-type: none"> 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: 

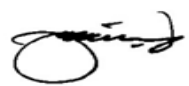
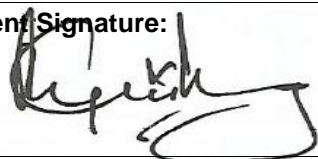
Company Name	Chellam Plantations Group			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-F1-MSPO-2018			
NC No. / Ref.	F1/MSPO/MAJOR/02	Date Detected	28 th September 2018	
Site(s) concern	Sook Estate	Target Completion	90 Days	




Normative Reference and Requirement	4.2.3.1 Major The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).	
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern	
Description of Non-Conformity	Inappropriate Standard Operating Procedure on Traceability Process Flow.	
NC Objective Evidence: Chellam Plantations Group has established Sustainability Procedure on Traceability, No SP-CPS-06, Revision 00, dated 10 th April 2018. However, the process flow on the traceability for Sook Estate is inappropriate.		
Lead Auditor Signature: 	Client Signature: 	
Root cause Analysis (to be filled by client): Estate management has overlooked on this issue.		
Corrective action planned (to be filled by client): Estate management has revised and updated the procedure.		
Preventive Action (to be filled by client): Review in yearly basis will be carry out to ensure all procedures updated in appropriate manner.		
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: 	


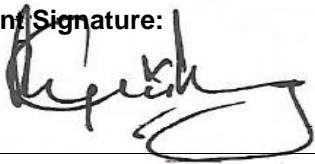
Company Name		Chellam Plantations Group	
Stage of Audit		Initial Stage 1	<input type="checkbox"/>
		Initial Stage 2	<input checked="" type="checkbox"/>
		Surveillance	<input type="checkbox"/>
		Recertification	<input type="checkbox"/>
Audited Standard		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders	
Client Number		GGC-F1-MSPO-2018	
NC No. / Ref.	F1/MSPO/MAJOR/03	Date Detected	28 th September 2018
Site(s) concern	Sook Estate/Dalit Estate	Target Completion	90 Days
Normative Reference and Requirement	<p>4.4.4.2 Major</p> <p>b. The risks of all operations shall be assessed and documented.</p> <p>d. The management shall provide the appropriate 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).</p> <p>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.</p>		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence sighted during the audit.		
NC Objective Evidence:			
<p>b. Inadequate Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities and operations be assessed and documented (All Estates).</p> <p>d. No evidence PPE being issued to all respective staffs and workers.</p> <p>e. No evidence of Management responded to CHRA Recommendations.</p>			
Lead Auditor Signature:		Client Signature:	
			
Root cause Analysis (to be filled by client):			
Estate management has overlooked on this three (3) issues.			
Corrective action planned (to be filled by client):			
<ol style="list-style-type: none"> 1) Estate management has revised HIRARC in order to cover all activities in estate. 2) Individual PPE issuance record to all staffs and workers has being issued. 3) Estate management has responded to CHRA Recommendations. 			

Preventive Action (to be filled by client):	
<ol style="list-style-type: none"> 1) Annual review will be carry out to ensure HIRARC cover all activities in estate. 2) Conduct training to store keeper on implementation of using individual PPE issuance. 3) 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 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-F1-MSPO-2018			
NC No. / Ref.	F1/MSPO/MAJOR/04	Date Detected	28 th September 2018	
Site(s) concern	Sook Estate/Dalit Estate	Target Completion	90 Days	
Normative Reference and Requirement	<p>4.5.5.1 Major</p> <p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p style="margin-left: 40px;">b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p>			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence is available during the audit.			
NC Objective Evidence:				
There is no evidence on monitoring of outgoing water by estate management.				
Lead Auditor Signature:			Client Signature:	

Root cause Analysis (to be filled by client):	
Estate management has overlooked on this issue.	
Corrective action planned (to be filled by client):	
Estate management has sent river water sample (final outlet) to lab for analysis on 4.10.2018 to Dynakey Lab in Sandakan.	
Preventive Action (to be filled by client):	
1) To appoint person in-charge for this one. 2) Conduct training to person in-charge on frequency of sampling as per water management plan.	
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: 

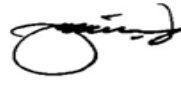
Minor Nonconformities:	The following NC's were raised for this audit.
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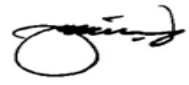
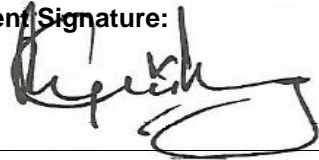
Company Name		Chellam Plantations Group	
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders	
Client Number		GGC-F1-MSPO-2018	
NC No. / Ref.	F1/MSPO/MINOR/01	Date Detected	28 th September 2018
Site(s) concern	Sook Estate/Dalit Estate	Target Completion	Next Surveillance Audit
Normative Reference and Requirement	4.3.2.3 Major downgrade Minor Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Evidence of the boundary markers existence not properly maintain.		
NC Objective Evidence:			
Sighted during field visit, minimal number of legal perimeter boundary markers are visible and maintain by the management.			
Lead Auditor Signature:		Client Signature:	
			
Root cause Analysis (to be filled by client):			
Estate management has overlooked on this issue.			
Corrective action planned (to be filled by client):			
Management had obtained quotation for perimeter boundary survey to both estates. Project will be carry out for 8 years due to high cost and large area to be cover.			
Preventive Action (to be filled by client):			
Estate manager will take in-charge to ensure perimeter boundary survey being done as per plan.			
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: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input checked="" type="checkbox"/> Yes <input 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 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-F1-MSPO-2018			
NC No. / Ref.	F1/MSPO/MINOR/02	Date Detected	28 th September 2018	
Site(s) concern	Sook Estate/Dalit Estate	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 SKS Enterprise, contractor on Transporting Fresh Fruit Bunches and Empty Fruit Bunches.				
Lead Auditor Signature:	Client Signature: 			
				
Root cause Analysis (to be filled by client):				
Estate management has overlooked on this issue.				
Corrective action planned (to be filled by client):				
Estate management is 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):				

Mrs L.Maha is 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: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input checked="" type="checkbox"/> Yes <input 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 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-F1-MSPO-2018			
NC No. / Ref.	F1/MSPO/MINOR/03	Date Detected	28 th September 2018	
Site(s) concern	Sook Estate	Target Completion	Next Surveillance Audit	
Normative Reference and Requirement	4.6.1.2 Major downgrade Minor Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.			
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No appropriate measures on slopes planting in estate SOP.			
NC Objective Evidence: Sighted SOP 3(i); Clause 1.5 on Terrace Construction. Stated that, terraces are normally constructed on steep areas. However, areas with slopes in excess of 25° and other category of slopes have not been mentioned in the Estate SOP.				
Lead Auditor Signature: 		Client Signature: 		
Root cause Analysis (to be filled by client):				

Estate management has overlooked on this issue.	
Corrective action planned (to be filled by client):	
Senior General Manager, Plantation has updated the Estate SOP accordingly effective 1 Oct 2018.	
Preventive Action (to be filled by client):	
Review in yearly basis will be carry out to ensure SOP updated.	
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: <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: 



Appendix C : List of Stakeholders Contacted

List

Internal Stakeholders

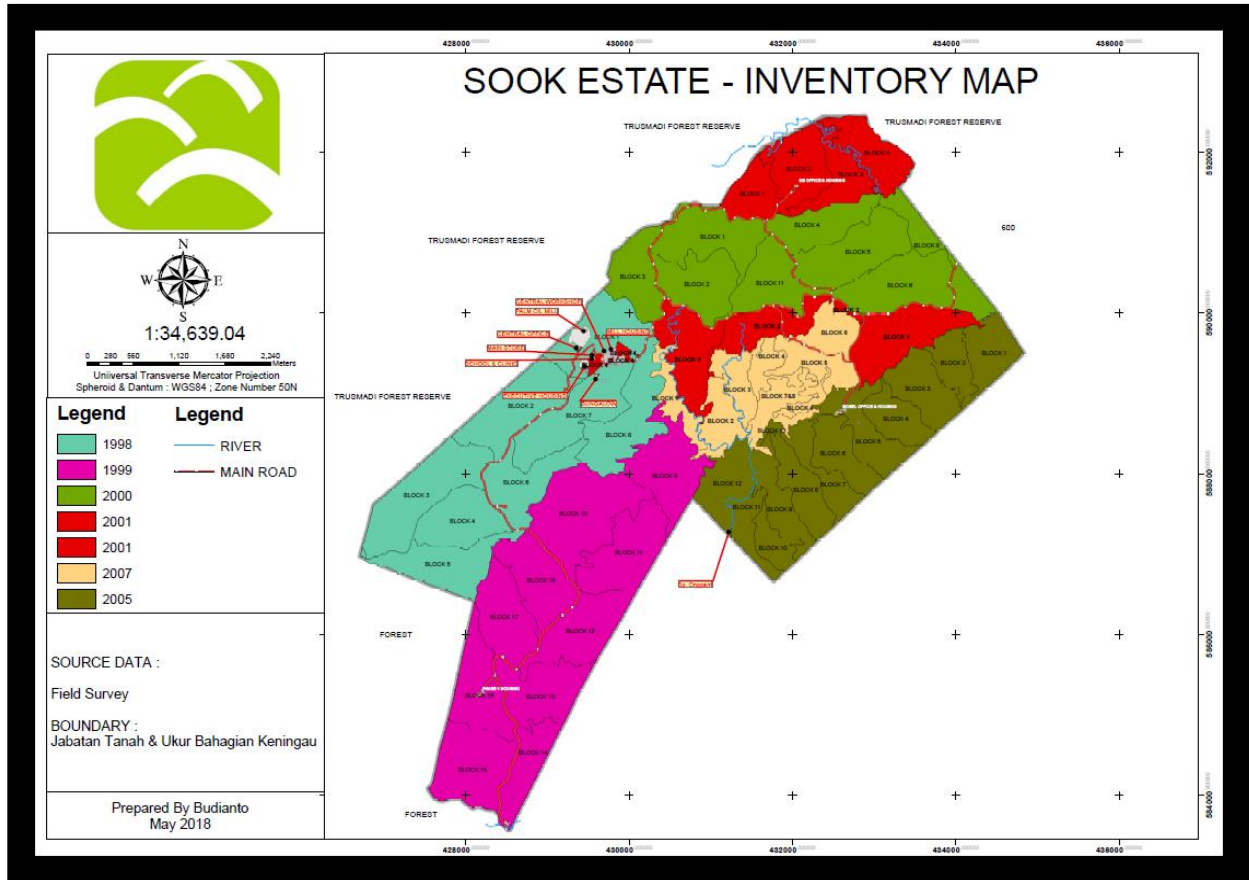
- 1) Estate management team and staff
- 2) Gender Committee Representatives
- 3) Male and Female workers
- 4) Workers Representatives
- 5) Foreign Workers Representatives

External Stakeholders

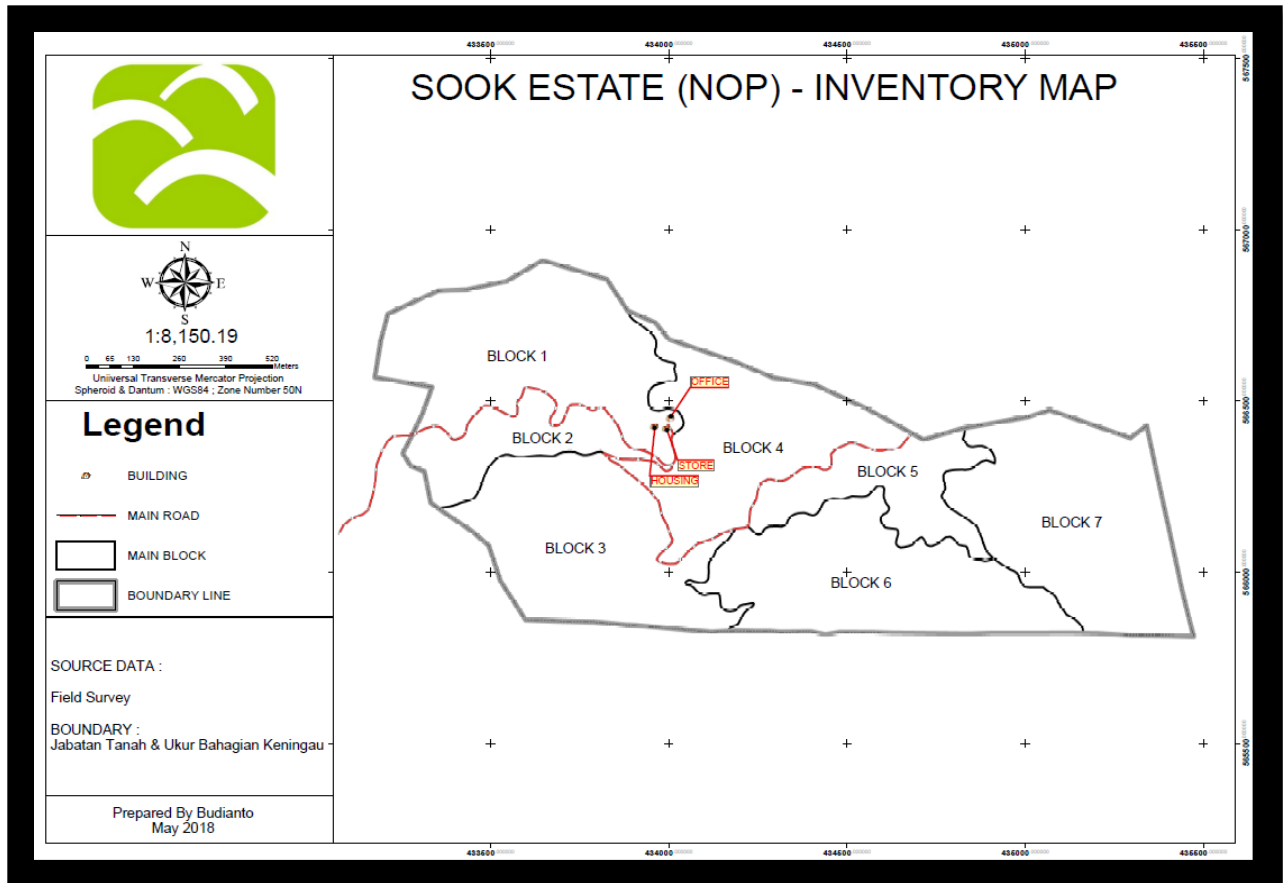
- 1) Jinus bin Sia – MPOB
- 2) Chew Cheng Jin – Contractor
- 3) Elron Vincent – Contractor
- 4) Samogam Sundram – Contractor
- 5) Vincent Yong – Contractor
- 6) Hiew Kun Nyok – Contractor
- 7) Yong Tay Hong – Contractor
- 8) Loi Guan Jeng – Contractor
- 9) Bastin Bigun – Contractor
- 10) Mejik Ngadi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

Appendix D : Location Map for this Certification Unit

1) Sook Estate



2) Sook Estate (NOP)



3) Dalit Estate

