

Management System Certification Audit Summary Report

Organization:	Genting Plantations Berhad – Genting Mewah Oil Mill		
Address:	KM 20, Genting Mewah Rd, Off 75 th KM Sandakan-Lahad Datu Rd 90200 Kinabatangan, Sabah, Malaysia		
Standard(s):	MS2530-3 and MS2530-4	Accreditation Body(s): STANDARDS MALAYSIA	
Representative:	Mr. Tan Cheng Huat – Senior Vice President Plantation		
Site(s) audited:	As per address above	Date(s) of audit(s):	15 & 16 May 2018
Visit Type:	Main Assessment		
Lead auditor:	Mohd Saifuddin Rozlan	Additional team member(s):	Mohd Faisal Jaafar Afiq Othman
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of certification

The audit covered one site performing certification scope:

Cultivation of Fresh Fruit Bunch (FFB), processing and sales of Crude Palm Oil (CPO) & Palm Kernel (PK)

The audit covered the ISO 9001:2008 requirements with permissible exclusion clause of 7.3 Design and development and 7.5.2 Validation of processes for production and service provision

Has this scope been amended as a result of this audit?

☐ Yes ☒ No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client

☒ Yes ☐ No

3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization ☒ has ☐ has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 0 Major 1 Minor

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Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

☒ Granted / ☐ Continued / ☐ Withheld / ☐ Suspended until satisfactory corrective action is completed.

4. Previous Audit Results

The results of the last audit of this system have been reviewed, to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

- ☐ Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- ☐ The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. ☒ Yes ☐ No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. ☒ Yes ☐ No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. ☒ Yes ☐ No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. ☒ Yes ☐ No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. ☒ Yes ☐ No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. ☒ Yes ☐ No

Certification claims are accurate and in accordance with SGS guidance ☐ N/A ☒ Yes ☐ No

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Planning Matrix and the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

Location Maps of the Production Unit

Genting Plantations Berhad (Genting Mewah Oil Mill) consist of 1 Palm Oil Mill and 1 Estates namely Genting Mewah Estate located 90KM from Sandakan, Sabah.

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The Genting Mewah Estate is divided into 5 divisions for easy for plantation management. Division 1, 2 & 3 was under Genting Mewah Estate and division 4

Maps of the both estates are available in the Figure.

Table 1: Mill and Supply Base GPS Location

	Mill/Supply Base	Longitude	Latitude
Mill	Genting Mewah Oil Mill	E 117° 42' 35.4456"	N 5° 31' 4.8612"
1	Genting Mewah Estate	E 117° 43' 2.0"	N 5° 30' 13.5"
		117.743358	5.527266

Figure 1: Location Map for Genting Plantation Berhad (Sandakan, Sabah)

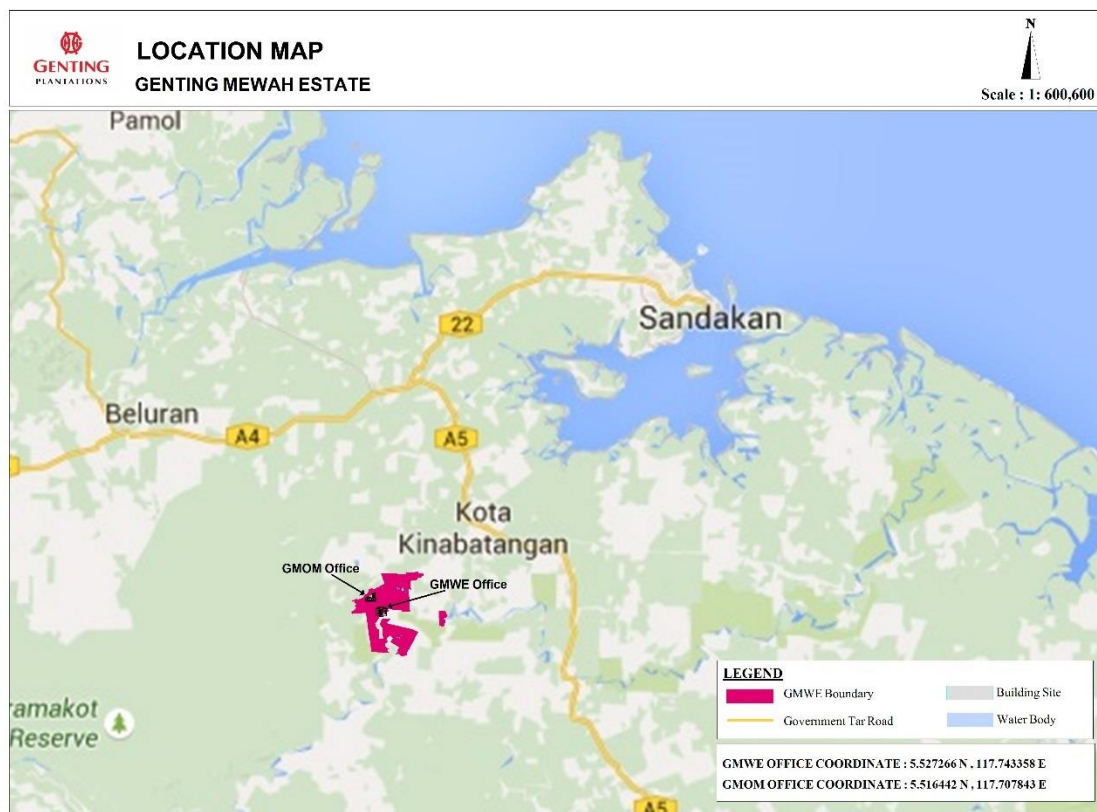
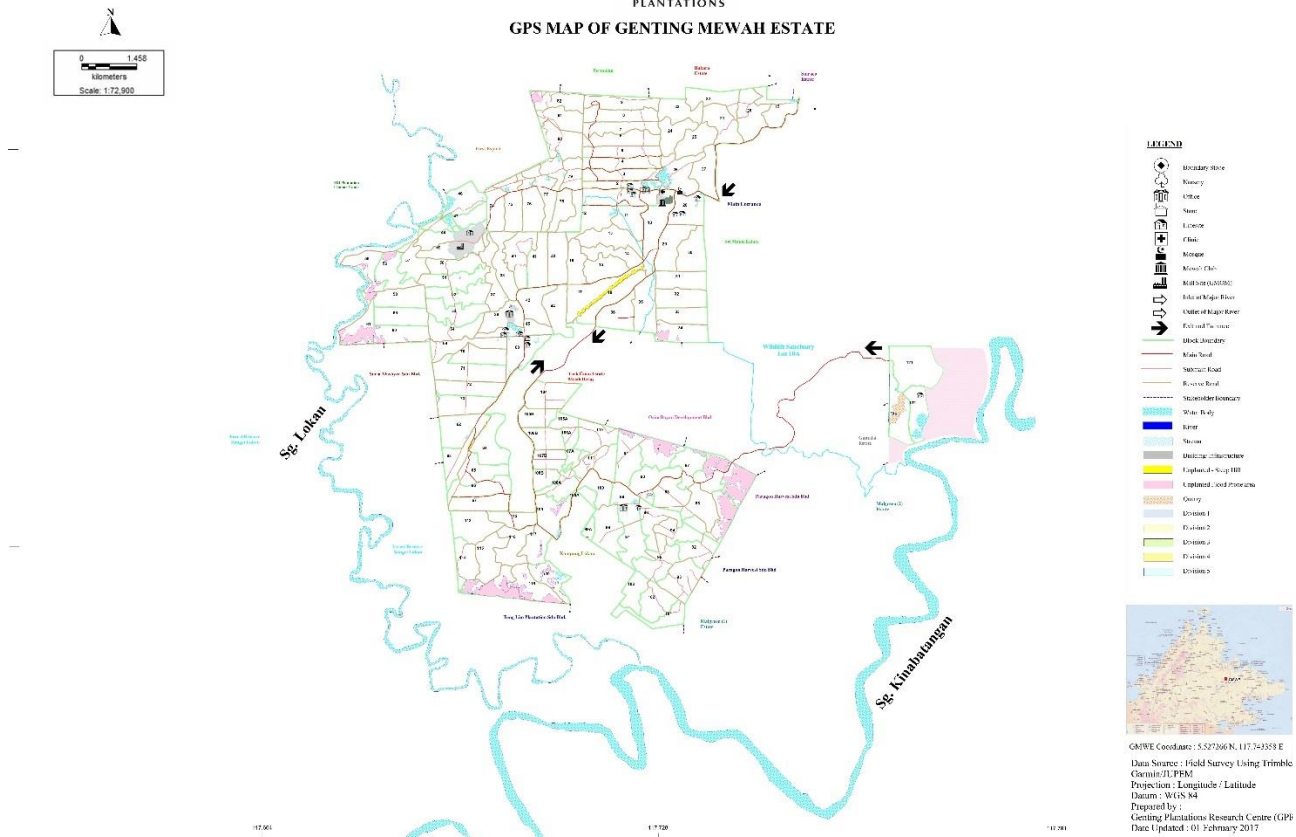


Figure 2: Location Map for Genting Plantation Berhad (Sandakan, Sabah)



Description of Supply Base and Mill Processing Capacity

The FFB are sourced from their supply base estates which are directly managed by **Genting Plantations Berhad – Genting Mewah Oil Mill** as well as from surrounding independent smallholders. The actual crop yield from each estate is listed in Table 2 below.

Table 2: FFB Production

Estate	FFB Production (MT)	
	2017 (Actual)	2018 (Projection)
Genting Mewah Estate	98,122.69	61,140
TOTAL	98,122.69	61,140

Table 3: Actual and Projected Mill Processing Data

Genting Mewah Oil Mill	Actual FY (2017)		Projected (FY 2018)	
	CPO (mt)	PK (mt)	CPO (mt)	PK (mt)
Genting Mewah Estate	20,057.23	4,997.127	20,441.4	5,159.02
Extraction	OER: 20.43%	KER: 5.09 %	OER: 21.00%	KER: 5.3%

Area of Plantation

The areas of supplying estates for this operating unit are listed in Table 5. Details of production area (mature/immature) are also listed.

Table 4: Area Statement of the Supplying Estates

Name of estate	Title area (ha)	Plantation area				
		Immature (ha)	Production (ha)	Conservation (ha)	HCV (ha)	*Others
Genting Mewah Estate	5,580.77	197.06 Replanting – 640.14	4,132.04	23.40	265.05	317.05
*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc						

Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the pilot main assessment, meetings with workers were held in their respective premises within and near the estates and Genting Mewah Oil mill. In all the interviews and meetings, the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant MSPO principles, criteria and indicators. See **Appendix 2** for stakeholder's details and comments.

Comment on MS2530-3 Compliance Status:

Comment on Principle 1	<u>Policy on Implementation of MSPO –</u> MSPO Policy has been established emphasizes on 18th March 2014 signed by Yong Chee Kong, President & Chief Operating Officer. <u>Internal Audit –</u> Internal audit shall conduct once a year by Sustainability team. Observed the internal audit carried out was before any external audit was conduct. <u>Management Review –</u> Management review meeting shall be conducted at least once a year. Report of internal audit is reviewed during management review meeting. Minutes of Management Review Meeting is maintained. <u>Continual Improvement -</u> GME has established action plan for continual improvement on social, safety and health and environmental impact of the company.
	Comment on Principle 2 <u>Transparency of documents relevant to MSPO requirements –</u> To date, there is no request from stakeholders for the information related to MSPO. The MSPO Officer is appointed for each estate to communicate the information requested by the relevant stakeholders (ref doc: Appointment Letter of MSPO Officer).

	Information will be provided in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes <u>Transparent method of communication and consultation –</u> All management documents requested by external stakeholders are handled by MSPO Officer for each estate and mill. GME has established a procedure for consultation and communication with the relevant stakeholders Meeting with internal and external stakeholders is carried out at least once a year. Records of meeting with internal and external stakeholders are available. <u>Traceability –</u> GME only delivered Fresh Fruit Bunch (FFB) to GMOM. The traceability of FFB delivered to the mill can be conducted by using information stated on FFB Delivery Chit.
Comment on Principle 3	<u>Regulatory requirements –</u> The estate is operating in compliance with the applicable local, state, national and ratified international laws and regulations. The estate has list all licenses and permits hold by the estate to monitor the validity as per in the Legal Compliance Folder. List of relevant laws both local and international are found to be established and be made available to the audit team during the audit. Nevertheless, one Minor CAR has been issued where the audit team notes that the LRR revision dated August 2016 has not taken into consideration of the updates of the above document; whereby the document has been revised to include the Passport Act 1966 as part of the law applicable to the estate. Moreover, other law that is applicable to the estate such as Sabah Forest Enactment 1968 is not listed in the LRR. Considering that Genting Mewah Estate is bordering with the Sg. Lokan Forest Reserve, the provision of the Enactment is deemed applicable to the estate to stimulate the monitoring and enforcement along the border. <u>Legal land use rights –</u> The estate has been established since 1990. There is no evidence of the oil palm cultivation activities do not diminish the land use rights of other users. Verification during the visit to the estate confirmed that the estate visited have a valid land title indicating correct land title terms which specifies the purpose of the planting of either the agricultural crop of economic value or the oil palm in the respective land. Copies of the land titles are available at the visited estate during the audit. The estate field map is evident and boundary is well maintained by the estate. Trenches has been constructed along the estates boundary and boundary marking pit is evident during the site visit. There is no issue on legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants in the estate. <u>Customary rights –</u> There is no disputes arises with respects to land acquisition. The estate has been established since 1990. There is no evidence of the oil palm cultivation activities do not diminish the land use rights of other users.

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Comment on Principle 4	<u>Social Impact Assessment</u> – Report on the social impact assessment for Genting Mewah Estate is made available to the auditor. Observed that the SIA has been established taking into consideration of the feedback from the external and internal stakeholder consultation conducted during the SIA formulation. The audit team also observed that the SIA summarizes the analysis of the impact identified such as workers permit, housing and living conditions, safety issues, employment as well as pay and condition. Social Management and Monitoring Plan (SMMP) for Genting Mewah Estate is also found to be established based on the identified of the SIA analysis conducted (as reflected above). The SMMP observed to be specifying information such as SIA areas of concerns, the action plan, the implementation status, the responsible personnel and the estimated completion date. <u>Complaints and grievances</u> – Standard Operating Procedures for complaints and grievance has been established. The audit team observed that the procedure outlines the means for handling any grievances raised by any stakeholders (both internal and external). In addition, the procedure also specifies the flowchart of the process and mechanism to be taken as and when there is a complaint with a proper timelines. The company also has established the complaint record book to be utilized for any stakeholders for any arising grievances. Observed that the above established mechanism is able to resolve the disputes in a timely manner. The audit team also observed that the record book specifies the date, the name of the complainant, the details of the complaint and grievance, response from the top management on the arising matters and date of which the response has been concluded. Further verification showed that the records captured since 2011 is made available to the audit team during the audit. Interview with the stakeholders confirmed that they are aware of the complaints mechanism. <u>Commitment to contribute to local sustainable developments</u> – The estate has maintained all corporate social responsibility (CSR) for the development of local communities. <u>Employees health and safety</u> – Genting Plantations Berhad (Genting Mewah Estate) has established a Policy Statement on Occupational Safety & Health. The policy has been signed by the Group CEO on 01 July 2015. The policy is displayed in the Estate Office. The policy has been communicated to all workers through briefing session (muster ground). Training has been conducted for every new worker of which, among matters highlighted during the training is pertaining to the occupational safety and health policy. OSH Plan for 2018 is available. The audit team observed that the OSH plan covers the training analysis, worksite inspection, OSH Meeting, health and hygiene in worksite as well as accident preventive measures.

OSH Meeting has been established and the minutes of meeting is conducted at quarterly interval.

HIRARC is found to be established that outlining all working areas identified in the estates. Observed also that the HIRARC has been reviewed taking into consideration all accident and incident occur in the estate at the quarterly basis.

Records of accidents and dangerous occurrence are also have been discussed during the OSH meeting.

Safety training has been conducted to all relevant workers with respect to the OSH requirements and compliance for the workers handling the pesticides.

The Assistant Manager of the estate has been appointed as the suitable personnel for the OSH compliance of the respective estate. Evidence of the appointment letter is made available to the audit team during the audit.

Accident records are found to be periodically updated using the JKPP 6 and JKPP 8. Evidence of the usage of the forms is made available to the audit team during the audit.

Verification during field audit indicates that the workers are found to be wearing proper PPE as indicated in the HIRARC. Interview with the workers indicates that they are given with free PPE to them and changed with new PPE as and when the old PPE is worn out. Evidence of PPE issuance to the workers is made available to the audit team during the audit.

Personnel handling the First Aid are also found to be adequately trained. Evidence of training materials and records of the training is verified during the audit

Emergency Response Procedure Training i.e. Fire Drill Training has been conducted and the record of the training conducted is be made available to the audit team during the audit.

Employment conditions –

The policy on good social practices has been indicated in the “Social Policy” established by the management of Genting Plantations Berhad. Observed that the Policy has been signed by the Group Chief Executive Officer of the company dated 22 June 2015.

There is no evidence of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well.

Interview with workers (including foreign workers) indicates that there is no such discrimination occurs in the workplace.

The company is in compliance with the Minimum Wages Order 2016.

The estate maintains records that provide an accurate account of all employees which contains all information (full names, gender, date of birth, date of entry, a job description, wage and the period of employment). The employment contract is also found to be established and signed and maintained by the company. In general, the contract is found to be complying with the Sabah Labour Ordinance.

Copies of signed of employment contract is made available review by the audit team during the audit.

Genting Mewah Estate has established a time recording system for all employees. Time recording system has been carried out manually on daily basis for field and office staff.

Observed that the working hours and breaks for each employee indicated in the employment contract are comply with the legal requirements.

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	Pay slip of all employees are available as evidence of salary payment. Observed that the wages and overtime payment documented on the pay slips are in line with legal requirement and as stated in the employment contract. Genting Mewah Estate has provided yearly bonus, monthly incentive are paid according to staff's performances. Apart from the above, the management also provides free housing facilities with water and electricity. In addition, a health clinic is accessible with no cost to employees. On-site living quarters are provided to general workers and staff. Observed that the living quarters are habitable and have amenities such as water, electricity etc. The policy and guidelines to prevent all forms of sexual harassment and violence of work place are clearly described in the documented "Social Policy" established by the management of Genting Mewah Estate. Genting Mewah Estate has established the Joint Consultative Committee (JCC) chaired by the Estate Manager. The JCC meeting has been regularly conducted which is attended by the management and employees representative to discussed issues raised by employees. Based on the employees' record compiled, the audit team observed that there is no child labour employed by the company with the youngest is 20 years old. <u>Training and competency –</u> Observed that all employees are appropriately trained. Summary records of training provided are available. Details of training conducted for each activity has been recorded in the "Employee Training Report". The report contains information that includes topic covered, the trainer, date and attendees. Training needs of individual employees at Genting Mewah Estate has been established by the Genting's Human Resource Department at Head Quarter (HQ) based on competency required which has been reported by the Estate Manager in the employee's Annual Appraisal. Annual Training Plan is available as per in the Training Programme for Genting Mewah Estate for 2018. Observed that the training plan outlined all scheduled training for all operating areas within the respective estates including the safety and health, awareness of the MSPO requirements, emergency procedures and fire drill.
Comment on Principle 5	<u>Environmental management programme –</u> Environment Policy had been established dated 5th October 2009 signed by Chief Operating Officer. The policy explains the commitment to comply towards all applicable environment regulations, Pollution Prevention and continually improve the environment performance of the organization. Sighted the Environment Improvement & Management Plan prepared by Sr. Assistant Manager. The plan covered on minimization of pollution, such water, air and noise pollution. On top of it, the management plan also caters for soil erosion and greenhouse gases. Apart from that, GMWE had also established Environmental Monitoring Plan for Replanting Project which monitors on soil erosion during land preparation, water runoff, agrochemicals pollution and land contamination.

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	Also noted Management Plan to Improve Efficiency of Diesel Usage for 2018. Noted the Environment Aspect Impact (EAI) was also available. The EAI covers on the operational activities and non-operational activities. Based on sampling and observation during site visit, noted that the plan established is being implemented accordingly. Noted Training Programme was made available during the audit. The programme established was for the year 2018. The programme consists of Chemical Spillage Training, Integrated Pest Management (IPM) Training and Riparian Buffer Zone Training. Based on sampled training records such as Conservation of Buffer Zone and Chemical Spillage, GMWE had carried out the training programme accordingly. Training effectiveness and evaluation was also done for every training conducted to ensure participants are always well trained. GMWE practices stakeholder meeting annually which environmental issues commonly discussed during this meeting. External parties such as Wildlife Department and Forestry Department were observed attended the meeting to discuss on High Conservational Value Areas bordering to GMWE. The last stakeholder meeting conducted was in February 2018. <u>Efficiency of energy use and use of renewable energy –</u> Sighted Diesel Consumption records for GMWE and contractors were available during the audit. As at the date of audit, consumption records available for the months of January, February, March and April 2018. Sighted Diesel Consumption Budget for the year 2018. Noted the actual consumptions exceeded the budget in the months of January, March and April due to high production of FFB in that months. In effort to reduce GMWE diesel consumption, the estate management had changed the old farm tractor (80hp) to mini farm tractor (40hp). Also made available was the electrical consumptions records for the employee quarters for the year 2018 from January to April. <u>Waste management and disposal –</u> Through documentation review noted that GMWE identified sources of pollutions dated February 2018. GMWE also monitors Recyclable Waste produced in the premise which is done monthly. The collected wastes are then sold to City Express Recycling. Sighted Waste Management Plan established in February 2018 prepared by Assistant Manager. Also noted Identification, Segregation and Storage of Waste being practiced which covers for area such as workshop, Linesite, Office, Storage Area, Clinics, Shops and Landfill Area. Sighted Scheduled Waste Management Procedure had been established by Genting Plantations Sustainability Team which is issued in October 2013. Scheduled waste produced in GMWE is properly managed as per Environment Quality (Scheduled Waste) Regulations 2005. Last disposal
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	made was on December 2017 for scheduled waste code SW410, SW409, SW408 and SW312. Where else last disposal done for clinical waste was on February 2018. Empty Chemical Containers were sighted have been rinsed and punctured. The containers to be sent sister estate for collection. The containers then disposed as recycle waste through licensed chemical container recycler contractor. From documentation review and site visit showed that GMWE utilized Empty Fruit Bunch (EFB) from Genting Mewah Oil Mill which can be easily obtained to use for mulching. Other than that, GMWE also apply Palm Oil Mill Effluent for land application to enhance the plantation performance and as part of initiatives to achieve zero waste. As for Landfill, the location can be seen reflected in the Pollution Sources Map month of April prepared by GMWE staff dated April 2018. The Landfill visited was observed to be adequately located away from water course and workers housing complex. <u>Reduction of pollution and emission –</u> Noted Identification, Segregation and Storage of Waste have been done accordingly as planned which cater for areas such as workshop, Linesite, Office, Storage Area, Clinics, Shops and Landfill Area. GMWE also monitors Recyclable Waste produced in the premise which is done monthly. The waste collected is then sold to City Express Recycling. Sighted “No Open Burning” signages erected at certain places such as linesite, office and main gate area. During site visit to operation field, linesite, storage area and landfill, no trace of open burning was detected. <u>Natural water resources –</u> Water Quality Sampling for domestic use is being sampled and sent for lab testing with frequency of monthly. From the record shows that the lab result is in compliance with the national water quality requirements. Last water sampling conducted was for the month of April 2018. Other than that, water quality for river and surface water are being monitored by the appointed EIA consultant which being conducted on quarterly basis. The sampling point can be referred from the last report produced. No record of incompliance towards the water quality identified based on the report. The last visit was in Mar 2018. However, the report was not made available to GMWE during the time of audit as it was yet to be completed by the consultant. Also, riparian buffer zone was seen being maintained by the estate management with adequate buffer zone width. The estate is bordering with Sg. Lokan and Sg. Kinabatangan. Buffer zone signages and warning signages was also observed erected at the bordering area. Also, rain water harvesting is being practiced at workers housing complex to use as cleaning purpose.
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	<u>Status of rare, threatened or endangered species and high biodiversity value area –</u> Sighted HCV Report was produced in 2010 by Forestry and Landscape Advisory Services. It was noted in the report mentioned sensitive areas such “Threaten and Endangered Species”, “Endemic Species”, “Critical Temporal Use”, “Forest Critical to Erosion Control” and “Forest Area Critical to Local Communities Traditional Cultural Identity” have been identified within GMWE premises. GMWE carry out monitoring of HCV Area periodically and recorded into HCV Area Monitoring Checklist which covers signages condition, encroachment sign, Illegal activity such as hunting. Signboards prohibiting hunting were observed in few areas at riparian zone during onsite inspection. This monitoring done in accordance to the recommendation from the HCV Report sighted. <u>Zero burning practices -</u> Zero Burning Policy was established in August 2011 signed by Chief Operating Officer. Zero burning is being practiced by GMWE in all land clearing sites and housing areas. Signboards of zero burning observed during onsite audit. Inspections of replanting area show that old stands of palm had been felled, chipped and retained in windrows as mulch and the use of fire was not found during replanting activities. Inspection of replanting areas found that the previous palm stands were felled, chipped and shredded. Vegetative wastes such as slashed fronds generated from pruning and harvesting activities are stack properly.
Comment on Principle 6	<u>Implementation of standard best practices –</u> Genting Plantation Group was established 2 SOP that implement best practices as below: • Standard Operating Procedures (SOP) – Genting Sabah Estates Rev03 dated on 11 October 2013 • Sustainability Management Procedure Manual <u>Economic and financial viability plan –</u> GME was established and documented business or management plan (Projection for year 2019 to 2022). <u>Transparent and fair pricing dealing –</u> The pricing mechanism control by Genting Plantation Sabah Group as the same ownership <u>Subcontractor –</u> There is no contract between the estate and mill (managed by same legal entity).

	Contract agreements between the estates and the contractors for FFB transportation, Renovation of workers quarters and maintenance works are available The contract agreement is fair, legal and payment is paid in timely manner and attached with the MSPO requirement
Comment on Principle 7	Not applicable

Comment on MS2530-4 Compliance Status:

Comment on Principle 1	<u>Policy on Implementation of MSPO –</u> MSPO Policy has been established emphasizes on 18th March 2014 signed by President & Chief Operating Officer. The content of the policy emphasizes the elements required by the MSPO. Briefing on MSPO Policy has been done for the mill employee conducted by Assistant Engineer in March 2018. <u>Internal Audit –</u> An audit plan for internal audit noted was sent out to Genting Mewah Oil Mill (GWOM) in January 2018 by Sr. Assistant Manager (Sustainability Department). The internal audit was planned to be conducted on June March 2018. Also, sighted during the audit the Internal Audit Procedure Manual dated January 2018 which is approved by SVP – Group Processing. Noted there were methods of raising Non-Conformities, Review of Audit Findings, Identifying Correction/ Corrective Action and Evaluation of the Effectiveness. RSPO & MSPO Internal Audit Report” produced in March 2018 the Sustainability Team. Based on the said report, 4 Major Non-Conformance and 7 Opportunity for Improvement (OFI) were raised as findings. Noted all findings raised during the internal audit were discussed during Management Review Meeting conducted on May 2018. <u>Management Review –</u> Management Review Meeting Minute was noted available during the audit, dated May 2018. The management review meeting was a combined meeting between Genting Mewah Estate (GMWE) and GMOM. Sampled NC raised during internal audit, Major 01 was further evaluated to check on the implementation of root cause analysis and the corrective action. The corrections and corrective actions identified were carried out accordingly within the set timeline as per non-conformance closure report. <u>Continual Improvement -</u> Sighted GMOM had established various continual improvement plans which caters environmental, social and safety issues. Noted the plans were being carried out in accordance to the plans. Further details of the plan can be seen from the comment for principle 4,5 and 6.
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	Currently GMOM is planning to adopt new technology to improve the boiler emission and as part of complying with Guided Self Regulations by Department of Environment, Malaysia. This was reflected in the Capital Expenditure 2018 Budget. The allocation was meant for research and designing purpose. Based on interview with the Mill Manager, the new technology is planned to be implemented in year 2019.
Comment on Principle 2	<u>Transparency of documents relevant to MSPO requirements</u> – Sighted Sustainability Management Procedure Manual on Consultation and Communication dated February 2018 which is written by VP – Sustainability and approved SVP – Group Processing and SVP – Plantation. Addition to that, Sighted Sustainability Management Procedure Manual on Complaints and Grievances dated March 2018 which is written by VP – Sustainability and approved SVP – Group Processing and SVP – Plantation. <u>Transparent method of communication and consultation</u> – Further assessed the Mill Sustainability Coordinator Appointment Letter which issued to Assistant Engineer GMOM in November 2017. He is in charge for any MSPO or other sustainability certification matters. The communication procedure was made aware to the external stakeholders during every stakeholders meeting through presentation slides which specifies on the procedures of communication. <u>Traceability</u> – Sighted Sustainability Management Procedure Manual on Traceability, dated August 2014 which is written by EVP Plantation. Addition to that, also evaluated Sustainability Management Procedure Manual on Supply Chain and Traceability (Mill) dated January 2018 which is written by SVP – Group Processing. Based on the sampled tickets of receiving FFB, delivery of CPO and PK, the practice is being carried out as specified the manual established. Noted Appointment Letter of Traceability Person In-Charged was issued to GMOM Staff. She in charge for the traceability of FFB Received, CPO and PK Delivery.
Comment on Principle 3	<u>Regulatory requirements</u> – The company was listed and updated the list of law applicable for POM and held legit approval and license from local authority. <u>Legal land use rights</u> – Genting Mewah Oil Mill located in Genting Mewah Estate. <u>Customary rights</u> – Genting Mewah Oil Mill located in Genting Mewah Estate.
Comment on Principle 4	<u>Social Impact Assessment</u> – SIA & Human Rights Impact Assessment Report was sighted during the audit which produced by Sustainability Department dated March 2017.

	<u>Complaints and grievances –</u> Sighted Sustainability Management Procedure Manual on Complaints and Grievances dated March 2018 which is written by VP – Sustainability and approved by SVP – Group Processing and SVP – Plantation. Also noted that Complaints/ Grievances Record Book has been established by GMOM. All complaints have been addressed promptly by GMOM. It was observed GMOM has done: 1. Complaints/ Grievances Record Book has been established by GMOM. 2. Located Complaint Box at several places for internal and external stakeholder to lodge their complaint conveniently. 3. Provide briefing on complaints mechanism to workers during morning assembly. 4. Provide briefing on complaints mechanism to external stakeholders during Stakeholder Meeting <u>Commitment to contribute to local sustainable developments –</u> Noted that GMOM has been actively participating in Corporate Social Responsibility (CSR) Programme. All activities history and expenditure can be seen through their documentation. <u>Employees health and safety –</u> Safety and policy was well established. Safety and health plan was covered all following requirements. Observed GMOM was established several safety procedures in line with the working SOP. Training programme and training record was maintained. Mill manager was responsible person for related to safety and health. Safety minutes meeting was maintained. Medical & Audiometry test was conducted frequently. JKPP or DOSH was visited LSPOM to ensure compliance to local OSHA requirements. <u>Employment conditions –</u> Policy was maintained by GMOM. GMOM was comply to the minimum wages order from government. Observed work hours, attendance (electronic & manual), contract and payslip was according to national regulations. Based on interviewed with employees, no discrimination was occurring, medical care and housing (with basic amenities) was provided by GMOM. No children were allowed work in the GMOM. <u>Training and competency –</u> Training programme was available. Training record was maintained. Training matrix was used to ensure the competencies of employees after attended the training.
Comment on Principle 5	<u>Environmental management programme –</u> Genting Mewah through its parent company (Genting Plantations Berhad) has established an environmental policy specifying the commitment to comply with relevant country and state environmental laws. Observed that

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	the Policy has been signed by the Group CEO dated 5 Oct 2009. The policy has been communicated to all workers in Genting Mewah POM. Records of the briefing entitled Briefing on RSPO and MSPO Requirements and Policy is made available to the audit team during the audit. Genting Mewah POM has established a System Procedures for governing the Environmental Aspect/Impacts Evaluation Procedure. Environmental aspect and impacts has been implemented by the POM which using the Environmental Aspect and Impact Register. Impact identified in the form will be further assessed using Environmental Impact Evaluation Form. The Environmental Management Plan also has been established. The audit team observed that the Environmental Management Plan specifies and outlines the company's environmental policy and objective as well as the aspects and impacts identified (both negative and positive). Genting Mewah POM has established the environmental committee meeting which is to be held every quarterly. Minutes of the above meeting has been made available to the audit team during the audit. <u>Efficiency of energy use and use of renewal energy –</u> Consumption of non-renewable energy is recorded in Diesel Consumption Monitoring. The audit team observed that the record is found to be updated on a monthly basis. The POM is also using 100% of fibres and shell from processing of FFB for purpose of boiler consumption. Records of monitoring of the usage of the fibres and shell in the processing of FFB is made available to the audit team during the audit. The audit team observed that the record i.e. Monitoring of Renewable Energy is available outlining the total FFB processed, total fibre used, total electricity generated and the amount of the electricity generated for every tonne of FFB processed. <u>Waste management and disposal –</u> The POM has identified types of waste and sources of the pollution. Recycling program in the POM has been initiated and outlines the progress of the management in minimizing waste disposal to the landfill. Genting Mewah POM also has established a procedure for handling used chemicals. The procedure specifies the means for handling the scheduled waste as required by the Environmental Quality (Scheduled Waste) Regulations 2005. <u>Reduction of pollution and emission –</u> A Pollution Prevention Plan has been established by the POM dated 03 May 2018 which among others outlining the sources of the pollution, specific concerns, mitigation plan, data required and monitoring and action plan as well as the person in charge. Action plan to reduce significant pollutants and emissions has been established as specified in the Pollution Prevention Plan. Site inspection confirms that the effluent treatment plant meets the requirements set by DOE (Compliance Schedule). <u>Natural water resources –</u> The POM has established the Water Management to manage and maintain the quality and availability of the water sources.
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Comment on Principle 6	<u>Implementation of standard best practices –</u> SOP for the POM operations are specified in the Standard Operating Manual. The audit team observed that the SOP are found covered best management practices at all operation's processes. The POM has been evaluated by both internal and external parties to ensure the best practices implementation. <u>Economic and financial viability plan –</u> Documented business / management plan is established to demonstrate commitment to economic and financial viability through long-term management planning. <u>Transparent and fair pricing dealing –</u> The pricing mechanism is determined based on the MPOB report which is produced monthly. Verification and interview conducted with the FFB supplier confirmed that they are aware of the pricing mechanism and the reference point that is used by the POM i.e. using MPOB report. Contract for the supply of the FFB; between the POM and the FFB Suppliers verified during the audit confirmed that the term is found to be transparent. <u>Subcontractor –</u> The appointed sub-contractor has signed the RSPO/MSPO commitment. Currently, the POM has employed only two sub-contractors on the weighbridge maintenance and the transportation of the CPO and PK. Contract of the above sub-contracting is made available to the audit team during the audit.
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7. Nonconformities

NonConformity	N° 1 of 1	☐ Major	☒ Minor
Department /	Administration	Standard	4.3.1.3
Function:		Ref.:	
Document Ref.:	Legal Document	Issue / Rev.	Open
		Status:	
Details of Nonconformity:	The audit team notes that the LRR revision dated August 2016 has not taken into consideration of the updates of the above document whereby the document has been revised to include the Passport Act 1966 as part of the law applicable to the estate. Moreover, other law that is applicable to the estate such as Sabah Forest Enactment 1968 is not listed in the LRR. Considering that Genting Mewah Estate is bordering with the Sg. Lokan Forest Reserve, the provision of the Enactment is deemed applicable to the estate to stimulate the monitoring and enforcement along the border.		

Nonconformities detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- ☐ Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 90 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.

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- ☐ Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 90 days.
- ☒ Corrective Actions to address identified minor non conformities shall be documented on a action plan and sent by the client to the auditor within 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- ☒ Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- ☒ Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

8. General Observations & Opportunities for Improvement

Positive Observations:

1. The management fully committed for continual improvement to sustainability requirement.
2. Good record keeping and records are easy accessible.
3. Road conditions within the estate is well maintained

Important Observations and Opportunities for Improvements:

Nil

APPENDIX

Appendix 1: Multi –Site Address List

Site name / Address	Audit Dates	Activities at this site
Genting Mewah Oil Mill	15 May 2018	Interview, review of documents and sites inspection
Genting Mewah Estate	16 May 2018	

Appendix 2: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
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Kenso Plantation	Neighboring estate	No serious issues were raised. Meeting to ensure no land disputes issued	Nil
Department of Environment Malaysia	External Stakeholder	No issues.	Nil
Harvesters, sprayers, manurers, Mandores ,staff , HA , etc	Internal Stakeholders	The stakeholders are generally happy with the company especially on the good decent living condition	Nil